

Department for Environment, Food and Rural Affairs



Day-to-day Spending (Resource DEL)

Defra spends 0.6% of total Resource DEL

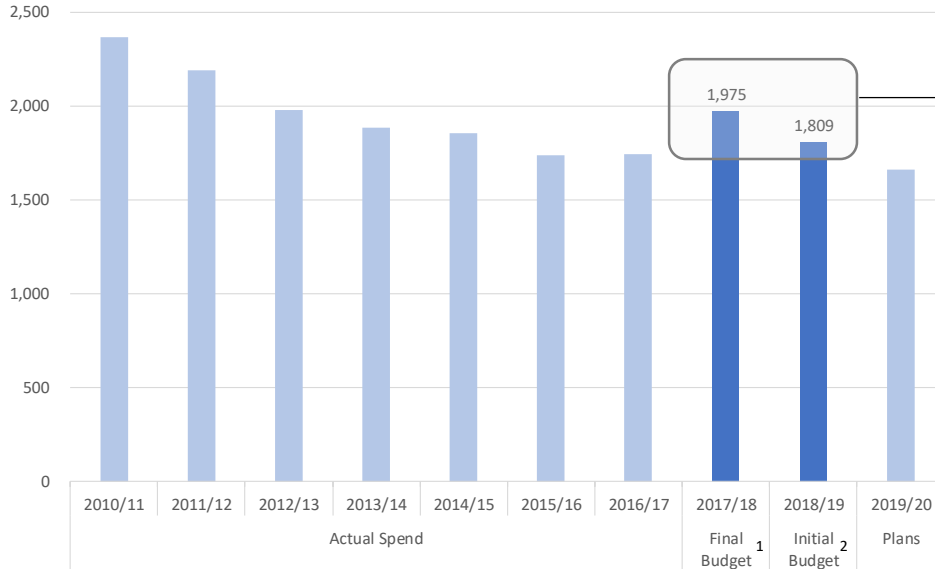
Spending Review 2015

- SR15 planned an increase in RDEL to £1,700 million in 2016-17, followed by a reduction of £300 million (-18%) by 2019.
- Flood defence maintenance protected.
- Administration budget planned to be cut by around 25%.

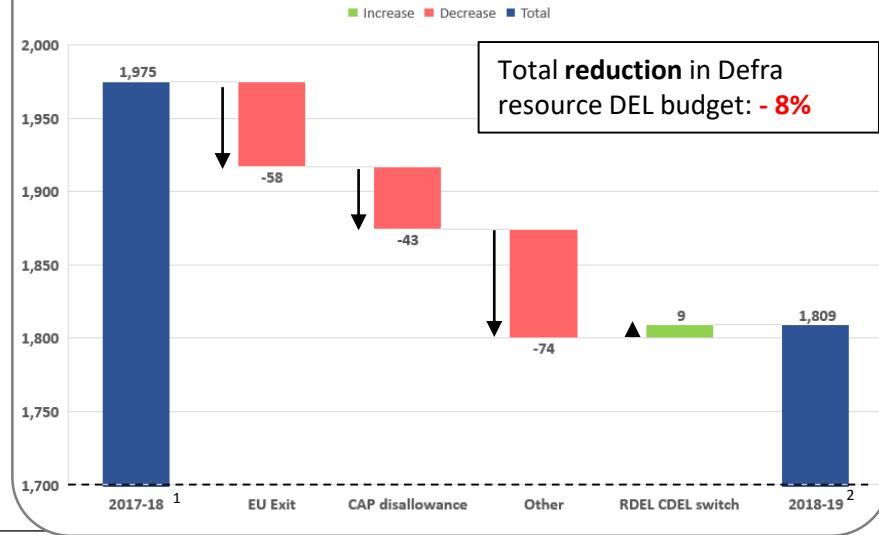
Trends

- Increase of around +4% since 2015-16, but still a reduction of around -25% since 2010-11.
- Additional funding for flood defence maintenance in Budget 2016 ('over £700 million') and the Clean Air Fund Budget 2017 (£220 million); although totals included in this Main Estimate do not reflect the stated planned annual increases.

Long-term spending trends (£m, nominal)



Breakdown of changes in budget from 2017-18 to 2018-19, £m



Changes from last year

- **EU Exit:** the 2017-18 Supp Estimate included an additional £58 million in RDEL funding, which is not repeated in the Main Estimate. Additional funding of £320 million is expected to be processed in the 2018-19 Supp Estimate (split with CDEL).
- **CAP disallowance:** ring-fenced budget decreases in expectation of reduced disallowance following improvements to the Land Parcel Identification System.
- **Other:** savings across a number of programmes and admin in line with the SR15 settlement.
- **RDEL – CDEL switch:** the 2017-18 Supp Estimate contained a switch from RDEL to CDEL, as the Environment Agency better understood investment requirements. This is now unwound, but is expected to be repeated in the 2018-19 Supp Estimate.

¹ Final budget at Supplementary Estimates 2017-18 (Feb 2018)

² Initial budget as at Main Estimates 2018-19 (April 2018)



Investment Spending (Capital DEL)

Defra spends 1% of total Capital DEL

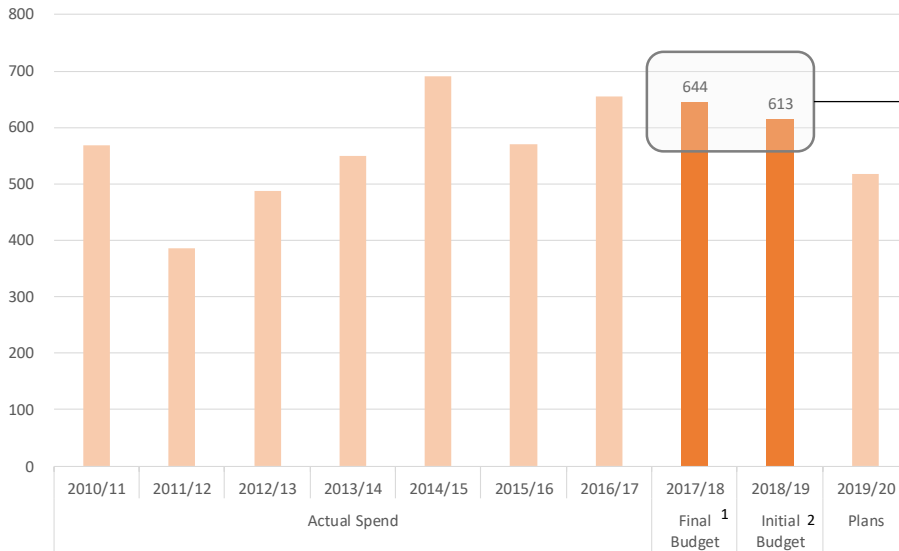
Spending Review 2015

- Planned investment spending broadly flat over the period
- £2,300 million over 6 years for flood defence funding.
- £130 million investment in science estates and equipment.

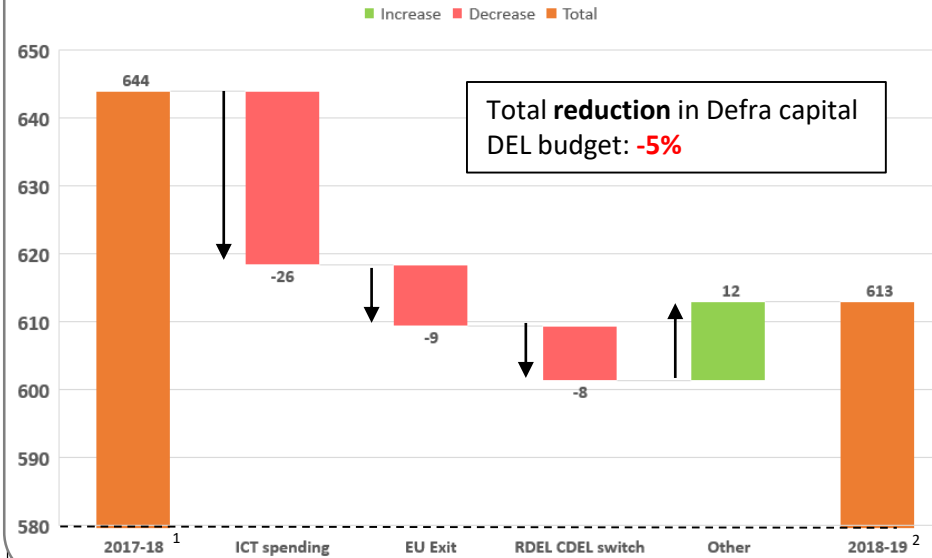
Trends

- Capital budget is around 8% higher than in 2015-16 or 2010-11.
- Investment in estates and information and communication technology (ICT) peaked in 2016-17 and 2017-18, in order to drive savings in day-to-day spending.
- Other investment has largely focused on Flood and Coastal Risk Management, with additional funding received in 2016-17 following the winter floods in 2015.

Long-term spending trends (£m, nominal)



Breakdown of changes in budget from 2017-18 to 2018-19, £m



Changes from last year

- ICT spending:** planned investment in estates and IT infrastructure peaked in 2017-18.
- EU Exit:** 2017-18 Supp Estimate included £9 million additional funding for EU Exit preparation. Additional funding of £320 million (split with RDEL) expected in Supp Estimate 2018-19.
- RDEL - CDEL switch:** 2017-18 Supp Estimate contained a switch from RDEL to CDEL, as the Environment Agency better understood investment requirements. This is now unwound, but is expected to be repeated in the 2018-19 Supp Estimate.
- Other:** changes reflecting SR15 settlement show that once larger reductions are controlled for there is a small increase in investment.

¹ Final budget at Supplementary Estimates 2017-18 (Feb 2018)

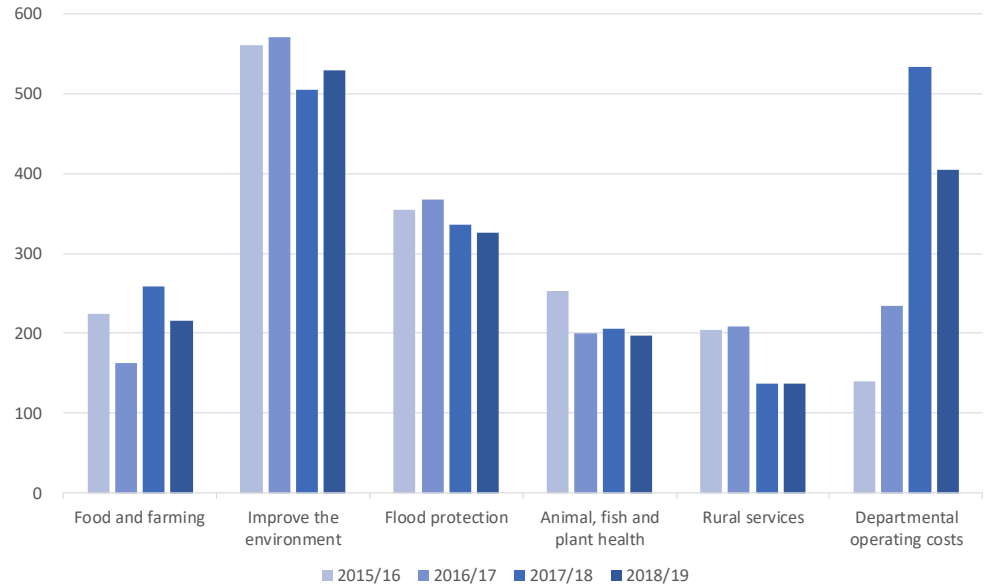
² Initial budget as at Main Estimates 2018-19 (April 2018)



Breakdown of DEL spending: Defra

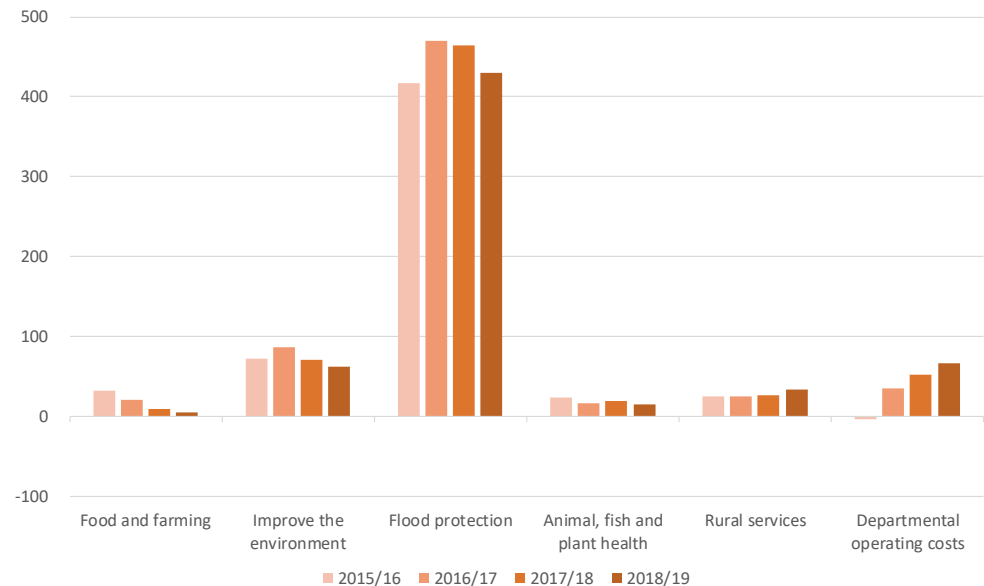
Resource DEL

- Spending on Defra programme areas has largely been falling, with departmental operating costs increasing; this partly reflects a centralisation of corporate service budgets into the core department, in turn partly a result of ICT investment.
- Additional EU funding in 2017-18 was also concentrated in the central department.
- Spending on flood protection has fallen, despite the protection of the maintenance budget.



Capital DEL

- Flood protections spending is the largest element of the Defra budget; previous increases partly reflect additional funding committed following the winter storms of 2015.
- Most budgets are decreasing or flat, indicating real-terms cuts to spending.



Departmental Context: EU Exit

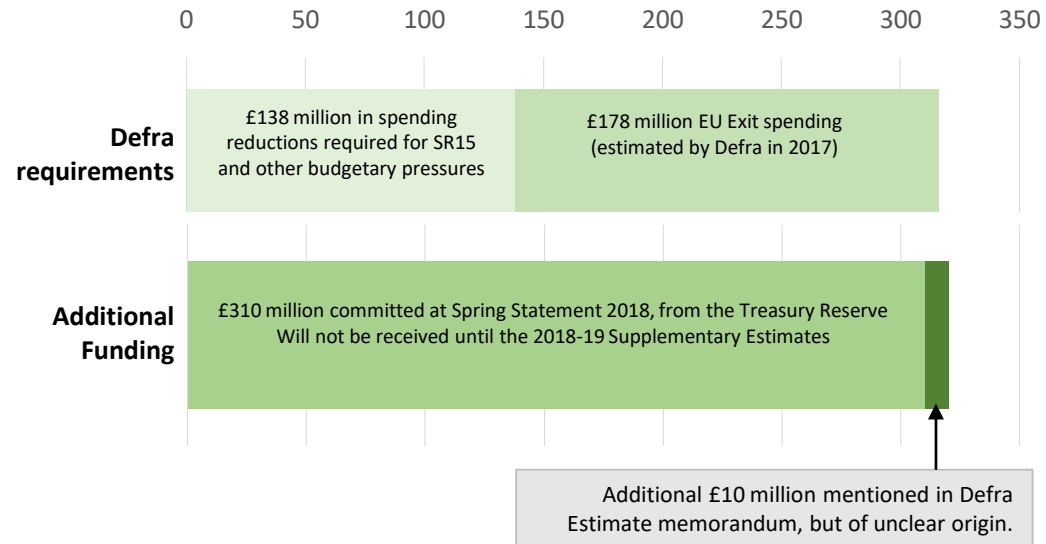
- Defra is recognised as one of the departments most affected by EU Exit.
- NAO Analysis from December 2017 highlighted the challenges facing the department, represented by the key figures shown on the right. Further NAO analysis is expected in July.
- Defra receives around £3,300 million in income from the EU each year, mostly to reimburse direct payments made to farmers under the Common Agricultural Policy; the government committed to maintaining funding until 2022 and Defra will be responsible for the transition from EU to UK funding.
- Defra’s workstreams are vulnerable to risks and delays to the negotiations and competing demands across government.

- Defra estimated the associated costs of EU Exit at £178 million for 2018-19; these are in addition to expected budget reductions as part of SR15 plans
- However, additional funding committed to Defra in the Spring Statement will only be included in the Supplementary Estimate, and appears to include an additional £10 million...

NAO analysis of Defra EU Exit capacity

1,200	Estimate of the total full-time equivalent posts required by March 2018
650	Number of posts filled by November 2017
43	Number of delivery workstreams for EU Exit identified by Defra
20	Number of work streams containing a significant IT component
80%	Proportion of Defra’s areas of responsibility framed by EU legislation
95	Number of secondary legislation items needed to convert EU law to UK law

EU Exit costs and funding 2018-19 (£ million)



Sources: [NAO](#), Defra Main Estimate Memorandum

