National Audit Office

Department for Environment, Food & Rural Affairs 2025-26

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OVERVIEW

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Summary

C&AG introduction

In 2025, we set out our new five-year strategy. In delivering our statutory responsibilities, we aim to maximise our contribution to two outcomes – more productive and resilient public services and better financial management and reporting in government.

Our overviews summarise the key information and insights from our examinations of departments and from their annual report and accounts, and explore departments' progress against these crucial outcomes, highlighting positive examples and opportunities to improve.

If you would like more information about our work, or to arrange a briefing with me or one of my teams, please contact our Parliamentary Relations team at parliament@nao.org.uk.

Objectives	
Strategic vision	The Department for Environment, Food & Rural Affairs (Defra) is responsible for improving and protecting the environment. Its vision is to restore nature, support growth and enhance security.
Priority outcomes for 2025-26	**1** Restoring nature while supporting development **2** Reforming our water system so that it drives growth, protects consumers and enhances the environment **3** Backing British farmers and food industry to boost production **4** Resetting trading relationships, including with the European Union (EU) Defra is also responsible for strengthening national resilience and security, the stewardship of critical national infrastructure, and helping protect and restore critical global ecosystems.
Financial position	
Total spending in 2025-26	Defra spent £6.67 billion in 2025-26, mostly through its arm's-length bodies and executive agencies. Increased expenditure by the Rural Payments Agency (RPA) largely accounts for the £1.11 billion (19.9%) increase from 2024-25. This includes a £0.33 billion increase in expenditure on agri-environmental grants in 2025-26.
Insights from our work	
Financial management and reporting	The Comptroller & Auditor General (C&AG) has provided an unqualified (clean) opinion on Defra's 2025-26 financial statements. The group level qualification was lifted in 2024-25 following improvements in data quality and reporting across the group, and this position has been maintained in 2025-26. In 2025-26, estimated irregularity or non-compliance with grant scheme rules was £73.41 million. This was material to the RPA's financial statements – and led to a qualified audit opinion on regularity – but not to Defra's accounts.
Productivity	Defra is seeking to improve its own productivity and is identifying opportunities to improve efficiency through digital transformation and better use of data. Defra has supported productivity in some policy areas, for example increasing tree planting and peatland restoration, and it has announced funding to support farm productivity, but significant challenges remain. In 2026, the Office for Environmental Protection found that environmental targets remain largely off track despite some delivery improvements, and outdated IT systems, fragmented data, capacity constraints and difficulties measuring productivity continue to limit progress.
Risk and resilience	Defra is responsible for strengthening resilience across a wide range of areas facing increasing pressures, including from climate change, flooding, animal diseases and disruption to food supplies. While Defra has made progress, including continuing to strengthen resilience and preparedness, significant challenges remain in strengthening long-term resilience, improving preparedness for major disruptions, adapting to future climate risks, and strengthening the critical infrastructure.

About the Department for Environment, Food & Rural Affairs (Defra)

The Department for Environment, Food & Rural Affairs' (Defra's) vision is to restore nature, support growth and enhance security.

Defra has four priority outcomes to support delivery of its vision (**Figure 1**). Alongside these, Defra is responsible for strengthening national resilience and security, the stewardship of critical national infrastructure, and helping protect and restore critical global ecosystems. Under resilience and security this includes:

- lower greenhouse gas emissions;
- climate adaptation;
- protection from pollution and environmental hazards;
- minimal waste, tackling waste crime and maximising use of resources;
- resilience to flooding;
- emergency preparedness and response to environmental incidents, disease outbreaks, food and water supply shocks;
- robust biosecurity;
- good animal welfare;
- secure food supply; and
- flourishing rural communities.

Figure 1

The Department for Environment, Food & Rural Affairs' (Defra's) priority outcomes for 2025-26

Defra had four priority outcomes in 2025-26

Outcome		Defra's key activities in 2025-26
1	Restoring nature while supporting development	• Published a revised *Environmental Improvement Plan*, which retains restoring nature as its overarching goal.
		• Announced the Nature Restoration Fund as part of the Planning and Infrastructure Act, to create a system whereby developers can contribute to strategic nature recovery through Environmental Delivery Plans.
		• Published the *Land Use Framework* to guide decisions on land use for development, nature restoration and resilience.
		• Published the *30by30 on land: Delivery plan*, aiming to conserve and manage 30% of England's land for nature by 2030.
2	Reforming our water system so that it drives growth, protects consumers and enhances the environment	• Published the *National Framework for Water Resources 2025*, setting out England's long-term water needs and actions required to meet future pressures.
		• Published *A New Vision for Water*, with plans for a more efficient and integrated water system.
		• Announced the Clean Water Bill, proposing a single regulator, a Water Ombudsman, stronger financial resilience requirements and long-term planning frameworks.
3	Backing British farmers and food industry to boost production	• Published the *Farming Roadmap 2050: Growing England's Future*.
		• Published the independent *Farming Profitability Review 2025* to strengthen the resilience and viability of farm businesses and established the Farming and Food Partnership Board to improve profitability, productivity and food security.
		• Continued the rollout of Environmental Land Management schemes, including launching the 2026 Sustainable Farming Incentive offer and announcing £345 million for innovation, technology and infrastructure to improve farm productivity.
4	Resetting trading relationships, including with the EU	• Continued negotiating a new UK–EU sanitary and phytosanitary agreement through Defra's EU Delivery Programme, to reduce border checks and certification requirements.

Note

1 Defra's 2025-26 outcomes replace five previous outcomes: 1) clean up Britain's rivers, lakes and seas; 2) create a roadmap to a circular economy; 3) support farmers to boost food security; 4) ensure nature's recovery; and 5) improve our nation's resilience to the dangers of flooding.

Source: National Audit Office analysis of Department for Environment, Food & Rural Affairs, *Annual Report and Accounts 2025-26*, HC 534, July 2026, and published announcements

How Defra is structured

Defra is made up of the core department and a network of 36 agencies and other public bodies. The main delivery bodies are listed in **Figure 2**. A full list of bodies can be found online at www.gov.uk/government/organisations.

Figure 2

The Department for Environment, Food & Rural Affairs' (Defra's) main agencies and other public bodies

Defra's arm's-length bodies have wide-ranging responsibilities, including forestry, protecting animal and plant health, and delivering grants and payments to farmers

Delivery body	Main responsibilities
Animal and Plant Health Agency	Protects animal and plant health through disease prevention and control, scientific research and surveillance, trade facilitation, wildlife protection and regulating the disposal of animal by-products.
Centre for Environment, Fisheries and Aquaculture Science	Works to ensure a sustainable future for the UK's rivers, seas and the ocean, supporting healthy and productive marine and freshwater ecosystems. Provides expert advice, monitors aquatic environments and responds to marine and freshwater emergencies, such as chemical spills.
Environment Agency	Protects and improves the environment. Responsibilities include regulating major industry and waste, and treatment of contaminated land; water quality and resources; fisheries, conservation and ecology; and managing risk of flooding from main rivers, reservoirs, estuaries and the sea.
Flood Re	Provides flood reinsurance to help ensure the affordability and availability of household flood insurance for properties at high flood risk, while supporting the transition to risk-reflective pricing. Flood Re is a joint industry and government initiative and is due to end in 2039.
Forestry Commission	Increases the value of woodlands to society and the environment. Responsibilities include protecting, improving and expanding England's woodlands; connecting more people with forests, woods and trees; and promoting their full value.
Marine Management Organisation	Protects and enhances the marine environment by enabling sustainable marine activities and development. Responsibilities include managing fishing fleets and quotas; ensuring compliance with fisheries regulations; overseeing funding; licensing marine activities; protecting marine nature; responding to pollution incidents; combating illegal fishing; and producing marine plans.
Natural England	Helps protect and restore nature in England. Its responsibilities include promoting nature conservation; conserving and enhancing landscapes; promoting public access to nature; advising government; and carrying out statutory functions such as designating and protecting sites (for example, sites of special scientific interest) and monitoring their condition.
Rural Payments Agency	Supports a thriving farming and food sector. Responsibilities include measures to boost farm productivity; helping assure the provenance of food; delivering grants and payments to support farming and incentivise environmental outcomes; and administering schemes to support the rural economy.
The Water Services Regulation Authority (Ofwat)	Economic regulator for the water and wastewater sectors in England and Wales. It aims to protect consumers by promoting competition; ensure water companies are financially resilient and well managed; secure resilient long-term water supply; set price limits; and enforce compliance through licensing, investigation and penalties, while supporting environmental improvements. The UK government announced in July 2025 that Ofwat will be abolished and replaced by a single integrated water regulator. Ofwat operates independently of Defra and is not included within Defra's group accounts.

Source: National Audit Office review of agencies and other public bodies on GOV.UK as at June 2026

Where Defra spends its money

Defra spent £6.67 billion in 2025-26. This total expenditure was £1.11 billion (19.9%) more than Defra spent in 2024-25, which was £5.56 billion (restated).

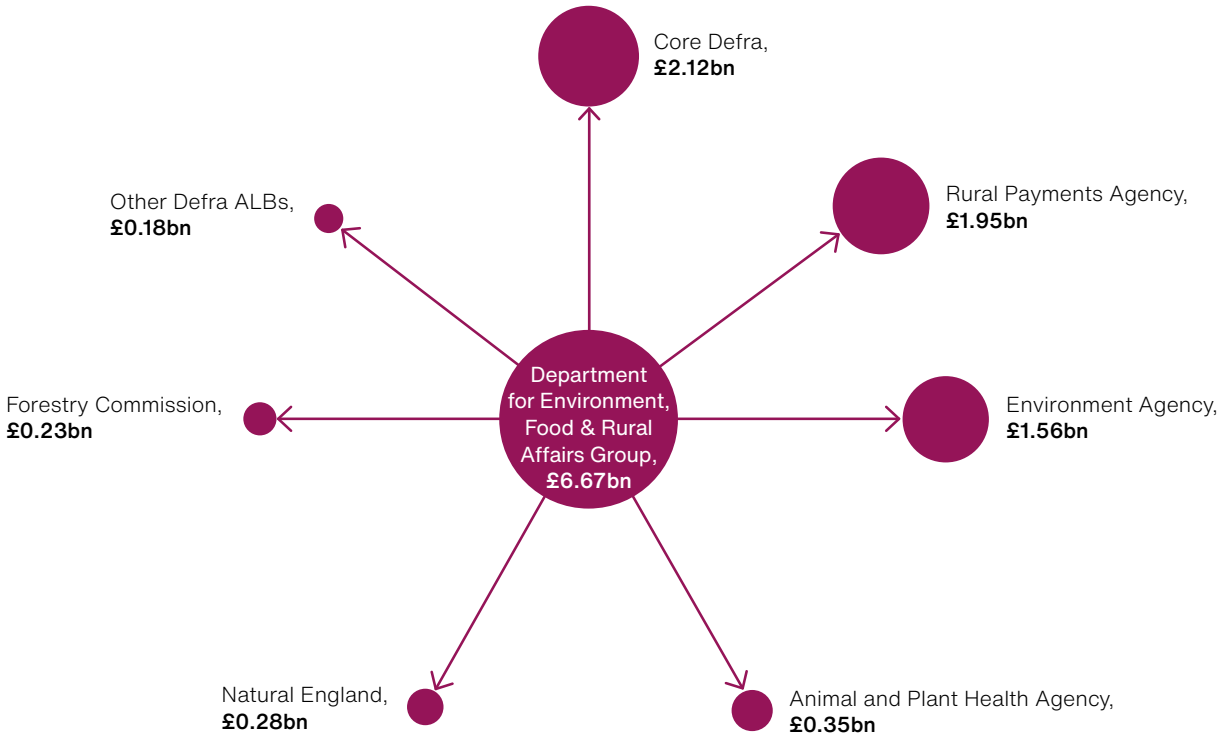
The majority of Defra's 2025-26 spend was through its arm's-length bodies and executive agencies (**Figure 3**).

- A significant amount of the increase relates to the Rural Payments Agency, whose expenditure increased from £1.15 billion in 2024-25 to £1.95 billion in 2025-26. This partly reflects a £327 million increase in agri-environmental grant expenditure, principally on the Sustainable Farming Incentive (SFI) and Countryside Stewardship schemes. The year-on-year increase also reflects fluctuations in expenditure in recent years due to changes to delinked payments rates (see pages 7 and 8 for more details).
- The Environment Agency spent £1.56 billion, up from £1.45 billion in 2024-25. This increase is largely due to movements in waste-related provisions and additional grant expenditure supporting flood risk management, principally in local authorities.
- The Animal and Plant Health Agency spent £353 million, up from £330 million in 2024-25. This is due in part to an increased workforce dealing with border issues and disease outbreaks.
- The Forestry Commission spent £230 million, up from £192 million in 2024-25. The increase is largely due to a £40 million increase in direct funding provided to Forestry England, the principal delivery body for managing the Public Forest Estate and supporting Nature for Climate activity, including land acquisition for planting and estate investment.

Figure 3

The Department for Environment, Food & Rural Affairs' (Defra's) expenditure in 2025-26

In 2025-26, Defra spent £6.67 billion, the majority through its arm's-length bodies and executive agencies



Notes

1 This figure includes all bodies whose accounts are consolidated into Defra's accounts.

2 Core Defra is the core department itself, excluding any executive agencies or arm's-length bodies (ALBs).

3 The figures on this page are based on the department's overall audited net expenditure in the accounts, and Defra's own disaggregated analysis by ALB (Annex 2 to Defra's Annual Report and Accounts). Some ALBs (such as the Environment Agency) also receive income. Figures may differ from those in the individual accounts of ALBs, for example due to the elimination of transactions between Defra and the ALB.

Source: National Audit Office analysis of Department for Environment, Food & Rural Affairs, *Annual Report and Accounts 2025–26*, HC 534, July 2026

Spending patterns in the Defra group

Food and farming

Since 2025-26, Defra has been moving away from area-based subsidy towards agri-environmental schemes, which pay farmers and landowners for specific actions they undertake. A transitional scheme – delinked payments – provides support to farmers with reference to their previous entitlements to area-based subsidy under the Basic Payment Scheme, with cash paid on a reducing basis between 2024 and 2027.

Because farmers were not required to perform any additional work to receive delinked payments, the whole expected lifetime cost of the scheme was recognised in 2023-24, in advance of the cash flows. Expenditure in 2024-25 was lower, partly because of an acceleration in the rate at which delinked payments reduced over time, which was recognised in that year. From 2025-26, food and farming expenditure is no longer strongly affected by delinked payments and has returned to similar levels seen in 2022-23 (**Figure 4** on page 8).

Compared to an area-based subsidy, the newer schemes are more ambitious in terms of improving environmental outcomes, but have a higher irregularity risk of fraud or error. This has caused the irregularity central estimate to increase from £40.3 million in 2024-25 to £73.4 million in 2025-26 (see page 9).

Flood risk management

The 2025-26 financial year was the last of a two year capital settlement for flood risk management investment. The Environment Agency spent £689 million directly on capital works (similar to 2024-25 levels) and also spent £369 million on grants to local authorities and other risk management authorities. The 2026-27 plans include an element to cover the volatility of Flood Re's insurance-based results.

Packaging reforms

Part of Defra's expenditure on improving the environment and rural services reflects the introduction of packaging reforms. In April 2025, the Packaging Extended Producer Responsibility (pEPR) scheme began operating. pEPR aims for the costs associated with managing household packaging waste to be borne by the packaging producer through a levy applied to them. This levy is then distributed to local authorities who manage household waste collection. In 2025-26, around £1 billion was paid in grants to local authorities through this scheme. With these effects roughly in balance, the effect on the department's net expenditure is small.



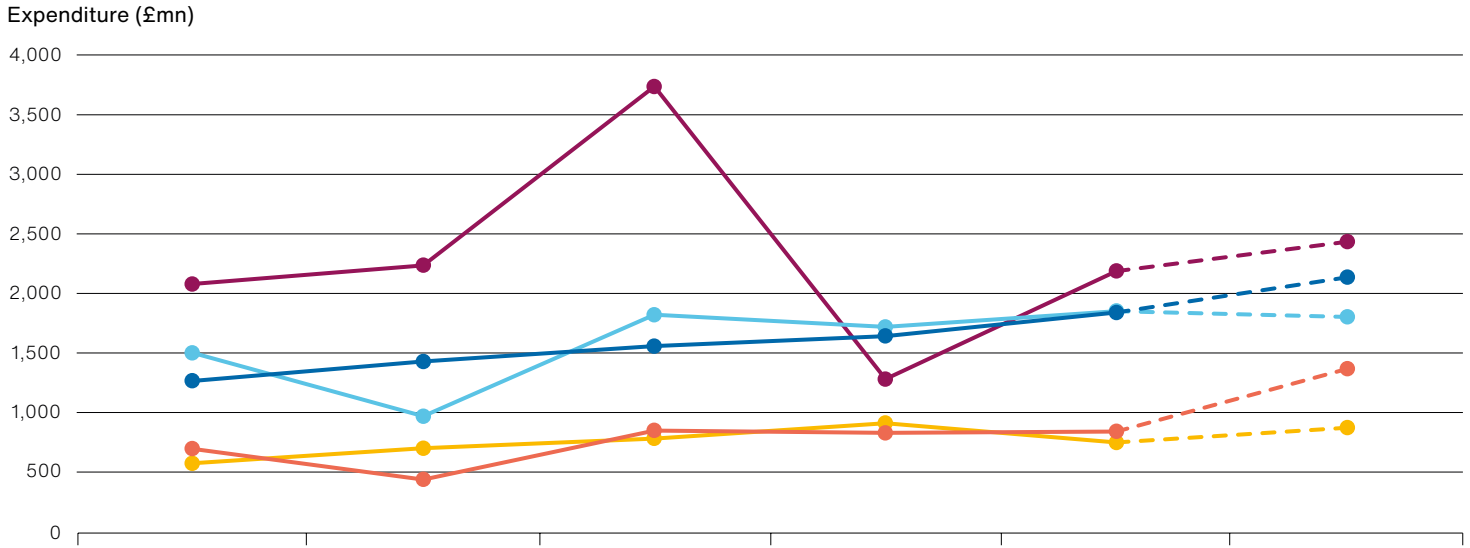
Spending patterns in the Defra group *Continued*

Figure 4

The Department for Environment, Food & Rural Affairs' (Defra's) expenditure between 2021-22 and 2025-26, and its planned expenditure for 2026-27

Defra's overall spending patterns have been broadly stable, aside from changes associated with the transformation in farming grants





	2021-22 Outturn (£mn)	2022-23 Outturn (£mn)	2023-24 Outturn (£mn)	2024-25 Outturn (£mn)	2025-26 Outturn (£mn)	2026-27 Plans (£mn)
Food and farming	2,077	2,235	3,736	1,279	2,186	2,432
Improve the environment and rural services	1,499	968	1,819	1,717	1,850	1,802
Protect the country from floods	1,264	1,427	1,556	1,641	1,839	2,135
Animal, marine and plant health	572	699	780	909	747	872
Departmental operating costs	695	437	847	827	840	1,366

Notes

1 This graph shows Defra's departmental expenditure, including both capital expenditure and depreciation, consistent with the basis of outturn against the Statement of Parliamentary Supply.

2 Data lines reflect the breakdown that Defra uses to present its financial information.

3 The 2026-27 planned expenditure includes some elements held on the departmental operating costs line pending their allocation to specific priorities. All 2026-27 plans include Annual Managed Expenditure (AME) elements budgeted to cover volatile or demand-led elements, including flood reinsurance costs and changes in discount rate.

Source: National Audit Office analysis of Department for Environment, Food & Rural Affairs, *Annual Report and Accounts 2025–26*, HC 534, July 2026

Financial management and reporting matters arising from our audit of Defra's accounts

Defra published its accounts for the year ending 31 March 2026 on 15 July 2026. The previous group-level qualification of our audit opinion was lifted in 2024-25, and the opinion has continued to be unqualified in 2025-26, which means that:

- the accounts give a true and fair view of Defra's affairs and have been properly prepared in accordance with the Government Resources and Accounts Act 2000;
- total spending did not exceed amounts voted by Parliament; and
- the income and expenditure recorded were applied to the purposes intended by Parliament (regularity).

The Environment Agency's infrastructure assets

From 2018-19 to 2021-22, the C&AG issued qualified opinions on Defra's accounts because the Environment Agency (EA) did not account for its significant infrastructure assets – primarily relating to flood defences – using the 'depreciated replacement cost' method as required. In 2022-23 and 2023-24, this basis was amended, but the qualifications continued because the information used to value the assets based on their extent and condition was incomplete or unreliable.

EA has since performed significant work to improve the quality of its asset information. The improved information supports both the valuation of assets in the financial statements and EA's day-to-day management of them. These improvements have enabled the C&AG to provide an unqualified opinion on Defra's accounts.

The latest valuation of EA's infrastructure assets, as at 31 March 2026, was £8.9 billion. This was based on how much the assets (including flood defences in England) would currently cost to replace the operational capacity of existing assets, less a discount to reflect current levels of deterioration.

Rural Payments Agency grants

The Rural Payments Agency (RPA) manages over 40 schemes relating to farming and the rural economy and makes payments through these schemes to farmers, traders and landowners. RPA's annual report and accounts for 2025-26 covers the second year that direct payments to farmers based on the area of land used for farming (as previously designed under the EU) have been substantially replaced by newer schemes that link grant payments to specific activities that benefit the environment.

During 2025-26, RPA identified an estimated £73.4 million of irregularity or non-compliance with grant scheme rules, compared with £40.3 million in 2024-25. As in the previous year, this amount is material to the RPA's financial statements, leading the C&AG to qualify his opinion on the regularity of expenditure for these grants. Defra and RPA have identified actions to enhance cost-effective controls and improve data capture, structure and intelligence to understand the causes of fraud and error. While these actions are expected to improve compliance and reduce irregular expenditure over time, the scale and complexity of the schemes mean that improvements will be realised progressively rather than immediately.

The C&AG's Certificate and report on the RPA's annual report and accounts for 2025-26 made recommendations to Defra and the RPA designed to support the department's efforts to improve compliance, such as performing root cause analysis of increased irregularity levels, making targeted changes to scheme iterations based on this analysis, and considering the customer perspective in the lessons learned. In addition to this, the C&AG recommended considering whether broader preventative controls are proportionate, setting a revised risk appetite and continuing to update Parliament on fraud and error results.

Improving productivity and efficiency

As part of Spending Review 2025, Defra committed to £144 million per year in efficiencies (net of investment) by 2028-29, equivalent to a 3.1% efficiency saving against its 2025-26 Resource Departmental Expenditure Limit (RDEL) – day-to-day resource spending – budget. These include cashable and non-cashable savings across the Defra group.

What Defra is doing

Defra told us its efficiency programme is organised around four key elements, which are:

- workforce transformation (for example, streamlining back office functions);
- rationalising and making better use of its property estate;
- service transformation (for example, moving services to a common digital platform); and
- a specific Geospatial Enabling Programme to provide a single view of land use data across Defra and its arm's-length bodies (ALBs).

Defra expects around three-quarters of its savings target to be delivered by its ALBs, with the remainder being delivered by the core department. Accountability is through the Defra policy teams that sponsor specific ALBs, together with central oversight from Defra's strategy and finance teams.

Defra focused initially on opportunities to deliver more immediate efficiencies such as office closures and bringing outsourced contracts back in-house. It is now moving to longer-term transformational programmes, which require upfront investment. This includes the Animal and Plant Health Agency's Delivering Sustainable Futures programme (2024 to 2030) to modernise and digitise key systems and improve processes to make them more efficient.

Understanding land use is important across many Defra policy areas. Currently, different parts of Defra and its ALBs use different data sets and maps. Defra's Geospatial Enabling Programme aims to provide a single view of land use data in England across the Defra group. Defra told us other departments have also expressed interest in the programme.

As part of service transformation, Defra is using 'pioneer teams' to provide a fresh perspective for its ALBs on current systems, processes and ways of working and to recommend improvements.

Defra plans to identify further opportunities for efficiencies through implementing the recommendations of Dan Corry's review of Defra's regulatory landscape, and Sir Jon Cunliffe's Independent Water Commission.

Challenges and risks

Defra has identified challenges to delivering efficiency savings.

- Defra told us that measuring productivity and efficiency can be challenging where outputs and outcomes are difficult to quantify.
- Defra noted that some transformational programmes require upfront investment and may deliver benefits over a longer period than the Spending Review period. Defra therefore needs to balance delivery of efficiencies within the Spending Review period with investment in longer-term transformation. Defra cited the Geospatial Enabling Programme as an example where there are significant upfront costs, but most of the benefits are returned outside the efficiency measurement period.
- Defra is currently identifying savings for Spending Review 2027, in line with HM Treasury's timetable. It told us many efficiency initiatives require a 'test and learn' approach, with plans refined as evidence emerges on what delivers savings in practice. This means that work to identify and quantify further efficiency opportunities is taking place alongside the implementation and evaluation of the current programme.

Insights from our work

Our 2026 report *Environmental regulation* highlighted that an overly risk-averse culture in Defra and its regulators (Environment Agency and Natural England) had restricted some efforts to innovate and embrace new approaches. Stakeholders said this resulted in missed opportunities to innovate or achieve large-scale nature renewal. Defra and its regulators were working to improve the IT systems and digital technologies that support how they regulate, though progress had been slow and current systems are fragmented.

Outcome 1: Restoring nature while supporting development

Why this is important

A thriving natural environment supports societal and economic resilience. Higher biodiversity increases resilience to climate change impacts, including drought and flooding. Nature underpins food systems, water supply and the economy, while access to a healthy natural environment improves wellbeing.

Over the past century, nature has become degraded due to pressures from agriculture and land management, climate change, urbanisation, hydrological change, pollution, non-native species, and woodland management. As a result, the UK is one of the most nature-depleted countries in the world.

Defra and its ALBs are responsible for balancing nature recovery with the government's ambition for development.

How Defra is tackling it

The government's approach is to integrate nature recovery into planning, land use and public sector land management, while supporting housing and infrastructure development. For example, to help speed up delivery of two major energy infrastructure projects without compromising environmental standards, in April 2026, Defra announced that the Environment Agency would become the Lead Environmental Regulator overseeing planning and regulatory approvals for Sizewell C and Lighthouse Green Fuels.

In December 2025, Defra published a revised *Environmental Improvement Plan* (EIP), with restoring nature as its overarching goal, supported by all other goals.

A key element of the government's approach is reforming how environmental obligations are met through the planning system. In March 2025, the government announced the Nature Restoration Fund as part of the Planning and Infrastructure Act, which received Royal Assent in December 2025. The Act aims to support delivery of 1.5 million homes in England and accelerate planning decisions on major infrastructure projects. Developers will pay a Nature Restoration Levy into a central fund. Natural England will use these funds to deliver nature restoration through Environmental Delivery Plans, which outline actions to address the impacts of development on protected habitats and species. The first plans are expected from 2026.

Alongside this, since 2024, statutory biodiversity net gain (BNG) has required an increase of 10% habitat creation or enhancement when land is developed. The habitats must be maintained for at least 30 years by developers or biodiversity gain site providers, such as landowners, land management companies or habitat banks. In May 2026, Natural England published an early evaluation of BNG. It found that BNG is encouraging earlier and more standardised consideration of ecological impacts in planning, and stakeholders were broadly optimistic about its potential to support local environmental priorities. However, with relatively few developments completed, it was too soon to assess overall environmental impact. The evaluation also highlighted implementation challenges, including limited staff capacity and resources – particularly in local planning authorities – and gaps in skills and knowledge among stakeholders.

Recognising growing pressures on land use, Defra published its delayed *Land Use Framework* in March 2026. It sets out how land can be used more effectively to strengthen the resilience of homes, communities, infrastructure, and food systems, while supporting both development and nature restoration. The government has also committed to improving the management of land it directly controls. In June 2026, it published the *Government Estate Nature Plan*, which sets out how it will coordinate nature recovery across government land.

In July 2026, the government published its *30by30 on land: Delivery plan*, setting out how it aims to meet its commitment to effectively conserve and manage 30% of England's land for nature by 2030. Defra's latest assessment indicates that around 7% of England's land currently meets the 30by30 criteria. The Delivery plan notes that realising this potential will require a step change in ambition, coordination and delivery.

Outcome 1: Restoring nature while supporting development *Continued*

Insights: risk and resilience

In January 2026, the government published *Global biodiversity loss, ecosystem collapse and national security*. The report concluded that declining ecosystems pose increasing risks to the UK's resilience, security and prosperity, including economic disruption, geopolitical instability, migration pressures and competition for resources. It found that many ecosystems are moving towards collapse, with some potentially reaching tipping points from 2030.

In May 2026, the Environmental Audit Committee heard evidence on the report. Witnesses said that the government's response did not match the scale of the risks identified. They also raised concerns that current government structures are not well suited to managing system-wide environmental risks.

Insights: productivity

In January 2026, the Office for Environmental Protection (OEP) concluded that the government remains off-track to meet its environmental targets and commitments under the EIP and Environment Act 2021. Although it reported some improvement, its overall assessment remained largely unchanged. Key targets for biodiversity and the protection of land and sea are due by 2030. The OEP warned that the lead times between implementing activities and measurable ecological change (for example, the time it takes for trees to grow) is reducing the time available to achieve these commitments. It emphasised the need for clear, ambitious plans and effective delivery.

Overall, the OEP concluded that nature recovery was seriously at risk. It set out that the effectiveness of policy measures to restore nature will be limited if they do not tackle the underlying causes of environmental degradation related to the societal systems that currently meet our needs for food, energy, mobility and the built environment.

Insights: productivity

Healthy trees and peatland provide biodiversity, soil conservation, flood risk alleviation, recreational and economic benefits. To support tree planting and peatland restoration in England, Defra announced the Nature for Climate Fund Programme in 2020.

Our 2026 report *The Nature for Climate Fund* found that the Programme increased tree planting and peatland restoration activities in England compared with previous years. Between 2020-21 and 2024-25, the programme funded 15,268 hectares of tree planting and 23,526 hectares of peatland restoration. However, it did not achieve its headline targets because they were intentionally ambitious and because key enablers, including sufficient capacity in delivery bodies and the wider sector, clear guidance and sector skills took time to develop. We concluded that the Programme generated important learning about how to increase participation and delivery, which Defra will need to apply across future nature recovery initiatives.

Alongside direct investment programmes, effective regulation is needed to protect nature while enabling sustainable development. Our 2026 report *Environmental regulation* examined Defra's two largest regulators, the Environment Agency and Natural England. We found that regulators sought to target their activity based on risk, but were constrained by gaps in data and intelligence, and fragmented and outdated IT systems. Defra's approach has often been reactive and focused on short-term priorities or high-profile issues, rather than being based on a clear, evidence-based strategy. Defra and its regulators do not systematically evaluate the impact of interventions, limiting their understanding of what works. As significant reforms are implemented, success will depend on a more focused and integrated approach that aligns programmes (including digital change), improves use of data to target risk, and defines risk appetite to support change and innovation.

What to look out for

In 2026, we will report on leveraging private investment to improve nature and biodiversity. This will provide an overview of the current landscape of schemes designed to encourage private investment in nature.

Outcome 2: Reforming our water system

Why this is important

Healthy water systems are essential to economic growth, public health and environmental recovery. They support resilience to flooding and drought, wildlife and biodiversity, and reliable supplies of clean drinking water.

How Defra is tackling it

The government has set a long-term ambition to improve the ecological health of England's water systems through the Water Framework Directive and legally binding environmental targets established under the Environment Act 2021, including water-related targets intended to reduce pollution from sources such as agriculture.

The *Environmental Improvement Plan 2025* sets out the government's approach to meeting its water-related objectives. It focuses on healthy water catchments, sustainable water supplies, and clean rivers, lakes and seas.

The government has introduced a series of recent reforms intended to improve environmental outcomes, strengthen consumer protections and increase the resilience of the water sector.

- **February 2025:** The Water (Special Measures) Act strengthened oversight of water companies, including powers to restrict executive bonuses, require real time sewage discharge monitoring, and increase sanctions for serious or repeated breaches.
- **June 2025:** The Environment Agency published the National Framework for Water Resources, setting out England's long-term water needs and the actions required to address future pressures.
- **July 2025:** The Independent Water Commission proposed reforms, including a single regulator, stronger consumer and environmental protections, enhanced oversight of water company ownership and governance, and a long-term national strategy.
- **January 2026:** The government published *A new vision for water: white paper*, setting out plans for a more efficient and integrated sector in response to the Independent Water Commission.
- **May 2026:** The Clean Water Bill was announced, proposing a single regulator, a new Water Ombudsman, stronger financial resilience requirements for water companies, and long-term planning frameworks for the sector.

Alongside these reforms, Defra reports that £29 million from water company fines funded more than 100 local projects, improving 450 kilometres of rivers, and regulatory inspections increased to more than 10,000 in 2025-26.

Insights: risk and resilience

In 2026, the OEP reported that progress towards statutory water targets was largely off-track. Although pollution from some sources, including sewage treatment works, has reduced, overall progress remains limited. Soil nutrient balances are deteriorating, diffuse pollution risks are increasing, and pollution incidents from sewage and other sources have increased. The OEP attributed this primarily to failures in implementation rather than regulation, highlighting the need for scaled-up delivery, including improvements in nature-friendly farming.

The scale of the challenge remains significant. The OEP reported in 2024 that around 80% of England's rivers, lakes and surface waters were not in good ecological condition and projected that only 21% of surface waters would be in a good ecological state by 2027, against a 77% target.

Insights: financial management and reporting

Thames Water has reported high debt levels, financing challenges and regulatory enforcement relating to environmental performance. In 2024, Ofwat increased oversight due to concerns about the company's long-term financial resilience.

Our 2025 report *Regulating for investment and outcomes in the water sector* found that Defra and its water regulators have not sufficiently encouraged investment to address major environmental and supply challenges. We concluded that Defra and the regulators must ensure spending is effective and returns predictable to secure long-term trust and investment.

What to look out for

The Clean Water Bill is part of the government's legislative programme for the 2026-27 parliamentary session.

Outcome 3: Backing British farmers and food industry to boost production

Why this is important

Around two-thirds of England's land is used for agriculture. By 2050, over 10% of current agricultural land may be needed for other purposes, including energy generation and environmental protection. Defra expects productivity improvements to offset any impact of this shift from food production. Climate change also poses a major risk to future food production in the UK and globally as more extreme weather (including droughts and floods) reduces crop yields.

How Defra is tackling it

In December 2025, Defra published the independent *Farming Profitability Review*, which sets out 57 recommendations for the government and industry to strengthen the resilience and viability of farm businesses. In response, the government has established the Farming and Food Partnership Board, with its mission to increase farming profitability, improve productivity, and strengthen the contribution of domestically produced food to national security. This will complement the work of the Food Strategy Advisory Board, which was established to advise on the vision and framework of the government's 2025 food strategy. This has a specific aim to ensure "resilient domestic production for a secure supply of healthy food".

In March 2026, Defra published England's first land use framework, which, supported by spatial analysis, sets out a national vision for how we use land in England. It aims to support more informed decisions and illustrates how a strategic approach can support a range of policy objectives. Defra concluded that, in England, "we have enough land to build the homes needed to address the housing crisis, maintain domestic food production, restore nature at scale, and build clean, homegrown power to provide energy security."

In June 2026, Defra published *Farming Roadmap 2050: Growing England's Future* setting out the government's long-term plan to create a profitable and productive, sustainable and resilient farming sector in England by 2050, giving farmers greater clarity to invest and adapt.

Alongside reforms intended to improve farm profitability, Defra is continuing to develop its Environmental Land Management schemes and reports that more than half of England's farmed land is now in a scheme. During 2025-26, its £150 million Environmental Land Management capital grants offer was fully subscribed. The rollout includes the launch of the 2026 Sustainable Farming Incentive and Defra's announcement in February 2026 of £345 million to fund innovation, new technology and infrastructure to boost farm productivity. In August 2026, the Prime Minister announced further support to help farmers manage the impact of prolonged dry weather, including a £65 million funding increase.

Defra's Farmer Opinion Tracker for England continues to show most farmers are not confident about the future of farming. Results for April 2026 (the latest available) show 71% are "not at all confident" that "changes to schemes and regulations will lead to a successful future for farming" down slightly from 72% in April 2025, but higher than the 64% in April 2024.

Insights: productivity

Environmental regulation aims to protect the environment and nature from pollution and harm, safeguard natural resources, and contribute to the health and wellbeing of citizens. Environmental harm can be caused by, for example, agricultural processes.

Our 2026 report *Environmental regulation* highlights the importance of effective and efficient regulation to minimise these harms while keeping costs of compliance for regulated businesses, such as farmers, proportionate. The report highlighted that the Corry Review noted that there are more than 150 historic pieces of regulation on farming alone. Defra's Farmer Opinion Tracker for April 2026 shows that 74% of farmers are either not confident at all or only somewhat confident in understanding the regulations that apply to their farms. Our report recommended that Defra and its regulators improve their environmental regulation guidance to make it easier for regulated entities to comply.

Outcome 3: Backing British farmers and food industry to boost production *Continued*

Insights: risk and resilience

A lot of the food eaten in the UK is imported. In 2025, food produced in the UK was an estimated 60% of the value of food consumed (**Figure 5**). Our 2026 report *Resilience of the food supply chain to disruptions* highlighted growing risks to the food supply chain, including domestic food production, such as its dependence on imported fertiliser and animal feed. These include acute risks such as cyber-attacks, extreme weather and disease outbreaks, and longer-term chronic risks such as climate change.

Food supply disruptions can have significant impacts on consumers, businesses and the government. For example, reflecting higher costs, global market conditions and geopolitical factors, food price inflation reached 19.2% in the 12 months to March 2023, substantially higher than overall inflation (**Figure 6** on page 16). Our report made several recommendations to Defra to improve the resilience of the food supply chain.

What to look out for

Defra is currently updating its overall framework for the outcomes it seeks to achieve, which includes backing British farmers and food industry to boost production.

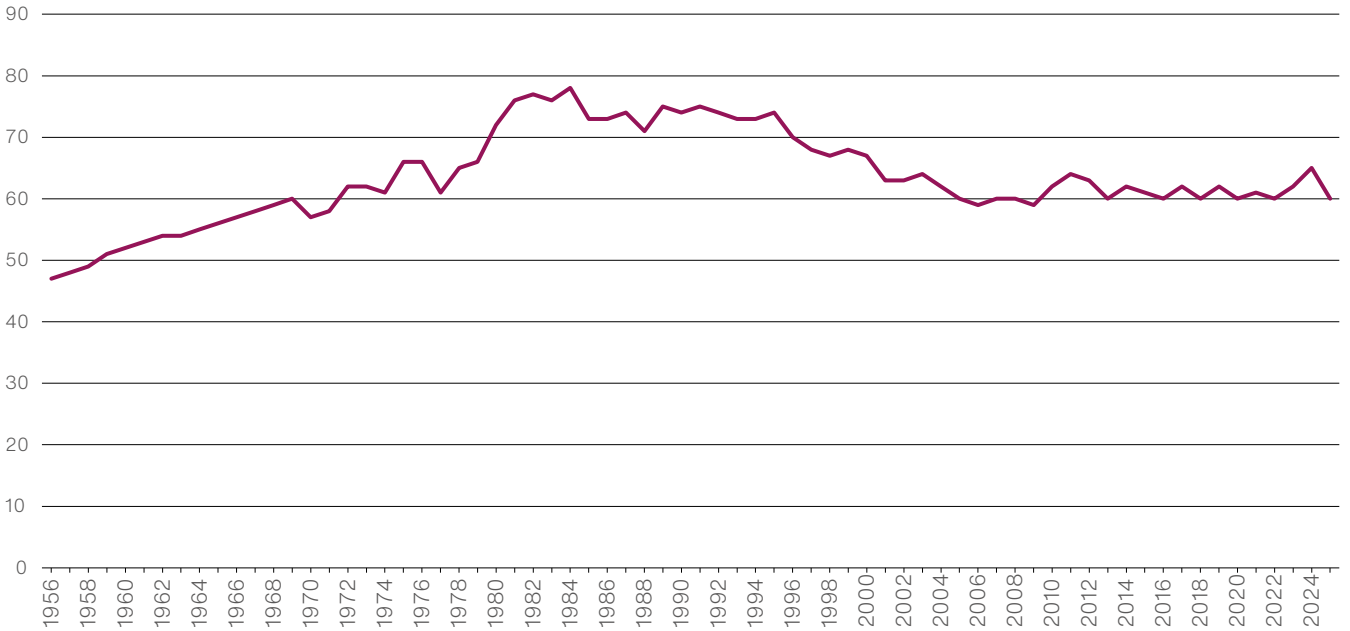
Continued development of the Environmental Land Management schemes.

Figure 5

UK food production compared with food consumed in the UK, 1956 to 2025

After peaking in the early 1980s, the proportion of food consumed in the UK that is produced domestically declined and has remained relatively stable over the past decade

The food production to supply ratio (the 'self-sufficiency ratio') (%)



Notes

1 UK food production relies on imported key inputs (such as fertilisers, feed, chemicals, packaging).

2 The figure shows the Food Production to Supply Ratio (commonly referred to as the 'self-sufficiency ratio'). This is calculated as the farm-gate value of raw food production divided by the value of raw food for human consumption. The 'farm-gate value' of raw food is the price farmers directly receive for their agricultural produce at the farm, before any additional costs for processing and transport.

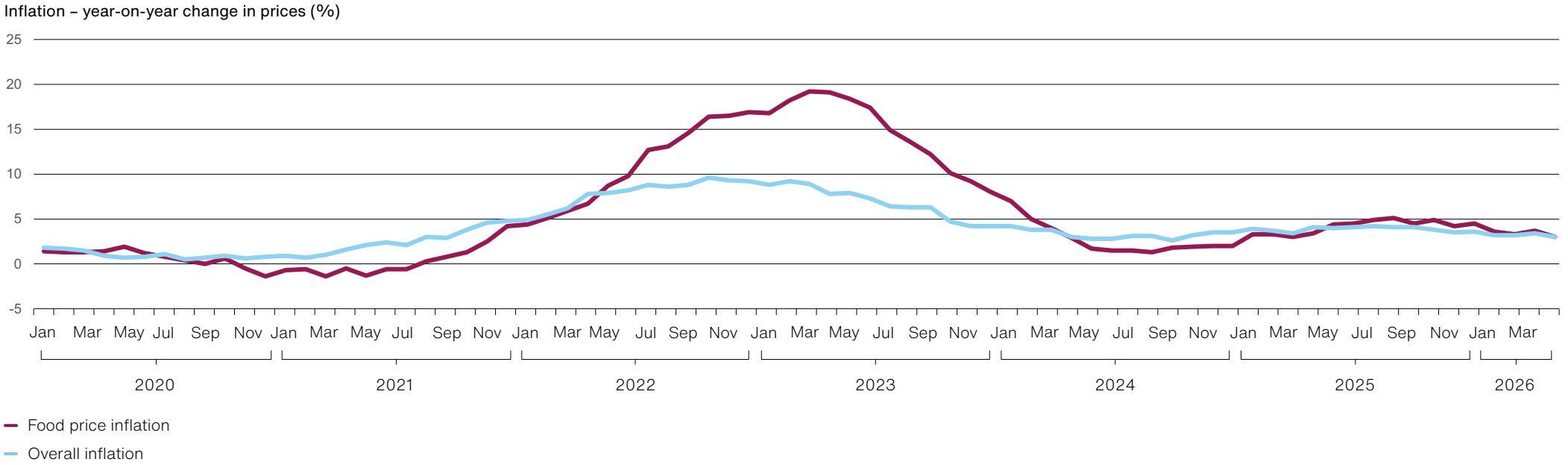
Source: National Audit Office analysis of Department for Environment, Food & Rural Affairs data

Outcome 3: Backing British farmers and food industry to boost production *Continued*

Figure 6

Food price inflation compared with overall inflation in the UK, January 2020 to April 2026

Food price inflation was substantially higher than overall inflation for long periods during 2022 and 2023



Notes

1 Overall inflation data are taken from the Consumer Prices Index including owner occupiers' housing costs (CPIH), consistent with the Department for Environment, Food & Rural Affairs' Food Statistics Pocketbook. CPIH is the UK's most comprehensive measure of consumer price inflation, as it includes housing-related costs for owner occupiers, such as the cost of living in and maintaining a home, and Council Tax.

2 Food price inflation data are taken from the CPIH 'food and non-alcoholic beverages' component. This measures price change for food and drink items only, excluding other categories such as housing, transport and services. It is one component of CPIH and contributes to, but does not represent, overall inflation.

Source: National Audit Office analysis of Department for Environment, Food & Rural Affairs' Food Statistics Pocketbook data (July 2026)

Outcome 4: Resetting trading relationships, including with the EU

Why this is important

International trade is important to the UK economy because it supports businesses and supply chains, opens overseas markets for exports, and increases consumer choice. In 2025, UK exports and imports totalled around £927 billion and £945 billion, respectively.

Trade is also critical to food security, with a large proportion of food consumed in the UK imported from overseas.

The EU remains the UK's largest trading partner, accounting for around 41% of UK exports and 49% of imports in 2025.

How Defra is tackling it

The UK's decision to leave the EU in 2016 changed how goods are traded across the UK–EU border. In response, the government introduced the Border Target Operating Model (BTOM), a risk-based system for managing commercial imports from the EU and the rest of the world. The BTOM includes sanitary and phytosanitary (SPS) controls for imports of animals, animal products, plants and certain food and feed products, intended to help protect UK biosecurity by verifying compliance with import requirements and identifying potential risks.

In May 2025, the UK government and EU agreed to negotiate a new SPS agreement covering the trade, production and movement of plants, animals and their products.

The proposed agreement aims to reduce border checks and certification requirements by aligning regulatory standards, potentially making trade easier and reducing costs for businesses. The agreement remains under negotiation, with implementation intended for mid-2027. Defra is undertaking this work through its EU Delivery Programme. In 2026, the National Infrastructure and Service Transformation Authority assessed the delivery of this programme by mid-2027 to be deliverable but high risk. The whole-life cost of this programme is estimated to be £832 million.

Alongside the EU negotiations, Defra worked to improve wider market access, generating an industry-estimated £127 million in new export opportunities during 2025-26.

Insights: risk and resilience

In 2025, our report *Resilience to animal diseases* found that the government's failure to meet its targets for checks on live animal and animal product imports, alongside a possible growth in illegally imported animal products, represented a significant biosecurity risk. Planned levels of checks at border control posts had not been achieved. For example, physical checks on live animals were delayed, with Defra estimating that around only 5% of animals were being checked, compared with a target of 100% by late 2024. Defra also did not know the level of checks undertaken on imported animal products at border control posts. Illegally imported animal products pose a significant and potentially growing risk of introducing animal diseases such as African swine fever, and foot and mouth disease. We recommended that Defra urgently review whether SPS controls provide effective biosecurity, improve data on imports and checks, and work with Border Force and port health authorities to ensure robust checks on illegally imported animal products.

Our 2026 report *Resilience of the food supply chain to disruptions* highlights the importance of international trade to the UK's food availability. Domestic food production also depends on key inputs that are imported, such as fertiliser, animal feed, chemicals and packaging. The government has largely relied on the private sector to manage supply chain disruptions. This approach has been supported by the food system's ability to source from global markets and by commercial incentives for businesses to respond to risks and disruption. However, the sector's focus to prioritise efficiency, including widespread use of 'just-in-time' inventory management, can increase vulnerability to disruption. Recent disruptions have increased energy and fertiliser costs and contributed to higher food prices.

What to look out for

The UK–EU SPS agreement is expected mid-2027, which will have implications for border checks and certification requirements.

The next UK Food Security Report is expected in 2027.

Resilience and security: Lower greenhouse gas emissions and climate adaptation

Why this is important

The UK has a statutory target to reach net zero greenhouse gas emissions by 2050. Achieving this requires substantial emission reductions, alongside measures to remove residual emissions from the atmosphere. Defra is responsible for reducing carbon emissions from key sectors like agriculture and for supporting activities that support carbon reduction, such as tree planting and peatland restoration.

Even if net zero is achieved globally, the climate will continue to warm because of historic emissions and their long-lived presence in the atmosphere. The UK will need to adapt to unavoidable climate impacts and build resilience across every sector of the economy. Defra leads the UK's work on adapting to the impacts of climate change.

Defra's progress in reducing carbon emissions

The Climate Change Committee's (CCC's) June 2026 report *Progress in reducing emissions* concluded that the UK overall is not reducing greenhouse gas emissions fast enough and that current plans are insufficient to meet future emissions targets. Emissions in 2025 fell to 407 million tonnes of carbon dioxide equivalent ($MtCO_2e$), around 50% below 1990 levels, but there remains a significant gap to the 2030 target of at least a 68% reduction.

Reduced emissions from electricity generation mean that 93% of emissions now come from other sectors. CCC found that progress across the agriculture and land use sector has been too slow, with emissions not falling significantly in recent years. While it found that there has been some progress in key indicators for agriculture and land use, with several trends moving in the right direction, further work will be needed to sustain delivery. The CCC highlighted the need for early action in agriculture and land use. It emphasised that activities such as tree planting must increase during the 2020s if associated emissions reductions are to materialise from 2040 and beyond.

The CCC's recommendations most relevant to Defra include:

- supporting farmers and land managers to diversify land use through activities such as woodland creation, peatland restoration and renewable energy generation;
- providing long-term funding certainty for low-emission farming practices and technologies;
- strengthening climate adaptation policy across government through clear objectives and measurable targets;
- implementing policies that support recycling and waste reduction;
- improving monitoring and reduction of wastewater emissions through investment in technology; and
- introducing incentives to increase landfill gas capture as existing subsidies end.

Our 2024 report *Achieving environmental improvement and responding to climate change: enablers for success* found that meeting climate and environmental targets requires sustained and coherent action over successive Parliaments and substantial progress over the next five years. Leadership from the centre of government, including Defra and the Department for Energy Security & Net Zero, is critical.

Insights: risk and resilience

Tree planting and peatland restoration are important components of Defra's approach to reducing greenhouse gas emissions. In addition to storing carbon, healthy trees and peatlands can help reduce flood risk, improve biodiversity and increase soil conservation.

Our 2026 report *The Nature for Climate Fund* found that the Fund's programme had substantially increased activity compared with previous years. However, achieving the government's future tree planting and peatland restoration targets would require a further step change in activity. Future delivery is expected to rely increasingly on private finance alongside public funding. We found that the programme had limited success so far in attracting private finance, and that Defra needed to better understand the factors that encourage participation if it is to meet government's expectation that private finance will increasingly support nature restoration activities.

Resilience and security: Lower greenhouse gas emissions and climate adaptation *Continued*

How Defra is tackling resilience to the impacts of climate change

The government's vision is for the UK to plan and adapt effectively to climate change, and to be resilient to identified climate risks. The Third National Adaptation Programme (NAP3), covering 2023 to 2028, sets out actions intended to support adaptation to climate change and strengthen national resilience across government and other sectors.

Climate adaptation is a cross-government responsibility, led by Defra. Defra is responsible for the adaptation requirements under the Climate Change Act 2008. Infrastructure operators and public bodies report on how they are preparing for current and future climate impacts.

Recent CCC assessments have found that the UK's preparation for climate change remains inadequate, with adaptation progress generally too slow to ensure resilience to current and future climate risks. In its 2024 assessment of NAP3, it concluded the programme lacked the pace and ambition needed to improve resilience and reduce future climate risks. It subsequently reported limited progress in the government addressing these shortcomings.

The CCC's 2026 report *A Well-Adapted UK* concluded that climate change is already increasing risks from heat, flooding and water scarcity. It found that many systems and assets across the UK were designed for historical climate conditions and are not prepared for future extremes. The report called for clearer objectives and targets, stronger leadership and accountability arrangements, improved cross-government coordination, and better monitoring and evaluation of adaptation outcomes.

The CCC's 2026 report highlighted 'growing flood risk' as one of three priority risks for action, the others being 'intensifying heat' and 'rising drought and wildfire risk'. On flooding, to drive forward adaptation in the next two years, the CCC recommended increasing investment in long-term flood defence programmes and ensuring that new buildings do not increase the risks of climate change impacts. For example, new developments should not be built in undefended areas at risk of existing and future flooding and coastal erosion, with climate resilience being a core part of planning frameworks.

Defra and the Environment Agency (EA) continue to invest in flood and coastal erosion defences, with 34,355 properties better protected in 2025-26, and 93% of EA's flood and coastal risk management assets at or above required condition at March 2026. This is below the long-term target of 98%, but above the 2024 shorter-term target of 92%. In October 2025, Defra announced major changes to its flood and coastal erosion funding policy to make it quicker and easier to get approval for flood defence projects. It also published the *Flood Ready* report, setting out how to accelerate practical and affordable flood resilience measures for homes.

We have reported several times on Defra's management of flood risk. Most recently, our 2023 report *Resilience to flooding* highlighted that the capital funding programme was forecast to deliver protection to far fewer properties by 2027 than originally planned, and that EA's maintenance of its flood defence assets was not optimising value for money.

The Greening Government Commitments (GGCs)

Defra is responsible for the GGCs framework, which sets environmental targets for government departments and agencies and provides a consistent approach to reporting environmental performance. Defra has not yet finalised or published the framework for 2026 to 2030.

Resilience and security: Lower greenhouse gas emissions and climate adaptation *Continued*

Insights: financial and risk management

HM Treasury has introduced climate-related disclosure requirements in central government annual reports, aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). These are intended to improve transparency and accountability in managing climate-related risks across government.

Our report *Implementation of climate-related reporting in central government annual reports* found that TCFD reporting has improved accountability, transparency, and senior leadership understanding of climate-related risks across government. However, reporting maturity will take time, and bodies require sustained investment in skills and capability to support effective scrutiny and decision-making.

Insights from 2025-26 disclosures

Defra's 2025-26 disclosure did not fully reflect the breadth of its responsibilities or strategic outcomes. As a result, the disclosure did not comply with HM Treasury's requirements.

In contrast, EA's disclosure included 11 climate related risks such as:

- climate-driven changes in rainfall reducing EA's ability to ensure sufficient water for people and nature;
- climate change making it harder for EA to perform its strategic flood and coastal risk duties effectively;
- climate change affecting asset effectiveness and increasing construction and maintenance costs; and
- the transition to a net zero economy requiring deployment of new technologies which may need regulating (by EA) to protect the environment.

It also included three climate-related opportunities, such as reduced operating costs from the deployment of low carbon energy sources.

EA's disclosure also included emissions reporting and a clear narrative setting out the challenges of decarbonising its operations, especially construction, given its activities to build flood defences. In 2025-26, EA reported its total emissions were 245,222 tonnes of carbon dioxide equivalent (tCO_2e) against a target of 198,916 tCO_2e, exceeding its annual carbon budget by 23%. It set out that this reflects the continued expansion of its capital programme.

It also included scenario analysis which provided information about future financial pressures in a warming climate. For example, it projected that in a higher-emissions, faster-warming scenario (+4°C by 2100), optimum investment levels in flood and coastal erosion risk management would rise from £860 million to £920 million annually, and the effectiveness of this investment would reduce from 12% to 4%.

What to look out for

The Fourth National Adaptation Programme (NAP4), due to be published in 2028, will set out the government's approach to climate adaptation for the period 2028–2033.



Resilience and security: Emergency preparedness

Why this is important

Defra manages some of the most significant risks facing the UK, recorded on the National Risk Register, including flooding, air quality, chemical, biological, radiological and nuclear (CBRN) emergency recovery, water supply and treatment, and plant and animal disease outbreaks.

How Defra is tackling it

Defra has strengthened its resilience governance in recent years. It established a Resilience Board in 2023, published a Group Resilience Strategy in 2024 to implement the UK government Resilience Framework across its policy areas, and established a central Policy Response and Resilience Unit to oversee and coordinate cross-cutting and emerging risks.

During 2025-26, Defra subjected its risk assessments, across five of the National Risk Register risks it manages, to independent expert scrutiny, in line with the government's Resilience Action Plan.

Defra has also established a group-wide approach for rapidly addressing medium-term resourcing gaps during major incidents. For example, our report *Resilience of the food supply chain to disruptions* highlighted actions Defra has taken to increase capability and capacity in its Agri-Food Chain directorate through staff training, increasing reserve staff, and introducing specialist pay to retain key individuals.

Insights: risk and resilience

The Animal and Plant Health Agency (APHA) provides the UK's national capability to prevent and control animal diseases, including through its Weybridge science campus. Our 2025 report *Resilience to animal diseases* found that Defra's programme to redevelop the Weybridge site was on-track. However, the new National Biosecurity Centre facilities are not expected to be operational until 2034. Until then, facilities at Weybridge are deteriorating more quickly than can be maintained, resulting in infrastructure failures and a high risk of an outage. A critical failure at Weybridge would cause immediate and prolonged closure of vital facilities and remains a key risk on Defra's principal risk register.

The government has designated food as one of 13 Critical National Infrastructures (CNIs) that it considers essential to the country's functioning. Defra is the lead government department responsible for security of food supply.

Our report *Resilience of the food supply chain to disruptions* found that the food supply chain had maintained overall food availability during recent disruptions, but that these had significant impacts on consumers, businesses and the government and that risks were increasing. We concluded that Defra's actions in recent years were not sufficient to ensure the supply chain was resilient to catastrophic disruptions (the highest impact category in the National Risk Register) if they occurred. The report made several recommendations to Defra designed to strengthen the resilience of the food supply chain.

Insights: productivity

Our 2025 report *Resilience to animal diseases* found APHA relies on some outdated and inefficient data collection and management processes. We found examples of APHA innovating to improve the efficiency and effectiveness of its response during an outbreak, such as sequencing techniques for tracking bovine tuberculosis and salmonella, but larger-scale changes that could have a transformative impact on operations, such as digital transformation, required a more strategic and focused approach.

Defra continues to feed into major digital programmes including:

- APHA's Delivering Sustainable Futures Programme to develop modern, stable, lower-cost and more interoperable IT systems; and
- the Livestock Information Transformation Programme (LITP) to develop systems to trace livestock movements more quickly and accurately; in 2026, the National Infrastructure and Service Transformation Authority assessed the delivery of LITP to be 'red', meaning that significant issues need urgent attention to get the project back on track.

What to look out for

Cabinet Office update to GOV.UK/Prepare website and household communications campaign on preparedness (expected in autumn 2026).

Resilience and security: Minimal waste, tackle waste crime, maximise use of resources

Why this is important

The amount of household, commercial and industrial, and construction and demolition waste we produce – and how that waste is managed – has economic and environmental consequences. Reducing waste, and preventing it in the first instance, can cut the use of finite natural resources.

How Defra is tackling it

In 2018, Defra published *Our waste, our resources: a strategy for England*, aimed at reducing waste through reuse, repair and remanufacture, and recycling.

In July 2023, Defra published its waste prevention programme for England, which set out how the government intends to move towards a more circular economy by keeping resources in use for longer and retaining their value.

In March 2026, Defra published its *Waste Crime Action Plan*, setting out how the government will tackle waste crime through prevention, enforcement, and remediation – including the clean up of illegal waste sites.

The government has committed to reduce residual waste and eliminate avoidable plastic waste by 2042 and to eliminate avoidable waste and double resource productivity by 2050.

The *Environmental Improvement Plan 2025* (EIP) included commitments to minimise waste and advance a circular economy, including meeting eight legally binding interim targets by 2030 to cut residual waste (including material-specific limits and food waste); reducing illegal waste sites; reducing fly-tipping incidents reported to local authorities; and publishing a Circular Economy Growth Plan in early 2026. This plan has not yet been published.

Insights: productivity

In January 2026, the OEP reported that the government is largely off-track to meet its targets and commitments relating to the circular economy and waste minimisation. Resource consumption in England is increasing while efficiency is declining. Although residual waste has stabilised, incineration continues to rise, and recycling remains stalled. Efforts to tackle illegal waste sites have been largely effective, but fly-tipping and littering remain high. The OEP emphasised that, although circular economy initiatives can help reduce waste, additional long-term policies aligned with the waste hierarchy will be necessary to meet the Environment Act 2021 residual waste target. It also highlighted the need for stronger action on litter, fly-tipping and plastic waste.

Defra expects its Collection and Packaging Reforms programme to increase recycling rates and incentivise companies to use more recyclable materials and reduce packaging, through fees. The reforms are delivered through three main projects: Extended Producer Responsibility for packaging (see page 7); Simpler Recycling; and the Deposit Return Scheme for Drinks Containers. In 2026, the National Infrastructure and Service Transformation Authority assessed the programme to be deliverable, but with significant issues requiring management attention. The whole-life cost of the Collection and Packaging Reforms programme is estimated to be £5.2 billion, over 10 years.

Our 2023 report *The government's resources and waste reforms for England* found that reforms had been delayed and would not be enough on their own, and that they would require substantial behaviour change from businesses, consumers and households. However, Defra did not fully understand the nature and extent of the behaviour change required. We recommended that Defra develop a clear path to achieving ambitions, including how the waste sector needs to change to meet the government's objectives and targets.

What to look out for

Defra expects to publish a Circular Economy Growth Plan, although the timing of this is uncertain. It aims to set out roadmaps to improve material use and promote sustainable practices across the built environment, chemicals and plastics, electrical and electronic equipment, textiles, transport, and agrifood.

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About this report

This report has been produced to provide an overview of the NAO's examination of the spending and performance of the Department for Environment, Food & Rural Affairs (Defra).

It is intended to support the Environment, Food and Rural Affairs Committee and members across the House in their examination of Defra.

This report updates our previous report, An Overview of the Department for Environment, Food & Rural Affairs 2024-25 published on 11 December 2025.

How we have prepared this report

The information in this report draws on the findings and recommendations from our financial audit and value-for-money work, including the annual report and accounts of Defra and its partner organisations. In some cases, to provide the most up-to-date information, we have drawn on information from publicly available documents. We have cited these sources throughout the guide to enable readers to seek further information if required.

Where analysis has been taken directly from our value-for-money or other reports, details of our audit approach can be found in the Appendix of each report, including any evaluative criteria and the evidence base used. Other analysis in the guide has been directly drawn from publicly available data and includes the relevant source as well as any appropriate notes to help the reader understand our analysis.