

A Short Guide to the **Department for Environment, Food & Rural Affairs**

September 2015



National Audit Office



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This Short Guide summarises what the Department for Environment, Food & Rural Affairs (Defra) does, how much it costs, recent and planned changes and what to look out for across its main business areas and services.

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Key facts



About the Department for Environment, Food & Rural Affairs



16.7%
reduction in resources
what the Department was required to achieve under the 2010 spending review



1 in 6
the number of homes at risk of flooding
from coastal, river and surface water

Department spending

Spending reductions



23,000
the number of staff employed
by Defra, its agencies and NDPBs



£642 million
disallowance penalties
the Department has incurred from the EU since 2005

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100
the number of properties
the Department has ended leases or vacated as part of their cost reduction exercise



£1 billion
the amount the Department estimates it will cost in the next decade if it does not manage to control **Bovine TB**

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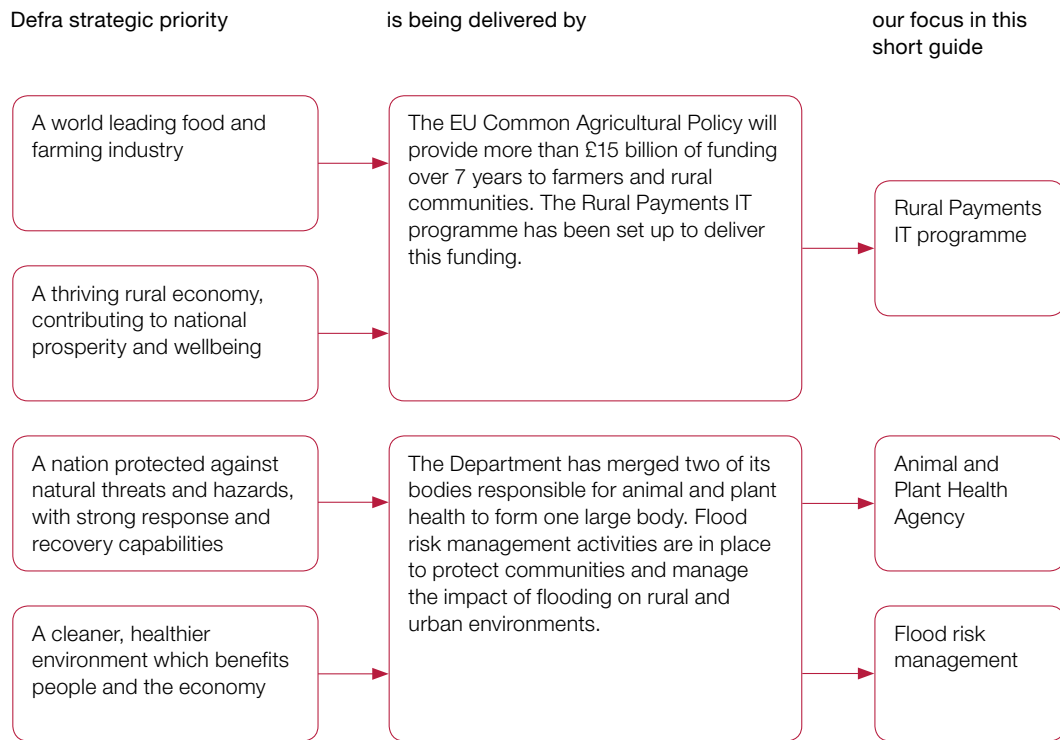
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Defra develops and implements policy on the environment, food and rural issues. It has responsibility for protecting biodiversity, the countryside and the marine environment, and for supporting the growth of a sustainable green economy, including rural communities, and British farming and food production.

The Department also has responsibilities to prepare and manage risk from animal and plant diseases, floods and other environmental emergencies. It is also responsible for negotiating EU agricultural, marine and environmental policy on behalf of the UK. The Department largely devolves the delivery of its policies to 34 arm's-length bodies.

Summary of Defra's strategic priorities and aims



The Defra network

Executive agencies

Non-departmental public bodies

Others Larger ones named

Core Defra

APHA

Animal and Plant Health Agency

EA

Environment Agency

NFC

National Forest Company

WRAP

Waste & Resources Action Programme

FERA¹

Food and Environment Research Agency

NE

Natural England

CCW

Consumer Council for Water

Covent Garden Market Authority

RPA

Rural Payments Agency

MMO

Marine Management Organisation

AHDB

Agriculture and Horticulture Development Board

Forestry Commission
(non-ministerial department)

VMD

Veterinary Medicines Directorate

RBG

Royal Botanic Gardens, Kew

JNCC

Joint Nature Conservation Committee

NPA

National Park Authorities

CEFAS

Centre for Environment, Fisheries and Aquatic Science

Sea Fish Industry Authority

OFWAT

(non-ministerial department)

Note

¹ On 1 April 2015 the business and operations of FERA transferred to FERA Science Limited (FSL), a Joint Venture between Defra and Capita. The Plant Health Inspectorate, Plant Varieties and Seeds, the National Bee Unit and the GM Inspectorate, which were formerly part of FERA, are now part of the APHA.

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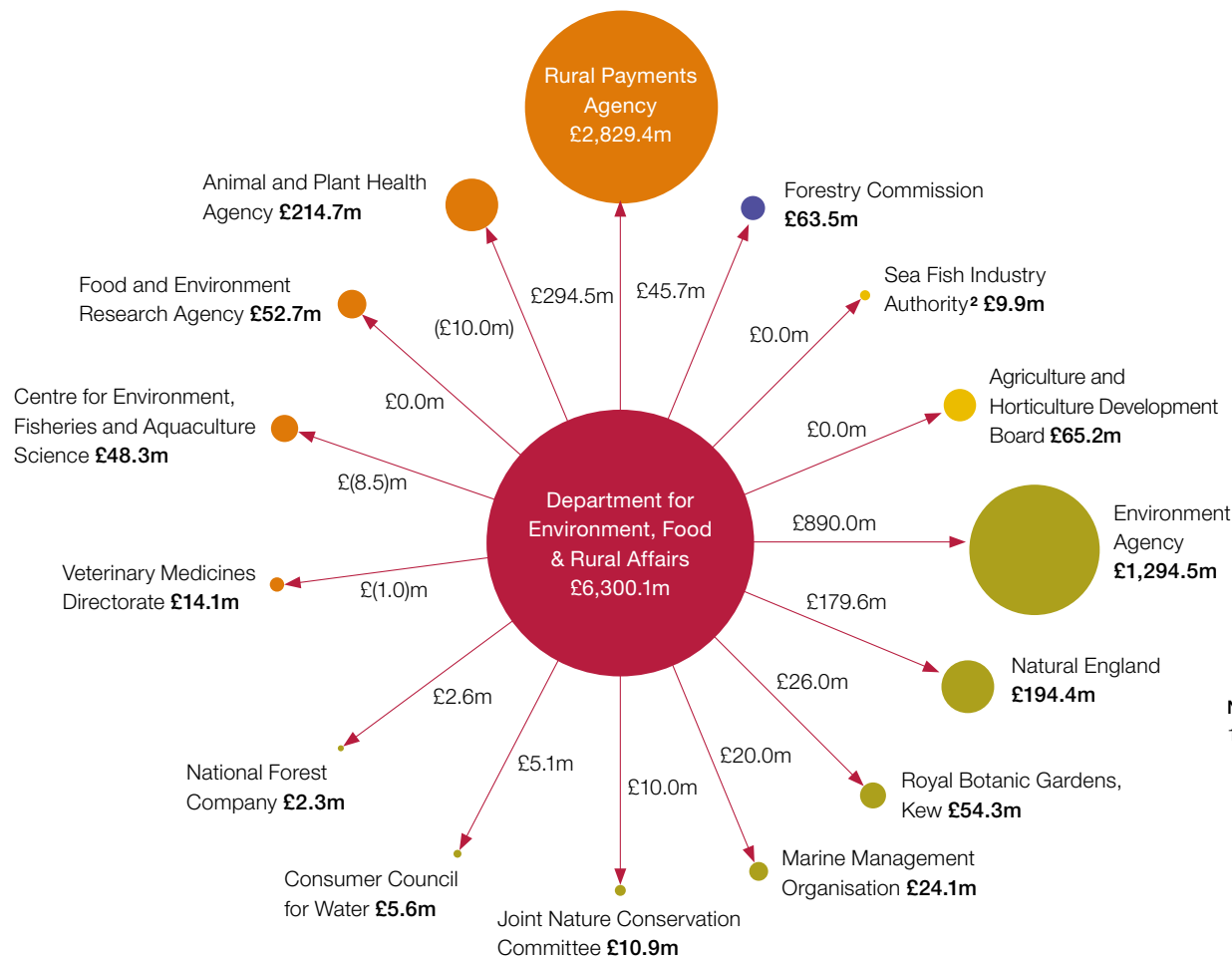
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Spending by the Department's network bodies in 2014-15



- Executive agency
- Non-ministerial department
- Non-departmental public body
- Levy body


Notes

- 1 The bodies shown are those with expenditure greater than £1 million. Amounts on arrows represent departmental funding to the network bodies and figures attached to bodies represent total gross expenditure. The Department's total expenditure includes that of its network bodies (including EU CAP expenditure) and expenditure on its own activities. In 2014-15, the Department received £2.4 billion in government funding.
- 2 Annual Report and Accounts 2013-14.
- 3 Executive agencies, except the RPA, receive income from the Department on a commercial basis in addition to the net core financing stated above. Departmental funding above shows as zero or net repayments of financing in year.

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The Department receives its budget for two types of activities – capital funding for assets and resource (non-capital) funding for items such as salaries and other day-to-day expenditure.

As a result of the 2010 Spending Review, the Department was required to reduce its non-capital spending by 16.7% from £2.4 billion in 2010-11 to £2.0 billion by 2014-15 (although a reduction of 20.8% was achieved as outturn in 2014-15 was £1.9 billion against the £2.0 billion allocation). The 2013 Spending Round required an additional £130 million of resource savings to be found in 2014-15 and in 2015-16 the budget further reduces to £1.8 billion.

As a result of the 2014 winter floods, the Department was given an extra £270 million (of which £140 million was additional funding and £130 million was reallocated from within existing budgets) to be distributed between 2013-14 and 2015-16. The funding allowed a quick response to the emergency and also to restore flood defences that were damaged in the floods.

To achieve cost savings the Department has implemented several voluntary redundancy schemes across its bodies and has ended leases to or vacated more than 100 properties. It has made savings in the cost of ICT and changes to procurement should result in some large savings. The Department has also contributed to the government’s ‘digital by default’ programme, with the Rural Payments IT programme and the Environment Agency’s waste registration project both aiming to save money through digital delivery.

Actual/planned capital and non-capital funding allocation 2009-10 to 2015-16



Notes


- 1 The Department obtained approval from HM Treasury to use £20 million of underspend from 2013-14 in 2014-15.
- 2 The Department receives additional income from the EU. In 2014-15 it spent £6.30 billion, of which around £2.4 billion came from HM Treasury.

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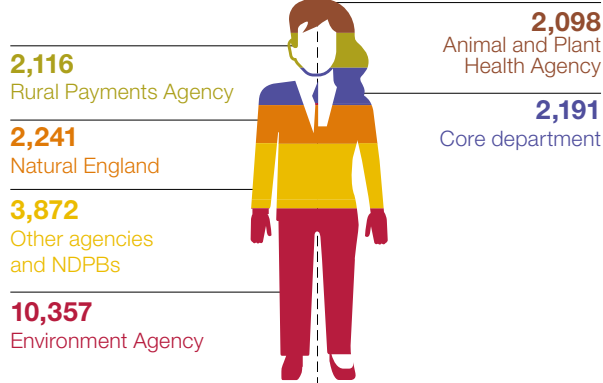
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In 2014-15, the Department and its arm's-length bodies employed nearly 23,000 full-time equivalent staff at a cost of £890 million. The Environment Agency employed the largest proportion (45%) of these staff.

With regards to diversity, the Department has the same proportion of women (53%) compared with the civil service as a whole. The proportion of minority ethnic workers is lower than the civil service as a whole (8% compared with 10% in the civil service).

Staff breakdown



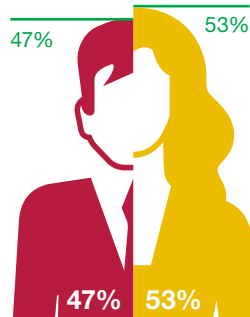
Department for Environment, Food & Rural Affairs
23,000



Workforce in Defra

Gender

Civil service average

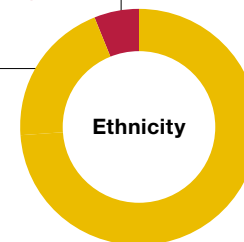


Ethnicity




Civil service average

Ethnic minority (declared)
8% | 10%

Not ethnic minority
92% | 90%



Pay median of directors

			
Ratio of highest to median remuneration	5.6:1	6.3:1	6.6:1
Highest remuneration	£160,000–£165,000	£160,000–£165,000	£200,000–£205,000
Median remuneration of all staff	£29,185 Defra	£25,644 RPA	£30,640 EA

Sources: Defra Annual Report and Accounts 2014-15, RPA Annual Report and Accounts 2014-15, EA Annual Report and Accounts 2014-15; and 2014 Workforce Monitoring – Defra and its Executive Agencies. December 2014


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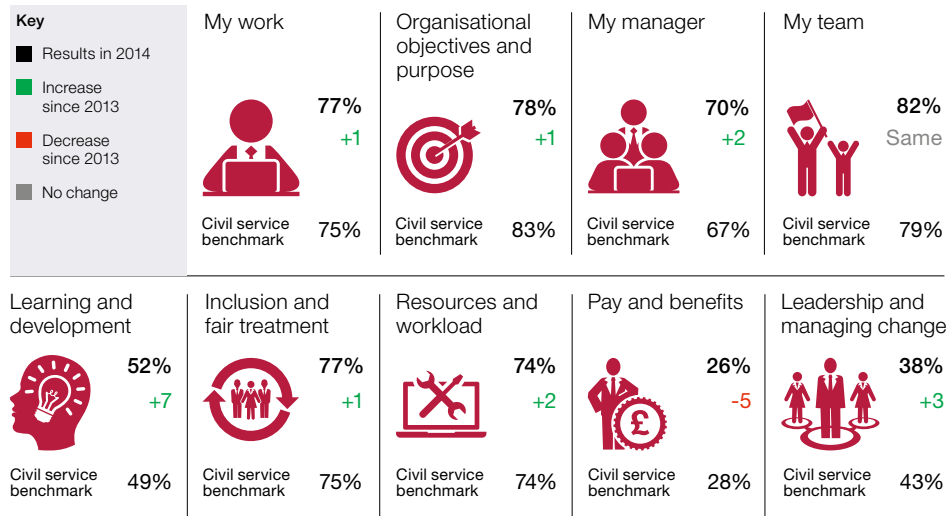
The government has conducted its Civil Service People Survey annually for the past 5 years. The most recent survey was carried out during October 2014.

The Department has scored above the civil service average in 5 of the 9 key themes within the survey in 2014, and its results in 7 of the 9 themes have increased since 2013, although some areas including leadership and change management continue to score below the civil service average. Pay and benefits is the only category where the results have fallen.

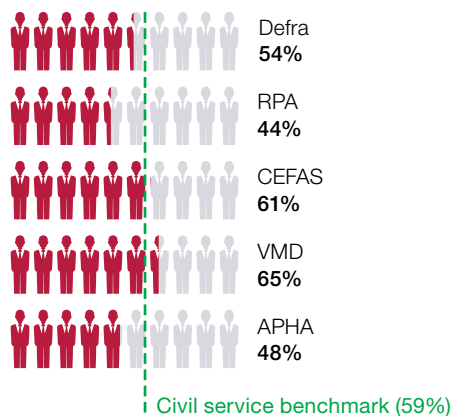
The main measure from the People Survey is the employee engagement index, which measures an employee's emotional response to working for their organisation, based on a combination of survey questions.

The Department, the Rural Payments Agency and the Animal & Plant Health Agency scored less than the civil service average for employee engagement (59%), while the Centre for Environment, Fisheries and Aquaculture Science and the Veterinary Medicines Directorate scored above the civil service average (61% and 65% respectively).

Attitudes of Departmental staff in 2014 compared with 2013



Engagement index 2014



Sources: Civil Service People Survey 2013 and 2014

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Flood Re

Protecting our country from floods and animal and plant diseases

The Flood Reinsurance scheme (Flood Re) is a scheme agreed between government and the insurance industry designed to ensure that households at the highest risk of flooding are able to afford appropriate insurance for their properties. The proposed approach, that is expected to be operational from April 2016, will limit the amount that households at high flood risk will need to pay on the flood insurance elements of their premiums. The scheme will be paid for through the flood element of the insurance policies which are passed into it and by an additional levy on the insurance industry, equivalent to the existing cross-subsidy that exists in the market. More detail can be found in our 2014 [Departmental Overview](#) report.

Bovine Tuberculosis

Protecting our country from floods and animal and plant diseases

The Department introduced a new strategy in 2014 for achieving “Officially Bovine Tuberculosis-Free” status for England. One element of this strategy, badger culling, has been met with significant opposition from animal welfare groups and public protestors. The programme of badger culling was piloted in Gloucestershire and Somerset during 2013, and completed its second year in 2014. More details on this can be found later in this guide [here](#).

Thames Tideway

Improving the environment

The Thames Tideway Tunnel is a project to build a large sewer running under the River Thames. The tunnel is the government’s preferred solution to the problem of spills from London’s sewers into the tidal part of the River Thames. The project aims to limit pollution from storm overflows so as to comply with the European Urban Waste Water Treatment Directive and avoid fines from the European Commission for non-compliance. Permission for the project was given in September 2014, with the main construction expected to start in 2016 and last 6 years. The tunnel will be owned and financed by a new Infrastructure Provider company, who will be paid for use of the sewer by Thames Water via increases in sewerage bills. We recently published a [report](#) on the risks to the programme.

Common Agricultural Policy 2015

Leading the world in food and farming

The new CAP scheme, which began on 1 January 2015, will provide more than £15 billion of funding over 7 years to support the rural economy in England. It is estimated that around 80,000 farmers will benefit from the scheme. The Rural Payments IT programme will process EU Common Agricultural Policy (CAP) grant claims and payments in England from 2015. More details on this can be found later in this guide [here](#).

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Priority: Protecting our country from floods and animal and plant diseases

The Environment Agency responded well to funding reductions for flood risk management.

Strategic Flood Risk Management report (2014) found that the Environment Agency had responded well to the reduction of resources by improving cost-effectiveness through making efficiencies in its capital construction programme and prioritising service delivery in its maintenance programme. However, we found that current spending was insufficient to meet many of the maintenance needs the Agency has identified for its flood defences. Sustaining the level of protection against floods is a challenge for the Department and in the long term, the impact of climate change (more rainfall and rising sea levels) will likely increase the pressure on these defences, which may require additional expenditure to maintain or improve them.

Priority: Leading the world in food and farming

The discovery of horsemeat in beef food products on sale to the public revealed a gap in public expectations of controls over the authenticity of food and the effectiveness of those controls.

Food safety and authenticity in the processed meat supply chain report (2013) found that the government had failed to address the risk of adulteration of beef with horsemeat, despite indications of heightened risk. There was also confusion for staff and stakeholders, which had been brought about by the split of responsibilities for food policy between the Department, the Food Standards Agency and the Department for Health.

Priority: Improving the environment

Historic funding agreements made it difficult for the Department to amend its financial support to PFI waste projects.

Oversight of three PFI waste projects report (2014) found the three projects we reviewed experienced significant delays stemming from a range of problems, including difficulties obtaining planning permission, complex commercial considerations, opposition from local groups and uncertainty over technology. It also found that the Department had given good support and guidance to the local authorities involved, but that the nature of the Department's funding agreements, which it had inherited from predecessor departments, made it difficult for it to withdraw or amend its financial support to these contracts, even when significant infrastructure had not been delivered as planned.

Flood risk management

What is involved?

Flooding is one of the highest priority risks on the UK National Risk Register. The Environment Agency estimates that 1 in 6 homes in England is at risk of flooding from coastal, river and surface water. Effective flood risk management is important so that the country is in the best position to protect against these risks, and to safeguard homes, communities, businesses and infrastructure.

The Department has national policy responsibility for managing flooding and coastal erosion, with responsibility for strategy and operations held by various 'risk-management authorities'. All of these authorities have distinct roles and responsibilities defined by the Flood and Water Management Act 2010.

All lead local flood authorities must prepare strategies or plans describing their objectives for managing flood risk and the measures to achieve these.

The Environment Agency, at a national level, holds these responsibilities and has the responsibility for overseeing authorities' plans.

Bodies involved in flood risk management

Department for Environment, Food & Rural Affairs

National policy for flood and coastal protection. Provides funding for flood risk management authorities

Environment Agency

Strategic overview of all sources of flooding. Operational responsibility to manage flooding from main rivers and the sea

Department for Communities and Local Government

Sets out national planning framework for development and flood risk. Ensures flood risk is appropriately factored into planning processes. Coordinates local authorities' recovery

Cabinet Office

Develops cross-sector resilience programmes for civil contingencies, which includes flooding

Regional flood and coastal committees

Ensure plans are in place to identify, communicate and manage flood risks across catchment and shoreline areas. Promote efficient and targeted investment. Provide linkages between flood risk management authorities and other bodies

Lead local flood authorities

Preparing local flood risk management strategies. Maintain registers of flood risk assets. Manage flood risk from surface water, groundwater and ordinary watercourses

Local resilience forums

Multi-agency partnerships that plan and prepare for localised incidents, including those related to flooding

District and borough councils

Through local plans and planning decisions, ensure new development is safe, flood resilient, does not increase flood risk overall and where possible reduces the risk

Internal drainage boards

Independent public bodies covering around 10% of the country. Responsible for water-level management in low-lying areas and regulation of activities on ordinary watercourses within drainage districts

- National
- Regional
- Local

Note

1 County or unitary local authorities have been designated as lead local flood authorities.

Source: Environment Agency



Flood risk management

How much does it cost?

The majority of funding for flood risk management comes from central government.

Between 2010-11 and 2013-14, central government funding for flood risk management fell in cash terms by 18% for capital and by 10% for revenue.

Capital funding is used for building new flood defences and revenue for the maintenance of existing flood defences.

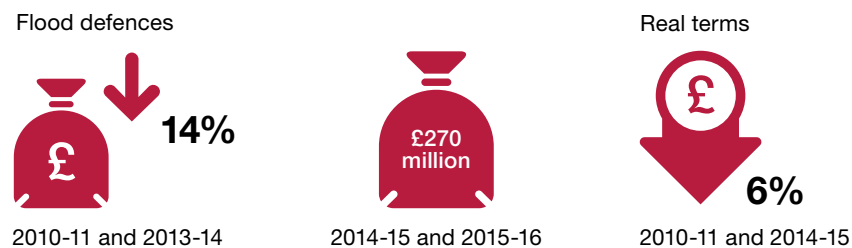
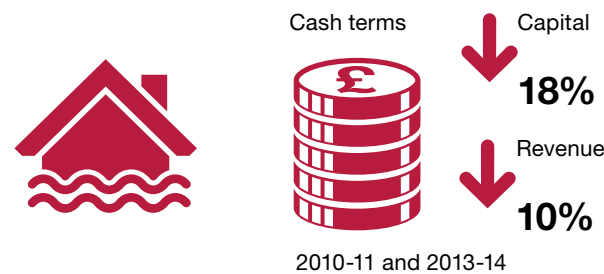
Following the 2014 winter floods, the Department allocated an extra £270 million to the floods budget to be distributed between 2013-14 and 2015-16. This funding allowed for a quick response to emergency situations and to start restoring flood defences.

This additional money brought funding to a new peak in 2014-15. However, without this allocation which was primarily to deal with the emergency situation following the major flood event, total funding would have actually decreased in cash terms by 3% between 2010-11 and 2014-15 (or 10% in real terms).

Funding to maintain flood defences also reduced by 14% between 2010-11 and 2013-14. £35 million extra funding was allocated for 2014-15 and 2015-16 as part of the £270 million, and it has, in cash terms, restored maintenance funding to 2010-11 levels. However, in real terms, this equates to a 6% decrease between 2010-11 and 2014-15.

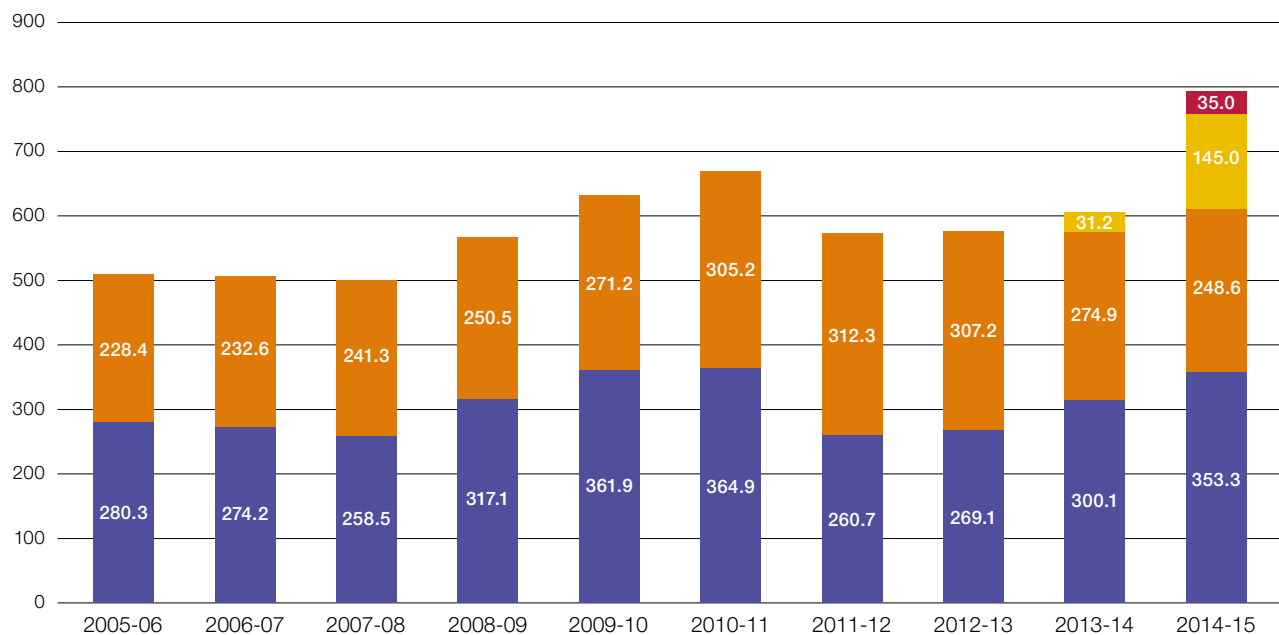
The Department has outlined a 6-year programme of capital investment to improve flood defences up to 2021. It was originally £370 million for each year from 2015-16 to 2020-21. However, the Autumn Statement 2014 announced flexibility to move funds between years. The revenue budget for 2015-16 is £280 million. Revenue funding for 2016-17 onwards is subject to the current Spending Review.

The Agency has reduced and prioritised its maintenance regime and also made efficiencies, including a £44 million saving on capital construction costs between 2011 and 2014.



Breakdown of funding between capital and revenue of total government investment in flood risk management in England

Funding (£m)



- Additional funding for asset maintenance
- Additional funding following 2013-14 floods (see note 4)
- Revenue
- Capital

Notes

- 1 Overall revenue funding for 2013-14 increased as a result of additional funding from government to cover incident response costs and urgent repairs to assets during the winter storms.
- 2 £30 million of additional funding was allocated for 2013-14, against which £31.2 million was spent. This included both capital and revenue.
- 3 Additional funding allocated for 2015-16 (not shown) amounts to £60 million.
- 4 Previous years will also include an element of incident management costs and repairing assets damaged during flooding.
- 5 The Department has outlined a 6-year programme of capital investment to improve flood defences up to 2021. It was originally £370 million for each year from 2015-16 to 2020-21. However, the Autumn Statement 2014 announced flexibility to move funds between years. The revenue budget for this period has yet to be confirmed.
- 6 Funding shown for 2014-15 excludes £20.7 million of funding from lead local flood authorities.

Source: National Audit Office analysis of figures from the Department for Environment, Food & Rural Affairs

Flood risk management

Recent and future developments

Partnership funding model

The Department introduced in May 2011 a new approach to funding capital projects that address flood and coastal erosion risk. The aim of the approach was to increase the use of its funding on more flood defence schemes by seeking contributions from outside central government. These contributions can be from any combination of public and private sources. For example, a developer may contribute some funding to a scheme where their future or current development may benefit from flood defences. By the end of March 2015, £134 million of partnership funding contributions were provided towards new flood and coastal erosion management schemes. Most of the funding has come from public sources with only 25% from private sources. From 2015 onwards, HM Treasury has requested that 15% of funding be raised from sources outside central government, which includes other public funding such as from local authorities.

Environment Agency long-term investment scenario

In late 2014, the Environment Agency published its new long-term investment scenario. This reflects the reduced level of funding the Agency has and also updates its risk baselines. The long-term investment scenario provides an assessment of how different investment scenarios could affect future flood and coastal erosion risks in England over a 50-year period. It has taken into consideration the impact of climate change and its potentially significant impact on flood risk. In its strategy the Agency estimates that the optimal investment profile over the next 10 years would be around £750 million to £800 million a year in present-day costs. This is compared to current levels of funding of less than £600 million per year between 2011-12 and 2013-14. In 2014-15 the additional funding for the 2013 winter floods increased funding to £790 million. The difference between the optimal investment profile and current funding levels will continue to be met by non-central government funding, such as local government and the private sector.

Environment Agency's scheme to prioritise funding for maintaining flood defences

Because of budget constraints the Environment Agency cannot afford to undertake all the maintenance that it has identified for its flood defences, so has put in place an approach to prioritise its expenditure on its maintenance activities. Annually, it undertakes an exercise to allocate funding for maintenance of flood defences, and it fully funds the minimum maintenance needs for all defences. It then allocates the remaining funding according to the benefit-cost ratio of each flood defence – so defences where more homes are protected will be more likely to receive funding to meet its full maintenance needs compared with a defence where fewer homes are protected. While this is a robust approach to prioritising its reduced funding, the Agency also recognises that defences receiving only minimum maintenance will deteriorate faster, resulting in a lower standard of protection and will increase capital replacement costs in the long term.



Flood risk management

What to look out for?

Condition of existing defences

The Environment Agency manages more than 29,000 miles of flood risk management assets, including pumping stations, sea walls and flood banks. As part of its performance reporting it measures the condition of existing flood defences and reports this to the Department as well as recording it in its annual report. In 2013-14, 94% of flood defences were in the required condition or better compared with 98% the previous year. The drop was due to damage and deterioration caused by floods and severe weather in 2012, 2013 and 2014 as well as pressure on maintenance budgets in 2012-13 and 2013-14. Key questions include:

- What is the current condition of flood defences, are they deteriorating and can they be maintained going forward?

Funding for flood risk management

Grant-in-aid funding

From 2015 funding for capital projects has been approved for a 6-year period, which provides a long period of certainty around funding allocations and helps with medium-term planning. However, the allocation of revenue funding for maintenance activities is for only a 1-year period, reducing the ability of the Environment Agency to plan on a longer-term basis as well as make efficiency savings, because of contracting uncertainties and the availability of funding. A key question is:

- Is the Department seeking to lengthen the funding cycle for revenue funding as it has for capital?

Partnership funding

The government considers partnership funding for flood defence projects as the best way to support more projects for its limited pot of money by using money from other stakeholders to support development of projects. Key questions are:

- Is the partnership funding model generating the income expected?
- Have the anticipated sources of funding materialised?

The Rural Payments IT programme

What is it?

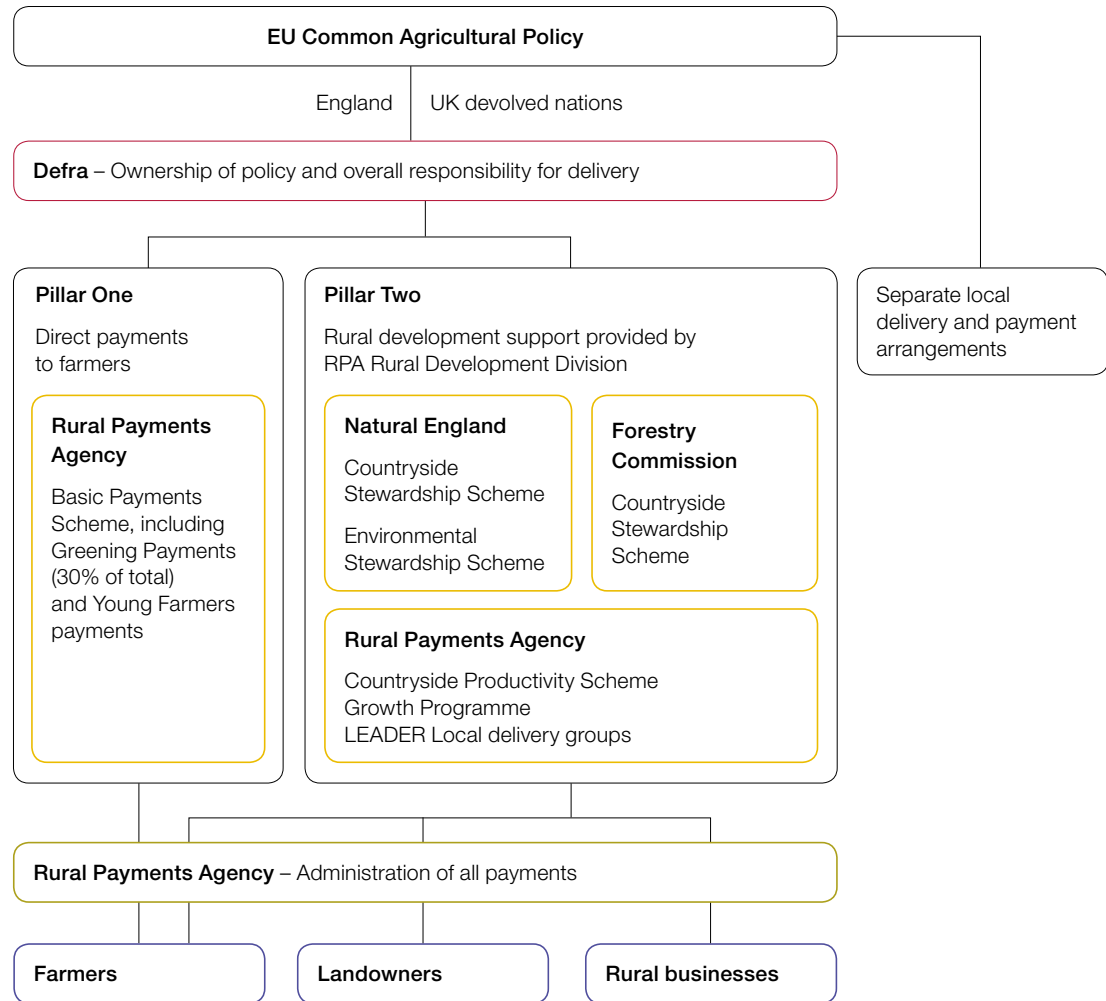
The Common Agricultural Policy (CAP) is a system of EU agricultural subsidies and programmes covering farming, environmental measures and rural development. The Department is responsible for delivering the Rural Payments IT programme and the RPA is the body responsible for ensuring farmers receive payments.

The CAP Delivery (CAP-D) programme is delivering a new IT system that will process EU CAP grant claims and payments in England from 2015. The system is being developed by the Department as a Digital Exemplar programme, and therefore has had input from the Government Digital Service. The programme was commissioned in July 2011 and was set up to develop, procure and implement the new IT systems and processes for paying farmers to deliver the new CAP schemes.

The programme has been given a high risk rating by the Department's strategic risk assessment. The rating relates to the Department getting the policy and delivery right to successfully deliver the new CAP scheme. This includes reducing the level of disallowance or fines which the EU imposes for not delivering the programme as it expects (see [next slide](#) for details on disallowance).

The Department needs to ensure that it learns the lessons from the problems of implementation of CAP 2005. We previously reported on the issues faced by the RPA in processing applications and paying farmers at the start of the previous CAP programme through the Single Payment Scheme. We found the RPA had underestimated the amount of work involved in mapping farmers' land, had not left sufficient time to test new IT systems, and had underestimated the amount of work involved in processing each claim due to an absence of adequate management information.

The delivery structure for the Common Agricultural Policy



- Policy
- Payment
- Delivery
- Beneficiaries

Note

1 This structure only covers payments in England. Responsibility for other parts of the UK lies with the devolved nations.



The Rural Payments IT programme

How much does it cost?

The Common Agricultural Policy 2015 scheme

The new CAP scheme beginning in 2015 will provide more than £15 billion (over 7 years) of funding to support the rural economy in England. The majority of the funding will be used for the Basic Payment Scheme payments to farmers. Around £3.5 billion will be earmarked for the new rural development programme.

The Rural Payments IT programme (CAP-D)

The total approved programme budget for the CAP Delivery programme is £177 million over 10 years. In 2014-15, the cost was £65 million (2013-14: £33 million). There will be additional above budget costs due to issues with the technology in March 2015 and the revised approach adopted. ([see next slide](#))

Disallowance: the cost of not delivering the programme correctly

Disallowance arises when the EU takes the view that regulations for payments funded through European Schemes have not been applied correctly – in essence, a penalty. Since 2005, the Department has incurred a total of £642 million in disallowance penalties. Of this amount, the Department has already paid out £410 million and is expecting to pay a further £232 million in future years.



The Rural Payments IT programme

Recent and future developments

The Rural Payments IT system has encountered problems. The programme was the first large government project to attempt to use the identity assurance scheme, Verify. Farmers found this difficult to use and there were issues with the identification of third-party agents and businesses. The RPA revised its original plans for online ID assurance and has offered an alternative telephone service.

In early March 2015 a failure of part of the online system (which allowed farmers to map their fields) meant that farmers and their agents were unable to verify or change their data. As a result, a decision was made on 16 March 2015 to revert to a paper-based approach where farmers will review paper-based maps. The RPA have confirmed that all data are safe and have not been lost because of the problems encountered. This change in process for farmers from online to a paper-based process is likely to increase the costs for the programme. On 25 March 2015, the RPA chief executive told the EFRA Select Committee that it had a surplus of around £0.9 million and it had agreed with the Department for this to offset the additional costs of the paper-based approach. Throughout the process, the RPA has worked with the Major Projects Authority to review the delivery of the programme.

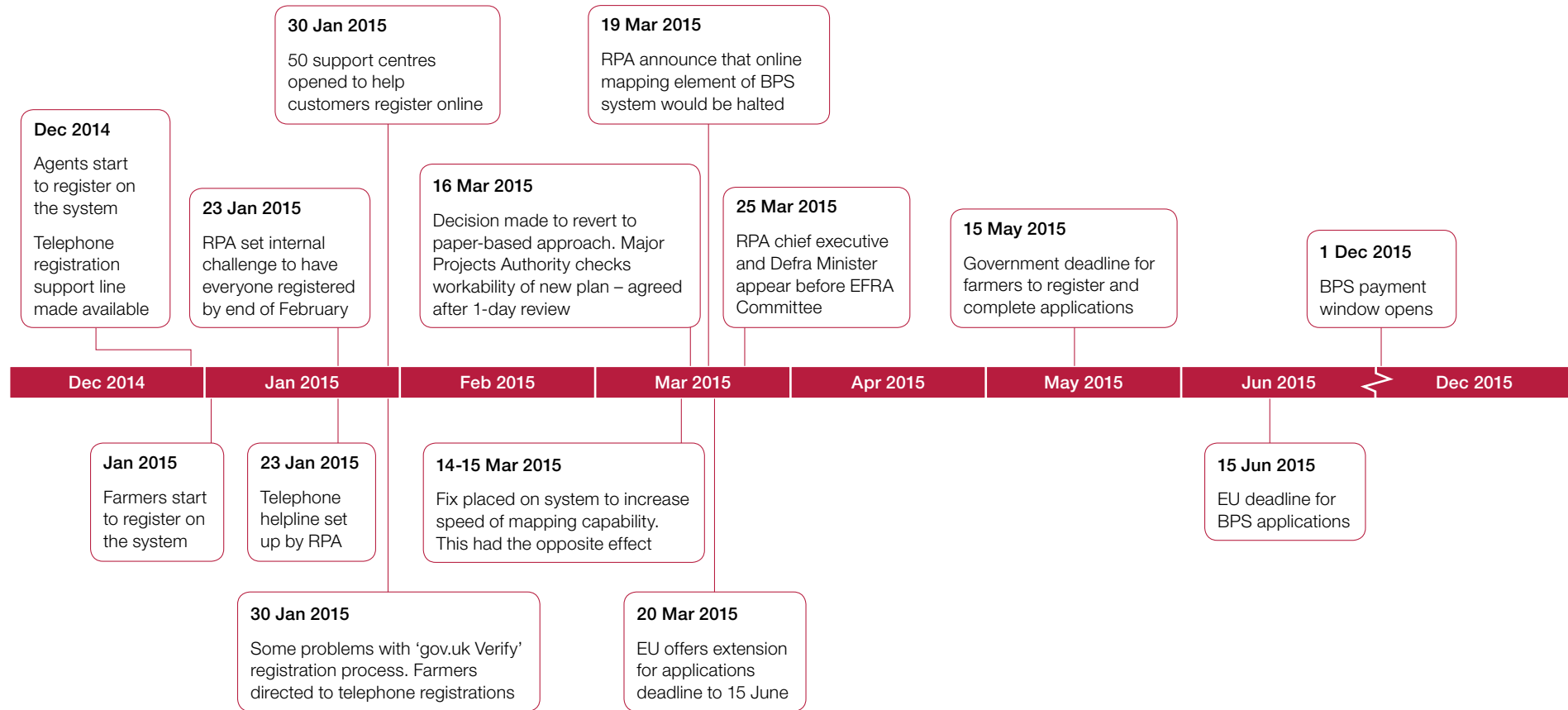


The Rural Payments IT programme

Recent and future developments



Rural payments timeline



The Rural Payments IT programme

What to look out for?

Will payments to farmers be delivered accurately and on time in 2016?

There are potential disallowance consequences if this does not happen. The Secretary of State assured the EFRA Select Committee on 25 March 2015 that farmers will be paid on time. The RPA are encouraging farmers to submit their applications early or on time to ensure prompt payment during the payment window of December 2015 to the end of June 2016. RPA needs to receive all applications before it can start to make payments to farmers. Will there be sufficient time to thoroughly test the system and ensure that payments are made accurately as well as on time? If payments will not be delivered on time when will this be announced? Also, if there are delays what impact does this have on the Department in terms of disallowance?

What is the cost of the contingency plan? Will the paper-based scheme function effectively?

It is not clear what the final costs of the additional manpower required to input data are nor how these costs will be met. Will the collection of data via paper-based methods allow for original timescales to be met?

What are the costs of making the system fully functional?

The RPA has stated that while the claimant interface is causing problems, the core part of the IT system is functioning well. It is not clear what the additional costs are of fixing this interface and making the system fully functional. It is not known if there will be implications for the Department's overall budget, or if there will be any penalties on suppliers. There is still work that needs to be done up to December 2015 to ensure that the rules management element of the system is fully tested and links seamlessly to the finance and land management elements.

Animal & Plant Health Agency

What does it do?

The Animal & Plant Health Agency (APHA) was launched in October 2014 following the merger of the former Animal Health and Veterinary Laboratories Agency (AHVLA) with those parts of the Food and Environment Research Agency (FERA) responsible for plant and bee health.

APHA aims to safeguard animal and plant health, for the benefit of people, the environment and the economy. Its strategic aims are:

- rapid control of pests and disease outbreaks in animals and plants;
- reduced threat from new and emerging animal and plant diseases;
- enhanced food security;
- improved agricultural economy;
- healthier people, plants, animals and environments; and
- improved policy-making in the UK and the EU.

APHA's headquarters are located in Weybridge, Surrey and the Agency employs around 2,100 staff, based at a number of sites across Great Britain.

APHA duties include laboratory testing, research, welfare visits, issuing pet passports, providing export certificates, surveillance and management of disease controls and wildlife inspections.

In the 2014 staff survey APHA staff scored lower on all measures than the Department and civil service averages. In particular, the scores for leadership and managing change and organisational objectives and purpose are much lower. The survey was conducted shortly after the merger between AHVLA and FERA.

Attitudes of staff in 2014 compared with Defra



Sources: Civil Service People Survey 2014

Animal & Plant Health Agency

How much does it cost?

The majority of APHA funding comes from the Department and the devolved administrations in Scotland and Wales. In 2014-15 income was £216.2 million, with the majority coming from the Department.

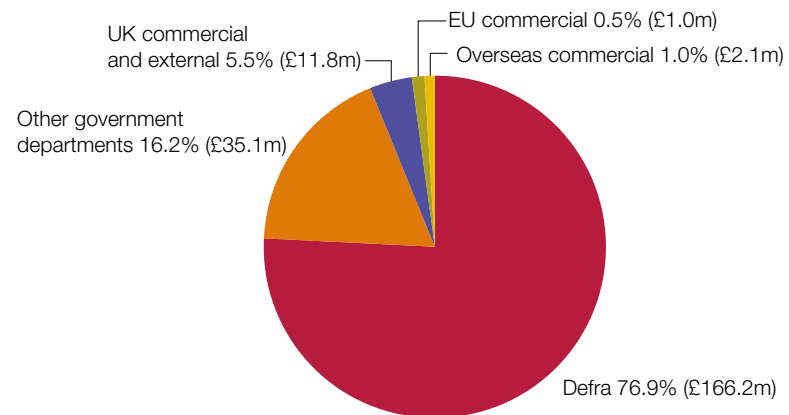
APHA also receives additional income from UK and overseas customers for its commercial products and services, including the sale of specialist laboratory reagents and diagnostic kits; and testing services for veterinary practitioners and the pharmaceutical industry. In 2014-15 around £14.9 million was from commercial sources.

Staff costs are the largest area of expenditure for APHA. Its staff costs have been falling as the number of staff, including contractors, has reduced.

Official veterinarian costs are the costs of private practice vets and these rose by £1.7 million in 2014-15 compared with the previous year, due to the increased use of external veterinary services to manage changes to the Bovine TB policy.

Other operating expenditure includes IT and estates management as well as key programmes such as responding to and managing notifiable animal diseases.

APHA 2014-15 income sources (£m)



Animal & Plant Health Agency

What to look out for?

Disease outbreaks

The Animal & Plant Health Agency (APHA) is responsible for emergency responses to disease outbreaks, such as foot and mouth disease or avian influenza. APHA holds a contingency fund to cover outbreaks, but due to the unpredictable nature of these outbreaks, any costs not covered by the contingency fund are recovered from the Department. The most recent cases of disease outbreaks were Avian Flu in Hampshire in February 2015 and Yorkshire in November 2014. Large outbreaks of animal disease can lead to a call on the whole-of-government 'Contingencies Fund', where the cost of dealing with a large or national outbreak cannot be met by the Agency or the Department.

Bovine TB/Badger cull

In the last decade, the Department reports that 314,000 cattle have been slaughtered across Great Britain in an attempt to control Bovine TB. The Department estimates that if it does not get on top of the disease there will be a continued increase in the number of herds affected, further geographical spread and a taxpayer bill over the next decade exceeding £1 billion. In Wales, an injectable badger vaccination project is running from 2012 to 2017, alongside additional surveillance and controls for cattle and non-bovines, and enhanced biosecurity.

AHVLA was responsible for carrying out monitoring of the badger culls during 2013. Natural England is responsible for issuing the licences and carrying out monitoring in 2014 and 2015. Licences for a minimum of 4 annual culls were issued to culling companies in Somerset and Gloucestershire. On 28 August 2015 Defra announced that Natural England had issued a licence and authorised a cull in Dorset. APHA now offers a service providing bespoke veterinary advice for cattle keepers within the licensed areas on how to reduce the risk of Bovine TB on their farms.

Change to the delivery of Bovine TB testing and other veterinary services

From 1 April 2015 in Wales and 1 May 2015 in England, the delivery of testing for Bovine TB has been transferred from private practices contracted by APHA to 7 regional delivery partners. Look out for farmers' views on the new delivery process and the impact of the new arrangements on private veterinary practices.

Appendix One

Sponsored bodies

Non-ministerial department

[Forestry Commission](#)

[The Water Services Regulation Authority](#)

Executive agency

[Animal and Plant Health Agency](#)

[Centre for Environment, Fisheries and Aquaculture Science](#)

[Rural Payments Agency](#)

[Veterinary Medicines Directorate](#)

Executive non-departmental public body

[Agriculture and Horticulture Development Board](#)

[Board of Trustees of the Royal Botanic Gardens, Kew](#)

[Consumer Council for Water](#)

[Environment Agency](#)

[Joint Nature Conservation Committee](#)

[Marine Management Organisation](#)

[National Forest Company](#)

[Natural England](#)

[Sea Fish Industry Authority](#)

Advisory non-departmental public body

[Advisory Committee on Pesticides](#)

[Advisory Committee on Releases to the Environment](#)

[Independent Agricultural Appeals Panel](#)

[Science Advisory Council](#)

[Veterinary Products Committee](#)

Tribunal non-departmental public body

[Plant Varieties and Seeds Tribunal](#)

Other

[Broads Authority](#)

[Covent Garden Market Authority](#)

[Dartmoor National Park Authority](#)

[Drinking Water Inspectorate](#)

[Exmoor National Park Authority](#)

[Lake District National Park Authority](#)

[New Forest National Park Authority](#)

[North York Moors National Park Authority](#)

[Northumberland National Park Authority](#)

[Peak District National Park Authority](#)

[South Downs National Park Authority](#)

[UK Coordinating Body](#)

[Yorkshire Dales National Park Authority](#)