



Department
for Environment
Food & Rural Affairs

Accounting Officer system statement

October 2022

We are the Department for Environment, Food and Rural Affairs. We're responsible for improving and protecting the environment, growing the green economy, sustaining thriving rural communities and supporting our world-class food, farming and fishing industries.

We work closely with our 33 agencies and arm's length bodies on our ambition to make our air purer, our water cleaner, our land greener and our food more sustainable. Our mission is to restore and enhance the environment for the next generation, and to leave the environment in a better state than we found it.



© Crown copyright 2022

This information is licensed under the Open Government Licence v3.0. To view this licence, visit www.nationalarchives.gov.uk/doc/open-government-licence/

This publication is available at www.gov.uk/government/publications

www.gov.uk/defra

Contents

1. Scope of the accountability system	4
2. Responsibilities within the department and across the Defra group	6
3. Relationships with public bodies	13
4. Local funding arrangements	21
5. Third party delivery partnerships	22
6. Grants to private and voluntary sector bodies	25
7. Management of major contracts and outsourced services	27
8. Investments, joint ventures and other assets	29
Annex A: Defra's Accountability System	30
Annex B: Sources of ALB funding	313

1. Scope of the accountability system

Principal Accounting Officer's statement

- 1.1 As Permanent Secretary, I am appointed by HM Treasury as the Principal Accounting Officer (PAO) for the Department for Environment, Food and Rural Affairs (Defra).
- 1.2 This system statement sets out all of the accountability relationships and processes within my department, making clear who is accountable for what at all levels of the system. My department has policy responsibility for the environment, food and farming, animal and plant health and rural affairs.
- 1.3 The Secretary of State for Defra has overall responsibility for the department and is supported by a ministerial team from the House of Commons and a Lords Minister. Each member of the ministerial team has specific roles and responsibilities within the department.
- 1.4 They have a duty to Parliament to account, and be held to account, for the policies, decisions and actions of this department and its agencies. They look to me as the department's PAO to delegate within the department to deliver their decisions and to support them in making policy decisions and handling public funds.
- 1.5 As Principal Accounting Officer, I am personally responsible for safeguarding the public funds for which I have been given charge under the Defra Estimate.
- 1.6 I am accountable to HM Treasury for ensuring that Defra's resources are utilised in a manner which ensures regularity, propriety and value for money. Where I have appointed additional accounting officers, their responsibilities are also set out in this system statement.
- 1.7 It covers my core department, its arm's length bodies (ALBs) and other arm's length relationships. It describes accountability for all expenditure of public money through my department's Estimate, all public money raised as income, and the management of shareholdings, financial investments and other publicly owned assets for which I am responsible.
- 1.8 This system statement helps me ensure that I am fulfilling my responsibilities as an accounting officer, in accordance with the Treasury's guidance set out in [Managing Public Money](#).
- 1.9 This system statement describes the accountability system which is in place at the date of this statement, and which will continue to apply until a revised statement is published.

Scope of the system

- 1.10 A significant percentage of exchequer funding is distributed to Defra's ALBs such as its executive agencies, non-departmental public bodies and non-ministerial departments.
- 1.11 These are Defra's delivery bodies, known collectively with the core department as the Defra group. The Defra group also includes a number of advisory bodies and bodies that are largely self-financing.

- 1.12 Delivery bodies within the Defra group have their own systems of accountability which specify how each individual accounting officer oversees the use of their organisation's resources.
- 1.13 Defra group accountability is provided through a clear, evidence-based business planning process, supported by governance, monitoring, audit, assurance and risk processes.
- 1.14 Directors in the core department and accounting officers of Defra group delivery bodies have the delegated authority to commit resources within predefined limits, together with the responsibility for proper stewardship of these resources and compliance with the requirements of HM Treasury's Managing Public Money guidance.
- 1.15 Accountability is formalised through Delegated Authority Documents (DADs) at the start of the financial year. Directors are accountable to the Permanent Secretary for ensuring that they deliver their priorities within these delegations.
- 1.16 The Permanent Secretary confirms the appointment of the chief executive officers (CEOs) of the department's delivery bodies as the accounting officers for these bodies.
- 1.17 The Defra group outcome framework sets out the group's vision and outcomes. It is developed with, and approved by, the Secretary of State.
- 1.18 The Defra Group Outcome Delivery Plan (ODP), sets out the activities, success measures and resources to deliver Defra group's priority outcomes, together with the underpinning strategic enablers.
- 1.19 Each outcome and enabler is led by a director general (DG), acting as senior responsible owner, who works in partnership with the relevant ALB CEOs to integrate business planning processes, timings and plans.
- 1.20 DGs and CEOs report on delivery of their plans through the performance reporting framework, and report on maintaining forecasted financial positions within budget and workforce limits. Where relevant, they are responsible for ensuring that their activities have been through impact assessments, an internal assurance process or Government Major Projects Portfolio Gateway process.
- 1.21 The Permanent Secretary and the Cabinet Secretary meet every six months to discuss progress against the ODP. Progress is also reported quarterly, and highlights significant group risks or issues, and performance against budget and workforce forecasts. Monthly delivery reporting is collated for our most significant programmes.

2. Responsibilities within the department and across the Defra group

- 2.1 Most of the functions of the department are coordinated across the Defra group. A diagram showing the scope of Defra's Accountability System can be seen in Annex A.

Operating as the Defra group

- 2.2 The Defra group comprises a range of public bodies operating at various lengths from the core department. This includes executive agencies, non-departmental public bodies (NDPBs), non-ministerial departments (NMDs) and other public bodies.
- 2.3 The Defra group has an outcome-based approach to organising activity undertaken within the group. This approach recognises that the group is focused on delivering outcomes for customers and for society more broadly.
- 2.4 The Defra group consists of a range of organisations, many of which are distinct legal entities, and successful achievement of these outcomes depends on input from multiple bodies and on joining up end-to-end, from policy to operation, to form a coherent system.
- 2.5 The core department oversees and develops the policy framework underpinning our priority outcomes, supported by a range of ALBs. Defra group's priority outcomes are to:
- 2.5.1 Improve the environment through cleaner air and water, minimised waste, and thriving plants and terrestrial and marine wildlife. Services are delivered by a wide variety of delivery bodies, including:
- Environment Agency
 - Natural England
 - Marine Management Organisation
 - Centre for Environment, Fisheries & Aquaculture Science
 - Royal Botanic Gardens Kew
 - Joint Nature Conservation Committee
- 2.5.2 Reduce greenhouse gas emissions and increase carbon storage in the agricultural, waste, peat and tree planting sectors to help deliver net zero. Services are delivered by Natural England and Forestry Commission.
- 2.5.3 Reduce the likelihood and impact of flooding and coastal erosion on people, businesses, communities and the environment. Services are delivered by the Environment Agency, and Natural England.
- 2.5.4 Increase the sustainability, productivity and resilience of the agriculture, fishing, food and drink sectors, enhance biosecurity at the border and raise animal welfare standards. Services are delivered by executive agencies:
- Rural Payments Agency
 - Animal and Plant Health Agency
 - Veterinary Medicines Directorate
 - Marine Management Organisation
 - Natural England.

- 2.6 We have four key themes (known as ‘strategic enablers’) which support outstanding delivery by providing effective and efficient strategic direction, change management and corporate services:
- Workforce skills and location
 - Innovation, technology and data
 - Delivery, evaluation and collaboration
 - Sustainability
- 2.7 The outcomes set out in the Defra group’s ODP, including 25 Year Environment Plan goals, are delivered by policy and operational delivery teams from multiple organisations. Some delivery bodies contribute to more than one outcome, the core department works in all of them.
- 2.8 Responsibility for service provision and policy development rests with individual teams, and the organisations that they belong to. Budgets are allocated to, and people employed by, individual Defra group bodies which have responsibility for actions that belong properly to a single organisation.
- 2.9 This outcome-based approach is reflected in the governance arrangements for the Defra group. For each priority outcome a DG system leader, in partnership with arms-length bodies, manages, guides and coordinates activities that contribute to our ODP. They do not supplant the organisational leadership of the delivery bodies within the systems.
- 2.10 Rather, on issues that affect multiple organisations – such as alignment of plans and activities, identifying synergies and areas for improvement and agreeing prioritisation and resource allocation across an outcome area – they bring together those bodies who contribute to outcome delivery to explore the issue and reach a collective view on how to proceed.
- 2.11 The DG system leaders are members of the Executive Committee (ExCo), providing a direct connection to the delivery bodies within the Defra group. ExCo, Delivery Committee and the Defra Board monitor progress against the whole ODP, including cross-cutting outcomes. Three outcome committees (environment; food, farming and biosecurity; and marine and fisheries) chaired by DGs report directly to ExCo. The governance statement in the [annual report and accounts \(ARA\)](#) provides a complete picture of the Defra group governance system.
- 2.12 The Defra Board provides strategic, corporate leadership to the department and has particular responsibility for monitoring performance and delivery. It meets roughly once a quarter. Its membership includes the ministerial team, members of ExCo, non-executive directors and ex-officio non-executives.
- 2.13 ExCo is a subcommittee of the Defra Board. ExCo is the senior decision-making body for the running and management of the core department and sets the strategic direction of the Defra group.
- 2.14 Delivery Committee, like ExCo, is a subcommittee of the Defra Board. The purpose of Delivery Committee is to foster a departmental focus on outcomes and drive delivery of the projects and other activity needed to deliver these outcomes. Delivery Committee is akin to ExCo ‘in delivery mode’ albeit with a slightly modified membership. Delivery Committee agendas will range from what is needed to give effect to this strategy to considering individual projects and issues; agenda setting is in conjunction with ExCo.

- 2.15 Investment Committee is a subcommittee of ExCo. It assures and approves Tier 1 and Tier 2 project business cases specifically focussing on those that breach delegated authority limits, ensuring that investment decisions are assessed against the Accounting Officer (AO) tests, and reports monthly to ExCo.
- 2.16 Finance and Resources Committee (FRC) is a subcommittee of ExCo and provides assurance to ExCo that Defra group's resource is aligned with priority business outcomes, providing tax and charge payers with good value for money, and being used efficiently.
- 2.17 The outcome system committees ensure that collective views across a range of organisations, and the particular perspective of delivery bodies, are fully reflected in decision-making at the Defra group level. In order to discharge their role effectively they receive key management information relating to outcomes, drawn from that produced by individual organisations.
- 2.18 This outcomes-based approach, along with other well-established practices and processes, demonstrates Defra group's alignment with the principles set out in the Cabinet Office's [Partnership between departments and arm's length bodies: Code of Practice](#). We report against it in the annual governance statement.

Governance

- 2.19 The governance arrangements for the Defra group are designed to balance 3 elements:
- the need for simple and effective decision-making across the group
 - respect for the statutory powers and duties of NDPBs and NMDs
 - requirements of Parliamentary accountability and the budgetary framework
- 2.20 As a general principle, decisions that are specific to a single organisation within the group are taken by that organisation in accordance with established procedures and delegated authority.
- 2.21 Decisions which affect more than one organisation are taken by a group governance body, and the organisations affected are fully engaged in the decision process. CEOs ensure that their boards are part of this process, and specific agreement is sought from boards where a decision impacts on their formal responsibilities.
- 2.22 Delivery bodies maintain their own governance structures and processes appropriate to their business and scale which serve as an important strand of assurance.
- 2.23 These arrangements are detailed in framework documents, including the responsibilities of the board and requirement for an audit and risk assurance committee (ARAC) to be established. Central risk, corporate and financial governance functions support the PAO and provide group-wide advice on these issues.

Risk

- 2.24 The Defra group risk strategy defines the approach to risk management taken by the core department and our 10 largest ALBs. This includes clear roles and responsibilities, escalation and feedback routes, reporting arrangements and our approach to risk appetite.
- 2.25 At its core is the understanding that every part of the Defra group is responsible for having in place a clear system for managing risks that is consistent with the strategy. DG's,

directors, ALB CEOs, senior responsible owners and team managers are all responsible for managing risks within their areas of control.

- 2.26 Although risks are best managed at the lowest appropriate level of the organisation, there are times when a risk needs to be escalated further up the management chain. At the top level, the most significant risks – particularly those that require a cross-group response or have cross-cutting impacts – are escalated from directorates and ALBs to ExCo via DGs, or the chair of an ExCo subcommittee.
- 2.27 These form the principal risk register, which is reviewed by ExCo quarterly in a combined performance and risk report. ExCo also regularly conducts focused discussions on individual risks as required and considers significant external threats and opportunities.
- 2.28 The Defra group ARAC regularly reviews group-level risk reports, with a particular focus on the comprehensiveness and reliability of assurances on our risk management.

Counter-fraud

- 2.29 Risk of fraud extends across all the activities of the Defra group and can lead to financial loss and reputational damage. We must protect public money by having effective measures in place to prevent fraud from occurring and detect it when it does.
- 2.30 Overall responsibility for fraud risk sits with the PAO, supported by the DG for Strategy and Change who is the designated accountable individual at ExCo and Board level for fraud (including bribery and corruption).
- 2.31 A key part of an effective counter-fraud response is ensuring people have clarity about their roles and responsibilities and an understanding of what they are accountable for. These are set out in the Defra group counter-fraud, bribery and corruption policy.
- 2.32 Within the core department, ownership of specific fraud risks is identified at an appropriately senior level, and within delivery bodies responsibility for fraud risk is delegated to accounting officers.
- 2.33 It is important that the department demonstrates compliance with relevant central government initiatives in a joined-up and consistent manner. The counter-fraud hub supports the PAO and DG for Strategy and Change by ensuring compliance with the cross-government [Counter Fraud Functional Standard GovS 013](#) in the core department. It also provides an oversight and advisory function for group counter fraud activities, working in partnership with Defra ALBs to maximise the effectiveness of the group counter fraud approach.

Audit and assurance

- 2.34 Delivery body ARACs advise management boards on governance, control and risk management for most bodies. A representative of the Defra internal audit function regularly attends ARAC meetings for those bodies with a more significant budget share and associated risk. Their attendance informs assurance to Defra's PAO and ensures that central assurance needs from the delivery bodies are considered.
- 2.35 Internal audit is provided by Defra group's internal audit function which forms part of the Government Internal Audit Agency (GIAA). There is a single consolidated audit plan, which includes cross-cutting group audits, as well as the continuation of organisation-specific audits.

- 2.36 The programme of risk-based internal audits and advisory work provides assurance to the Permanent Secretary as PAO, the Defra group ARAC and the Defra board on the overall adequacy and effectiveness of the department's framework of governance, risk management and control.
- 2.37 The Defra group ARAC is chaired by a non-executive member of the Defra Board and the members are non-executive ARAC chairs of key group delivery bodies. The annual group audit plan is signed off by the group ARAC and ExCo.
- 2.38 External audit is provided by the National Audit Office (NAO) which is responsible on behalf of Parliament for holding Defra to account for the way it uses public money, thereby safeguarding the interests of taxpayers.
- 2.39 This is achieved through the independent audit of Defra's annual financial statements on behalf of Parliament and through its programme of value for money reviews.
- 2.40 The governance statement in Defra's consolidated ARA evaluates the effectiveness of the department's governance arrangements, risk management, and the system of internal control throughout the relevant financial year.
- 2.41 In deciding the specific issues to cite in the governance statement, advice is provided by colleagues within the department leading significant projects and those providing oversight of the Defra portfolio. This is supported by a self-assessment exercise carried out by directors in receipt of delegated authority by the PAO. The Infrastructure Projects Authority provides independent assurance of the Defra Government Major Projects Portfolio and GIAA review our delivery activity at a project and portfolio level. The head of internal audit's annual opinion also informs the governance statement.
- 2.42 The statement reflects upon significant issues that affect the Defra group, recognising that Defra's executive agencies and NDPBs also publish their own governance statements which evaluate in more detail the effectiveness of their governance, risk management and internal controls. Separate governance statements for delivery bodies are included in their individual ARAs.

Accountability

- 2.43 The relationship between the core department and many of its public bodies, including their respective accountabilities, is defined in framework documents. These are written for all organisations that come within the Defra group accounting boundary¹.
- 2.44 Some other bodies within the group have also elected to have a framework document as part of their good governance.

Performance

- 2.45 The performance framework is based on Defra group's priority outcomes which are set out in the ODP.

¹ Further information on Flood Re governance is set out in Defra's ARA governance statement.

- 2.46 A combined quarterly performance and risk report, aligned to the ODP and bringing together contributions made by ALBs, DG groups, and Defra group corporate services, is provided to both the Defra board and ExCo.
- 2.47 Monthly reporting on progress in delivering Defra's portfolio of major programmes, is also provided to ExCo.
- 2.48 ExCo oversees the performance of the group as a whole and intervenes where performance issues require a cross-departmental approach. Detailed financial management information is also provided monthly to ExCo.
- 2.49 Responsibility for managing performance continues to lie with the relevant delivery organisation or director. Further details of the underlying organisational performance indicators, outputs and resources are set out in internal plans which ensure a clear line of sight from policy through to frontline delivery.
- 2.50 This approach strikes a balance by ensuring that organisations retain their accountability and autonomy to deliver within the performance framework, while also providing opportunities for strategic planning, prioritisation and decisions on allocation of resources so that activities can be best organised to optimise outcomes.

The distribution of funding

- 2.51 Defra's annual funding is agreed by Parliament. The Permanent Secretary is accountable for ensuring the established control totals are not breached. In addition, the department administers the remaining payments of EU Common Agricultural Policy (CAP) funding, in accordance with EU policy, and also charges for some services in accordance with HM Treasury fees and charges guidance.
- 2.52 There are separate control totals set out in the department's Estimate for the net resource Departmental Expenditure Limits (DEL) requirement: the net capital DEL requirement, the net resource Annually Managed Expenditure (AME) requirement, the net capital AME requirement, the net non-budget requirement and the net cash requirement (NCR) for the estimate as a whole.
- 2.53 A breach of any of these voted limits (not all DEL or AME spending is voted) would result in an Excess Vote. Additional controls exist on some budgets that are ring-fenced for specific purposes (for example, depreciation and specific programme ring-fences).
- 2.54 On an annual basis, HM Treasury issues the main estimate, providing the annual breakdown of the department's overall funding settlement. There is an opportunity to redistribute funds between control totals once a year through the supplementary estimate process, if agreed by HM Treasury.
- 2.55 Beyond this, it is the Permanent Secretary's responsibility as PAO for the department to delegate the authority to commit these resources, together with the responsibility for proper stewardship of these resources and compliance with the requirements of Managing Public Money. Ministers determine the allocation in accordance with the department's funding settlement from HM Treasury and to reflect government priorities.

Resource and capital budgets: core department

- 2.56 Prioritisation for allocation of resource is decided by ministers on the basis of recommendations by the Defra Board and the ExCo.

- 2.57 Within the core department authority is delegated to directors to commit the resource allocation of the Main Estimate and any subsequent changes following the Supplementary Estimate, which includes, administration budgets. Further details are explained in paragraph 1.5,
- 2.58 Directors' internal organisational plans align allocation of resources to reflect the prioritised outcomes of the department, as agreed with the Secretary of State.

Resource and capital budgets: delivery

- 2.59 Each delivery body accounting officer receives a delegated authority document (DAD) delegating budgets and authority to commit resources and outlining expectations and areas of responsibility and accountability.

3. Relationships with public bodies

Purpose, roles and objectives

- 3.1 The Defra group outcome framework is overarching and identifies four priority outcomes and strategic enablers, setting out a shared vision and cross-cutting strategic outcomes for the group. The outcome framework provides a clear line of sight for the core department and its ALBs.
- 3.2 The framework includes a vision, outcomes, sub-outcomes and performance measures to help manage and provide assurance to the group at all levels.
- 3.3 The Defra group ODP shows how the diverse range of sub-outcomes and activities across the group contribute to our priority outcomes and strategic enablers.
- 3.4 Sitting beneath this, each ALB also has a more detailed business plan. Area integrated plans cover the 14 geographical areas shared between the Environment Agency, Natural England and Forest Services (part of the Forestry Commission) – these are produced by area teams and used by the three bodies to efficiently deliver joint local priorities.
- 3.5 While the outcome framework and group delivery plan apply directly to the core department and 14 delivery bodies.² All of Defra's public bodies, regardless of their role and positioning, act together on a shared agenda in contributing to the single vision of improving and protecting our environment by making our air purer, our water cleaner, our land greener and our food more sustainable. Annex A provides detail on the sources of funding for ALBs in 2020 to 2021.³
- 3.5.1 Defra has adopted the [Arms Length Body Code of Good Practice](#) which provides a template to Departments that lays out expectations and measurable standards for sponsorship.

Legal entities

- 3.6 The following entities are not Defra public bodies. They sit within, but operate separately from, Defra bodies.
- 3.7 The Drinking Water Inspectorate (DWI) is established in legislation⁴ to provide independent assurance that the water industry is providing safe, clean water to

² Rural Payments Agency, Animal and Plant Health Agency, Veterinary Medicines Directorate, Natural England, Environment Agency, Marine Management Organisation, Forestry Commission, Centre for Environment, Fisheries and Aquaculture Science, Joint Nature Conservation Committee and Royal Botanic Gardens, Kew

³ Covering ALBs whose funding is included in the Defra group accounts.

⁴ Water Industry Act 1991 (as amended by the Water Act 2003 and 2014).

consumers. The Chief Inspector of the DWI and DWI Inspectors are statutory office holders, with statutory duties under the legislation.

3.7.1 DWI is an independent unit within Defra's Water and Flood Risk Management Directorate. It is predominantly funded through costs recovered from the industry for regulatory services provided. Its income and expenditure on these activities are reported through a Memorandum Trading Account (MTA), which is consolidated into Defra's accounts.

3.7.2 DWI also receives a small budget from the Directorate for costs that it could not recover from the industry. This covers its role in providing policy advice to ministers and commissioning research through which it is accountable to other core business units. It has duties delegated directly by the Secretary of State and Welsh ministers, for which it reports directly to ministers.

3.8 The UK Coordinating Body is an independent executive unit established in legislation⁵ to support Defra and the Scottish, Welsh and Northern Ireland governments and their paying agencies to administer the Common Agricultural Policy in the UK.

3.8.1 It is funded through Defra budgets, with a small contribution from the devolved administrations. It is co-located, supported and staffed by the Rural Payments Agency (a Defra executive agency), with some Defra staff.

Executive agencies

3.9 Defra's executive agencies operate within a framework of direct accountability to the department and to ministers who remain accountable for their overall performance.

3.10 Agencies report on their financial performance and provide details of any charging schemes in their annual reports.

3.11 Each agency has a management board which may be chaired by either the agency CEO or lead non-executive director (NED), and includes other NEDs and the agency senior team. A senior Defra official is also a member of each executive agency's management board, bringing an understanding of Defra and wider government policy to the agency.

3.12 They are part of the department: the CEO is appointed by the PAO as the accounting officer for each agency. Defra's four executive agencies are:

Animal and Plant Health Agency (APHA)

3.13 [Animal and Plant Health Agency](#) launched on 1 October 2014, merging the former Animal Health and Veterinary Laboratories Agency (AHVLA) with the parts of the former Food and Environment Research Agency (Fera) to create a single agency responsible for animal, plant and bee health.

⁵ The Common Agricultural Policy (Competent Authority and Coordinating Body) Regulations 2014

Centre for Environment, Fisheries and Aquaculture Science (CEFAS)

- 3.14 [Centre for Environment, Fisheries and Aquaculture Science](#) leads marine science and technology on behalf of the UK Government by collecting, managing and interpreting data on the aquatic environment, biodiversity and fisheries and providing scientific advice, monitoring and research.
- 3.15 Their work extends to public and private organisations outside of government.

Rural Payments Agency (RPA)

- 3.16 [Rural Payments Agency](#) is an accredited paying agency and also the EU funding body for paying agencies of the devolved administrations for CAP schemes.
- 3.17 RPA has responsibility and accountability for control of EU funds including the processing and accounting for financial transactions and drawdown of funds.
- 3.18 RPA makes payments to farmers, traders and landowners and manages schemes under CAP and under the new Exchequer funded schemes, to help protect and improve the natural environment and ensure a healthy rural economy and strong rural communities.

Veterinary Medicines Directorate (VMD)

- 3.19 [Veterinary Medicines Directorate's](#) role is to protect public health, animal health and the environment and promote animal welfare by assuring the safety, quality and effectiveness of veterinary medicines.

Non-departmental public bodies (NDPBs)

- 3.20 Defra has 3 types of NDPB: executive (including levy), advisory and tribunal. The governance for each one reflects the nature, responsibilities and risks of that body. Defra's NDPBs are:
- [Natural England](#)
 - [Environment Agency](#)
 - [Marine Management Organisation](#)
 - [Royal Botanic Gardens Kew](#)
 - [Joint Nature Conservation Committee](#)
 - [Consumer Council for Water](#)
 - [Agriculture and Horticulture Development Board](#)
 - [Sea Fish Industry Authority](#)
 - [Office for Environmental Protection](#)
- 3.21 They are created through legislation, which specifies their purpose and functions, what powers are invested in them, and how they should be financed.
- 3.22 NDPB accounting officer responsibilities include providing a signed governance statement in the entity's annual report and accounts. As well as reporting on the operation and effectiveness of its governance arrangements throughout the financial year.

- 3.23 Each NDPB has its own independent board, chair and executive management team, with the CEO designated by the principal accounting officer as the accounting officer for that organisation.
- 3.24 NDPBs operate with statutory independence and are not under day-to-day ministerial control. Nevertheless, ministers are ultimately accountable to Parliament for NDPBs' efficiency and effectiveness.
- 3.25 The Secretary of State appoints the chair and board members, and they are directly accountable to the Secretary of State. The NDPB's board appoints the chief executive, in agreement with the Secretary of State.
- 3.26 For larger bodies, the Secretary of State holds performance reviews with the chair to consider progress against the organisation's business plan and Defra's ministerial priorities.
- 3.27 A delegated authority letter from DGs to accounting officers confirms the chief executive's delegated budget and responsibilities as accounting officer for that organisation and for ensuring delivery of their internal organisational plan.
- 3.28 Ministers agree funding or levy rates and key objectives for each NDPB and hold them to account. The CEO is responsible for establishing appropriate governance, control and risk management measures in their organisation.
- 3.29 A designated core Defra DG, director or deputy director from within the appropriate outcome system acts as the relationship lead for each NDPB.
- 3.30 Relationship managers within sponsorship teams, with support from policy teams where appropriate, are in regular contact with delivery counterparts in the NDPBs and help to ensure that business plan targets deliver agreed policy outcomes.
- 3.31 CEOs of the larger NDPBs (Environment Agency, NE, MMO, JNCC and Kew), together with executive agency and Forestry Commission CEOs meet formally with ExCo at least quarterly. These NDPBs are also represented in outcome committees.
- 3.32 The NDPB boards and accounting officers receive advice on governance, control and risk management from their ARACs, which are advisory committees comprised of non-executives.

NDPBs with advisory functions

- 3.33 Defra's NDPBs with advisory functions are the:
- [Advisory Committee on Releases to the Environment \(ACRE\)](#)
 - [Independent Agricultural Appeals Panel \(IAAP\)](#)
 - [Science Advisory Council \(SAC\)](#)
 - [Veterinary Products Committee \(VPC\)](#)
- 3.34 Advisory NDPBs receive minimal or no funds from Defra, usually limited to the fees and expenses of the members. Governance arrangements reflect this via a risk-based approach.
- 3.35 Some have a framework document (such as ACRE) and some are accountable through other bodies (such as IAAP).

Tribunal NDPBs

3.36 Defra has two tribunal NDPBs, the:

- Plants Varieties and Seeds Tribunal has lain dormant and has not convened (or incurred any costs) since 1984. Three appeals have been lodged with the Tribunal and it is expected to reconvene when the legal chair has been notified who the senior judge will be (the senior judge being someone with whom the legal chair can liaise and seek guidance from on any legal and tribunal matters). It is hoped that some of the appeals will have been heard by the end of the financial year 2022-23.
- Sea Fish Licensing Tribunal was created in 1992 but has never been convened or incurred any cost.

Non-ministerial departments and public corporations

Forestry Commission

- 3.37 The [Forestry Commission](#) is a non-ministerial department included in Defra's Estimate and falls inside the departmental accounting boundary. The Forestry Commission has a Royal Charter.
- 3.38 It is the body through which the Forestry Commissioners discharge their forestry functions. The commissioners and their functions are derived from statute, principally the Forestry Act 1967, Plant Health Act 1967 and Countryside Act 1968.
- 3.39 Defra's Secretary of State is responsible for recommending who should be appointed (by Royal Warrant) as Chair of the Board of Forestry Commissioners.
- 3.40 The Forestry Commission CEO is appointed by the PAO as the Additional Accounting Officer for the funding provided through the core department.
- 3.41 The Forestry Commission has two executive agencies. These are the research agency Forest Research and Forestry England, which manages the nation's forest estate. The latter is also classed as a public corporation to reflect its level of trading income.
- 3.42 Whilst the public corporation designation could expire if the level of trading income significantly decreases, the status as executive agency remains constant.
- 3.43 The agency accounting officers are accountable to the Additional Accounting Officer for the performance of the agency.
- 3.44 The Forestry Commission has five Forestry and Woodland Advisory Committees (FWAC) (formerly Regional Advisory Committees) established under Section 37 of the 1967 Forestry Act.
- 3.45 These are classified as advisory NDPBs of the Forestry Commission. In addition to their statutory role, they advise on and help with the delivery of Forestry Commission priorities. These operate in practice like expert committees and funding is minimal.

The Water Services Regulation Authority (OFWAT)

- 3.46 [The Water Services Regulation Authority](#) is a non-ministerial department that falls outside the departmental accounting boundary.

- 3.47 It is primarily resourced by licence fees. Fees are charged to companies that Ofwat regulates, and additional licence fees are payable by certain companies for specific work on the Thames Tideway Tunnel project. A licence fee is paid by water supply and sewerage licensees.
- 3.48 Ofwat is directly accountable to Parliament for its financial expenditure and must report to Parliament on an annual basis through its annual report and accounts which are laid by HM Treasury.
- 3.49 Ofwat's Accounting Officer and the Ofwat Board have responsibility for maintaining corporate governance that supports the achievement of Ofwat's policies, aims and objectives, while safeguarding the public funds and departmental assets.
- 3.50 The Accounting Officer is accountable to the Chair and Board for all aspects of Ofwat's work. Ofwat's duties are laid down by legislation, in particular the Water Industry Act 1991.

Covent Garden Market Authority (CGMA)

- 3.51 [Covent Garden Market Authority](#) is a public corporation outside of the accounting boundary and responsible for managing the funds and assets of New Covent Garden Market.
- 3.52 It is a statutory body originally set up in 1961 by an Act of Parliament. The Secretary of State appoints the chair and board members.
- 3.53 As a public corporation sitting outside of the UK central government, CGMA does not have a named accounting officer (only UK government organisations have an accounting officer).
- 3.54 CGMA's responsibilities to Defra's PAO rest with a designated senior executive role.
- 3.55 CGMA's General Counsel and Company Secretary occupies that role on a temporary basis, until such time that a permanent arrangement for fulfilling these responsibilities is put in place.
- 3.56 The designated senior executive is expected to deliver standards equivalent to an accounting officer (see paragraph 3.1.2 of Managing Public Money) and is responsible for ensuring that high standards of corporate governance are met and that systems are in place to monitor:
- CGMA's activities
 - its financial management
 - decision-making procedure

The British Wool Marketing Board (BWMB)

- 3.57 [The British Wool Marketing Board](#) is a public corporation that falls outside the accounting boundary. It is a non-profit making organisation which returns to producers the market price for their wool, less its own costs.
- 3.58 It is the only remaining agricultural commodity board. It operates commercially and does not receive financial support.
- 3.59 Since 1995, BWMB has had a financial arrangement in place which increases the amount of profit that can be returned to farmers and enables it to manage its cash flow.

- 3.60 The current financial arrangement between the Secretary of State and BWMB dates from May 2018 and is due for renewal in 2023.
- 3.61 Section 30 of the Agricultural Marketing Act 1958 requires that Agriculture Ministers shall in every year lay before Parliament a report on the activities of BWMB.

Other public bodies

National Park Authorities (NPAs)

- 3.62 [National Park Authorities](#) are established by orders under the 1995 Environment Act. Their purposes, powers and constitution are set out in legislation.
- 3.63 They are not local authorities, although they are treated as such for certain purposes, particularly their role as planning authority for their area.
- 3.64 They are independent bodies to which many of the statutory requirements that apply to local government are applied, including, for the:
- conduct of meetings and decision-making
 - external audit and publishing of accounts
- 3.65 Each authority has a five-year National Park Management Plan which sets out strategic objectives for the park. They publish an annual report on their performance.
- 3.66 NPAs generally receive the majority of their income in the form of grant from Defra and must adhere to the terms set out in their grant agreements, which is monitored through relationship managers in the core department.
- 3.67 All park authorities are subject to the audit requirements set out under the Local Audit and Accountability Act 2014 and under The Accounts and Audit Regulations 2015, as Category 1 authorities, they are required to commission and publish audited annual accounts.

The Broads Authority

- 3.68 [The Broads Authority](#) was established by specific legislation, the Norfolk and Suffolk Broads Act 1988. Its purposes, powers and constitution are set out in this and the Broads Authority Act 2009.
- 3.69 It is not a local authority but it is the planning authority for the Broads and an independent body to which the statutory requirements that apply to local government are applied.
- 3.70 The authority has a five-year management plan which sets out strategic objectives for the Broads. It publishes an annual report on their performance.
- 3.71 The authority receives some of its income via grant from Defra and tolls paid by users of the Broads.
- 3.72 As a relevant authority under the Accounts and Audit Regulations 2015 the Broads Authority is required to commission and publish audited annual accounts.

Areas of outstanding natural beauty (AONB) and conservation boards

- 3.73 The Countryside and Rights of Way Act 2000 allows for the designation of [areas of outstanding natural beauty](#) to protect land to conserve and enhance its natural beauty.
- 3.74 Each AONB is managed by a five-year management plan, which is run by teams based in local authorities supported by a range of other organisations with an interest in the area.
- 3.75 AONBs receive income in the form of grant from Defra and must adhere to the terms set out in their grant agreements.
- 3.76 They are monitored through relationship managers in core Defra, including that Defra funding is intended to provide 75% of funding for core functions, matched by 25% from other sources.
- 3.77 Section 86 of the Act allows the Secretary of State to create a conservation board for an AONB by means of an establishment order.
- 3.78 There are 2 AONB conservation boards, the
- Chilterns
 - Cotswolds
- 3.79 Conservation boards assume responsibility for the preparation and publication of the AONB Management Plan setting out their policies for the management of the area.
- 3.80 They are independent bodies to which many of the statutory requirements that apply to local government are applied, including for the conduct of meetings and decision-making.
- 3.81 They differ from NPAs in having no statutory local planning function. The boards, like AONBs, receive income via grant from Defra.
- 3.82 AONB conservation boards publish an annual statement of accounts, audited as appropriate to their size and turnover.

The Adaptation Sub-Committee (ASC)

- 3.83 The ASC is a sub-committee of the [Committee on Climate Change](#) (CCC), which is an NDPB of the Department for Business, Energy and Industrial Strategy.
- 3.84 The ASC was established under the Climate Change Act 2008 to support the CCC in advising and reporting on progress in adapting to climate change. It comprises five expert members and a chair.
- 3.85 The ASC is jointly sponsored by Defra, the Northern Ireland Executive, the Scottish Government and the Welsh Government.

4. Local funding arrangements

- 4.1 For local authority services in which Defra has a policy interest, central government funding is generally provided either through the Revenue Support Grant (RSG) from the local government budget or through specific grants from the Defra budget.
- 4.2 Funds provided through RSG are several orders of magnitude greater than through specific Defra grants (billions of pounds versus millions of pounds).
- 4.3 Defra and the Environment Agency also provide some minor capital grants to local authorities and local authorities fund some services and capital investments of policy interest to Defra from council tax or other receipts.
- 4.4 The Department for Levelling Up, Housing & Communities (DLUHC) Accounting Officer, as lead accounting officer across the UK central government with respect to local government, provides the assurance that a core framework is in place requiring local authorities to act with regularity, propriety and value for money in the use of all of these resources.
- 4.5 For a more detailed breakdown of local accountability arrangements, see the MHCLG [Accounting Officer System Statement](#).
- 4.6 Within this framework, local authorities are responsible and accountable for the legal use of funds.
- 4.7 Every local authority has a responsibility to make arrangements for the proper administration of their financial affairs and to ensure that one of their officers is accountable for the administration of those affairs.
- 4.8 A system of legal duties requires councillors to spend money with regularity and propriety.
- 4.9 Local authorities are required to have an annual external audit, and the certification of authorities' annual accounts by the auditor provides general assurance that the totality of their expenditure is within their legal powers.
- 4.10 Local authority auditors also assess whether authorities have used their resources effectively as part of their annual audit of accounts.
- 4.11 As well as the accountability provided through this framework, specific Defra grants (for example, for flood prevention, waste infrastructure and waste recycling work) are often provided in recognition of a statutory obligation on local authorities to perform a function or provide a service.
- 4.12 Other Defra grants may be made to address a specific need, for example, reimbursing expenditure in areas where it is difficult to forecast or piloting new approaches or policies. In such cases, value for money is scrutinised in the relevant approvals process and outcomes are specified explicitly in the agreement and claim processes.
- 4.13 These arrangements are established in a way that allows local authorities the flexibility to respond to local priorities, pursue balanced outcomes and choose their own methods of achieving desired outcomes, whilst taking into account Defra's policy intentions.

5. Third party delivery partnerships

- 5.1 There are five limited companies linked to bodies within the Defra group. These are private companies, wholly owned (with the exception of Livestock Information Limited which is part-owned by Defra) by and reporting directly to those bodies.

RBG Kew Enterprises Limited

- 5.2 [RBG Kew Enterprises Ltd](#) carries out retail and other commercial activities and provides fundraising services for Kew.

Cefas Technology Limited

- 5.3 [Cefas Technology Ltd](#) specialises in the design and manufacture of data-logging solutions to help conserve and maintain wildlife. All profits generated by CTL are reinvested into the development of both Cefas science and its science infrastructure.

Sutton Bridge Experimental Unit Ltd (SBEU)

- 5.4 Sutton Bridge Experimental Unit Ltd (SBEU) is used by AHDB to hold the property occupied by the AHDB potato research and development facility.
- 5.5 All trading income and operating costs of the unit are received and incurred directly by AHDB as part of AHDB Potatoes operating results.
- 5.6 AHDB have now closed the Sutton Bridge Experimental Station and are in the process of selling it, this should be complete by the end of the financial year 2022-23.

Livestock Information Limited

- 5.7 [Livestock Information Limited](#) is a subsidiary of the Agriculture and Horticulture Development Board (AHDB); owned 51% by AHDB and 49% by Defra. It has been set up to develop and run a multi-species animal and livestock registration and tracing system.

JNCC Support Co

- 5.8 JNCC Support Co provides the corporate vehicle through which JNCC employs staff and administers its funds to deliver its business plan.

National Forest Company (NFC)

- 5.9 National Forest Company (NFC) was established in April 1995 to lead the creation of the National Forest, a new, wooded landscape across 200 square miles of central England.
- 5.10 Although originally established as an NDPB, its status altered in 2016 to a registered charity but with classification as a non-profit institution within the public sector, sponsored by Defra.

- 5.11 NFC is independent of government with decisions taken by the members of the charity and the board which comprises eight trustees including the CEO.
- 5.12 NFC receives a small amount of grant-in-aid under Section 153 of the Environmental Protection Act 1990, which is monitored through reporting.

Flood Re

- 5.13 Flood Re is a non-profit flood reinsurance scheme run and managed by the insurance industry. In accordance with the requirements of the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2021, it is consolidated into Defra's accounts.
- 5.14 It was classified by the Office of National Statistics in December 2021 as a central government public body. It is awaiting classification by Cabinet Office.

Waste and Resources Action Programme (WRAP)

- 5.15 WRAP is a registered charity and company limited by guarantee, subject to the provisions of the Companies Act and audited within the provisions of that Act.
- 5.16 It has an annual grant agreement with Defra, setting out the conditions on how the funding can be used.
- 5.17 A detailed programme of delivery is agreed annually between Defra and WRAP, with performance against these deliverables monitored on a quarterly basis.
- 5.18 WRAP delivers some of its work through third parties. For larger areas of work, contracts are awarded according to EU procurement rules.

Internal Drainage Boards (IDBs)

- 5.19 Internal Drainage Boards (IDBs) are locally funded and are independent statutory public bodies. They are responsible for managing water levels and reduce flooding risk in areas of special drainage need (low-lying areas of the country).
- 5.20 They operate predominantly under the Land Drainage Act 1991 and have permissive powers to undertake work within their districts. In addition, IDBs can undertake works on watercourses outside their drainage district in order to benefit their district.
- 5.21 They are funded largely by a mixture of drainage rates paid by farmers and by special levies on unitary, borough and district local authorities. IDBs do not receive funding from Defra, although they may apply for grant funding for specific flood risk management schemes through the partnership funding (grant in aid) process. Some IDBs receive funding (highland water contributions) from the Environment Agency and IDBs may also apply for loans from the Public Works Loan Board.
- 5.22 The Environment Agency has a supervisory duty in relation to flood and water operations for IDBs.

- 5.23 The Land Drainage Act 1991 requires IDBs to report annually on financial expenditure and other issues such as asset management and biodiversity action plans. These reports are submitted to Defra for analysis of the data to assess IDBs governance and progress.
- 5.24 The reports are submitted to Defra and special levy information is shared with the Department for Levelling Up, Housing & Communities (DLUHC).
- 5.25 IDBs must comply with the Local Audit and Accountability Act 2014. Defra receives a report every year setting out the results of local government audited accounts, including those of IDBs.
- 5.26 Where IDB accounts are qualified or delayed, Defra investigates to understand the reasons.
- 5.27 The Association of Drainage Authorities (ADA) is a membership organisation that represents the interests of IDBs. ADA has been taking action supported by Defra to share best practice and improve governance and accountability arrangements across all IDBs in England.

6. Grants to private- and voluntary-sector bodies

- 6.1 Defra follows a defined process when awarding grants to other bodies such as voluntary organisations, private companies and charities.
- 6.1.1 This complies with the Cabinet Office’s Government Functional Standard for General Grants, Defra’s “no PO (Purchase Order) no Pay policy and provides decision trees to make sure that grant funding is appropriate and, if so, that it follows a competed or direct award route.
- 6.1.2 Applications must include advice concerning state aid and fraud and error risk, in addition to the correct levels of delegated authority, including commercial governance boards.
- 6.1.3 All grants are issued with either a grant funding agreement or memorandum of understanding to make sure that funding is controlled effectively, through:
- regular reporting
 - payment against agreed milestones where appropriate
 - end of grant reporting in line with Managing Public Money and where necessary funded activities are monitored
- 6.2 Details of all grants and their outcomes can be found on the Cabinet Office (CO) Government Grant Information System (GGIS).
- 6.2.1 Currently there are around 80 different schemes, which include Waste Private Finance Initiative, Darwin Initiative, Canal and River Trust, Rural Development Programme for England, Woodland Carbon Fund and National Trails in addition to ad-hoc grants.
- 6.3 Defra disburses general grants in line with the [Cabinet Office’s grants standards](#).
- 6.4 As part of Defra’s continuous improvement, we aim to remain compliant with the standards.

Key delivery partners

- 6.5 The following set out the arrangements for key delivery partners in the private, public and voluntary sectors:

Regional Flood and Coastal Committees (RFCCs)

- 6.6 RFCCs are advisory committees established by the Environment Agency under the Flood and Water Management Act 2010.
- 6.7 RFCCs have a statutory duty to consult on and consent to the Environment Agency’s regional flood and coastal erosion risk management investment programmes.
- 6.8 As well as consent to the issue of the local levy to lead local flood authorities, which is raised to fund local priorities.
- 6.9 They bring together members appointed by lead local flood authorities and independent members with relevant experience appointed by the Environment Agency, and an independent chair appointed by Defra ministers.

The Canal and River Trust (CRT)

- 6.10 CRT was formed in July 2012 as an independent charity to take over stewardship of 2,000 miles of waterways in England and Wales from the public corporation British Waterways.
- 6.11 The aim was to better support management of the waterways through greater freedom to generate commercial income and the ability to attract charitable income, donations and volunteers.
- 6.12 CRT is funded through a mixture of government funding, investment income, commercial income (such as boat licensing) and donations.
- 6.13 A 15-year government grant was put in place to run until 2026 to 2027 consisting of a core grant (around £40 million per year plus inflation) and a conditional grant (around £10 million per year, linked to delivery of key performance indicators).
- 6.14 Risks, performance, finances, investments and adherence to grant conditions are reviewed regularly by Defra and CRT.
- 6.15 A review will decide in 2022 whether government funding will continue once the current grant ends.

EU Common Agricultural Policy (CAP) scheme

- 6.16 EU-funded grants are paid according to the regulations determined by the EU and fall outside the scope of the Cabinet Office standards.
- 6.17 As one of its key operational priorities, Defra continues to support delivery of the existing Pillar 2 EU CAP programme.
- 6.18 Defra is the managing authority for the Rural Development Programme for England (RDPE), with scheme payments administered by the RPA on behalf of Defra.
- 6.19 Detail on the management and control structure of the RDPE is set out in section 15 of the [RDPE programme document](#).

7. Management of major contracts and outsourced services

- 7.1 There are currently circa 3,000 live contracts with a total contract value of £11.63bn. Defra group Commercial (DgC) oversees most but not all of this procurement. Commercial decisions are made in accordance with the Financial Scheme of Delegation and DgC operates to the government commercial standards which are evaluated annually.
- 7.2 Defra group has adopted the Cabinet Office’s contract and supplier tiering process, which defines levels of contract management required based on a risk / value analysis.
- 7.2.1 Each level (gold, silver and bronze) has its own scalable processes and due diligence requirements which are set out in the Defra contract management toolkit (based on public sector and Cabinet Office best practice).
- 7.2.2 The aim of the process is to ensure that the right levels of management and resource are allocated to every contract.

Table1: Defra’s top 5 contracts (by spend)

Contract title	Main contractor	Total value of contract	Contract owner
The Enabling Contract (ecm 1159)	IBM	£1,500,000,000	Defra
Interserve Contract Service (ecm 44060)	Mitie FM Ltd	£750,000,000	Defra
Master Services Agreement for Service Procurement (ecm 50532)	Capgemini UK plc	£740,000,000	Environment Agency
Thames Estuary Phase 1 Programme (TEP1) and TEAM2100 (Thames Estuary Asset Management 2100) (ecm 46421)	Jacobs UK Ltd	£310,000,000	Environment Agency
Supply of IT resources to the Defra Group (ecm 51982)	Hays Specialist Recruitment Ltd	£300,000,000	Defra

- 7.3 As well as being a customer of DgC, Defra’s ALBs also have the capability to provide chargeable services back to the core department under a written agreement.
- 7.3.1 These services vary but include research and development and surveillance monitoring.
- 7.3.2 The department engages with the ALBs through single-sourcing where applicable, or through a competitive approach depending on the capability of the market.
- 7.4 DgC provides contract management support to business areas throughout the commercial lifecycle of the contract, with the supplier relationship and contract management support team providing guidance and support to contract managers.

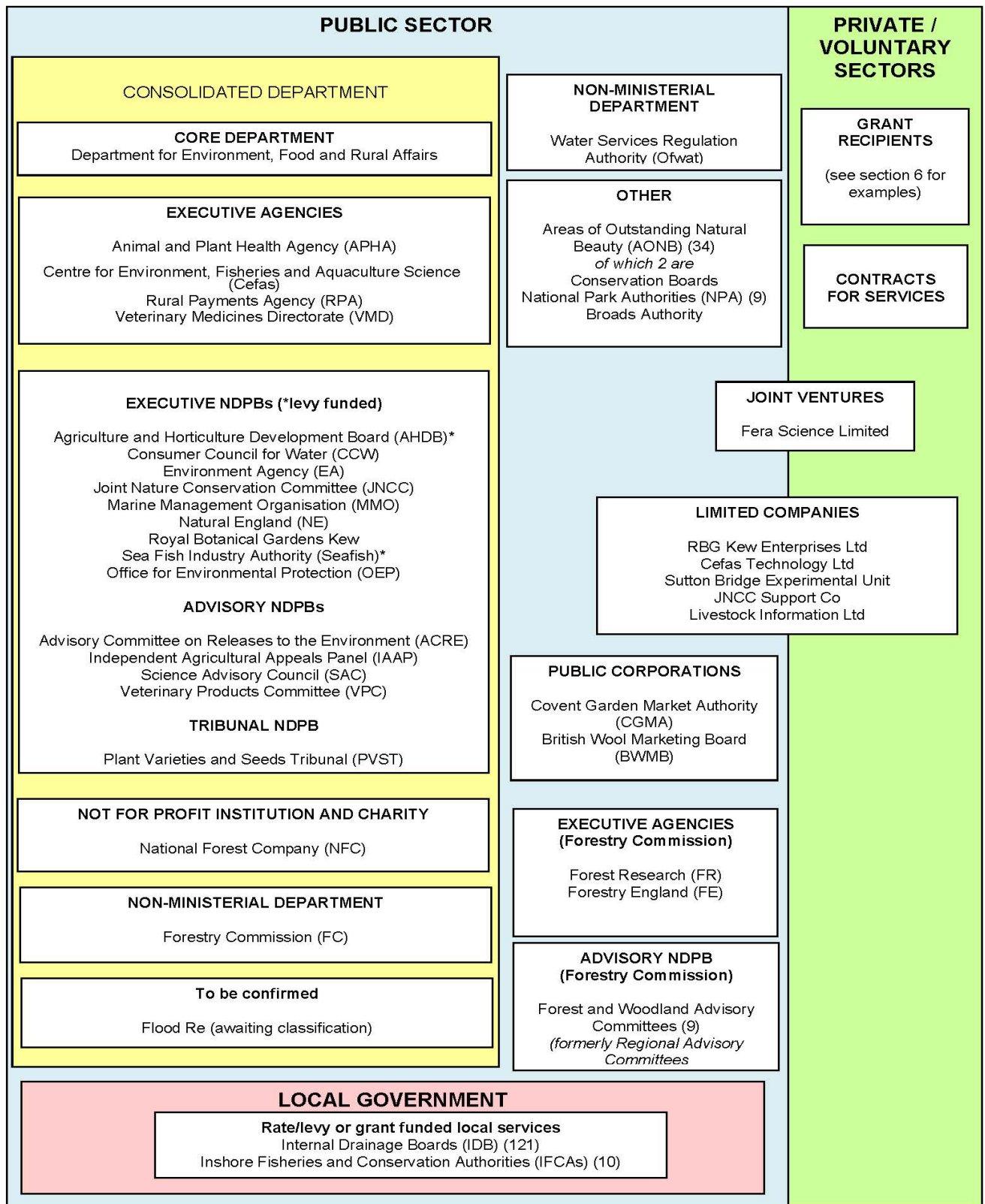
- 7.4.1 Some of the larger strategic (gold) contracts (including, Mitie, IBM, CapGemini and the Fera JV) are commercially managed within DgC. Other gold, silver and bronze contracts may be managed by ALBs policy or business teams, with DgC providing assurance and training as required.
- 7.5 The collapse of Carillion in 2018 and the move by Interserve into administration in March 2019 underlined public sector dependency on a small number of key suppliers operating in distressed markets.
- 7.6 Though improving contract management capability was a government-wide focus before these events, they have reinforced the importance of effective contract and supplier management.
- 7.7 In June 2019, DgC implemented a contract management improvement programme to address this challenge through improving contract management capability and external validation to ensure that this has been successfully embedded. This has led to a greater focus on understanding supplier risk and a focused approach to improving contract management across individual business areas.

8. Investments, joint ventures and other assets

- 8.1 Defra has a limited number of delivery joint ventures or partnerships. One of the most significant is Fera Science Limited. It is a joint venture, which was formed on 1 April 2015.
- 8.1.1 Following a competitive procurement exercise, Defra sold 75% of the Food and Environment Research Agency to Capita, forming a Joint Venture (JV), Fera Science Limited (FSL), as a private company.
- 8.1.2 Core Defra appoints two non-executive directors to sit on Fera's Board, which provides leadership, sets strategic aims and manage resources to ensure Fera meets its objectives.
- 8.1.3 The board also has a responsibility to shareholders and customers and ensures that obligations and commitments are met.
- 8.2 As a minority owner, Defra has some limited rights of veto on company business as set out in a subscription and shareholder agreement. A shareholder function exists to monitor Defra's investment in FSL.
- 8.3 The Defra Chief Finance Officer, or equivalent on delegated authority, acts as shareholder representative on behalf of Defra.
- 8.4 The key elements are that as the debt and equity funder of the company, the shareholder is focused on managing financial risk and return with a focus on:
- decisions on the buying or selling of the Defra shares
 - Defra's approval to any share or debt restructuring
 - any other corporate change which is likely to have a major impact on shareholder value
- 8.5 On formation of the JV, Defra entered into a framework agreement with Fera to continue delivery of key services for five years, renewable up to a total of ten years with call-off contracts currently committed to March 2024. A number of call-off agreements have been let under this framework for delivery of scientific services.
- 8.5.1 The contracts are managed using Defra's routine contract management processes. Total Defra spend under the framework in 2020 to 2021 was around £20 million with £14 million currently committed for 2021 to 2022.
- 8.6 Defra was advised in 2021 that Capita intends to sell its 75% shareholding in Fera following a re-organisation. Capita are assuming the sale process will be initiated in 2022 and Defra will work collaboratively with Capita to identify a suitable buyer. The framework is not expected to be affected by the sale and will continue to operate to the end of its term.

9. Annex A: Defra's Accountability System

Figure 1: diagram showing the scope of Defra's Accountability System (numbers in brackets represent the number of authorities for which Defra is responsible)



The figure above illustrates the scope of Defra's accountability system.

In the public sector Defra is divided into the consolidated department, local government and other public sector agencies and organisations. Several private- and voluntary-sector organisations and mixed organisations also fall under Defra's authority.

The consolidated department

1. The core department: Department for Environment, Food and Rural Affairs.
2. The executive agencies: Animal and Plant Health Agency (APHA), Centre for Environment, Fisheries and Agricultural Science (Cefas), Rural Payments Agency (RPA), Veterinary Medicines Directorate (VMD).
3. The non-departmental public bodies (NDPBs), which are themselves divided into:
 - a. Levy-funded: Agriculture and Horticulture Development Board (AHDB), Consumer Council for Water (CCW), Environment Agency (EA), Joint Nature Conservation Committee (JNCC), Marine Management Organisation (MMO), Natural England (NE), Royal Botanic Gardens Kew, Sea Fish Industry Authority (Seafish), Office for Environmental Protection (OEP).
 - b. NDPBs with advisory functions: Advisory Committee on Releases to the Environment (ACRE), Independent Agricultural Appeals Panel (IAAP), Science Advisory Council (SAC), Veterinary Products Committee (VPC).
 - c. Tribunal NDPBs: Plants Varieties and Seeds Tribunal (PVST) and the Sea Fish Licensing Tribunal (SFLT).
4. Not-for-profit institutions and charity: The National Forest Company (NFC).
5. Non-ministerial department: The Forestry Commission (FC).
 - a. Which has two executive agencies: Forest Research (FR) and Forestry England (FE).
 - b. And which has five advisory NDPBs: Forest and Woodland Advisory Committees (formerly Regional Advisory Committees).
6. And Flood Re which is awaiting classification.

Local government:

7. Two rate- and levy-funded local services: 121 Internal Drainage Boards (IDBs), and 10 Inshore Fisheries and Conservation Authorities (IFCAs)

Other public-sector organisations:

8. Non-ministerial department: Water Services Regulation Authority (Ofwat).
9. Other: Defra is responsible for 34 Areas of Outstanding Natural Beauty (AONBs), of which two are Conservation Boards; nine National Parks Authorities (NPAs) and the Broads Authority.
10. Defra is responsible for two public corporations: Covent Garden Market Authority (CGMA) and British Wool Marketing Board (BWMB).

11. Defra is responsible for six mixed public-sector and private- or voluntary-sector organisations:

- a. Five limited companies: RBG Kew enterprises Ltd, Cefas Technology Ltd, Sutton Bridge Experimental Ltd, JNCC Support Co and Livestock Information Ltd.
- b. One joint venture: Fera Science Limited.

12. Defra also administers grants to private or voluntary sector bodies, details of which can be found in section 6. The department also has contracts for services administered by private- or voluntary-sector organisations details of which can be found in section 7.

10. Annex B: sources of ALB funding

Table 2: 2020/21 sources of ALB Funding as a percentage of their total funding (all percentages have been rounded)

	AHBD	APHA	CCW	CEFAS	EA	FC	Flood Re	JNCC	KEW	MMO	NE	NFC	RPA	Seafish	VMD
Defra funding	0.00%	70.20%	0.00%	58.40%	69.00%	74.30%	0.00%	82.00%	27.80%	74.60%	83.50%	60.30%	6.60%	0.00%	46.80%
Revenue from contracts with customers:															
Sales of goods and services	3.60%	7.30%	0.00%	36.90%	0.00%	23.20%	0.00%	12.80%	3.90%	0.00%	3.50%	0.00%	0.10%	10.80%	0.70%
Fees, levies and charges	79.40%	4.30%	0.00%	0.00%	25.20%	0.50%	77.70%	0.00%	0.00%	0.00%	3.10%	0.00%	0.00%	79.00%	47.60%
EU funding	0.00%	0.20%	0.00%	0.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.10%	0.00%
Licences	0.00%	0.00%	0.00%	0.00%	2.30%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other income	0.00%	12.80%	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%	0.00%	0.60%	1.60%	2.70%	0.00%	0.00%	1.90%
Total income from contracts with customers	83.00%	24.60%	0.00%	37.60%	27.50%	23.80%	77.70%	13.30%	3.90%	0.60%	8.30%	2.70%	0.10%	89.90%	50.20%
Other operating income:															
Goods and services	0.00%	0.00%	0.00%	0.00%	1.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.10%
EU Income	2.40%	0.00%	0.00%	0.80%	0.10%	0.00%	0.00%	2.50%	0.00%	0.00%	5.00%	0.00%	68.10%	3.00%	0.10%
Other income	14.60%	0.00%	0.00%	0.90%	3.70%	0.00%	22.30%	0.00%	61.60%	0.00%	2.20%	32.60%	1.50%	7.10%	2.00%
Total other operating income	17.00%	0.00%	0.00%	6.20%	3.10%	0.00%	41.10%	2.20%	63.30%	16.50%	9.00%	24.20%	93.40%	15.60%	1.90%
Total	100.00%	24.60%	0.00%	43.80%	30.70%	23.80%	118.90%	15.50%	67.20%	17.00%	17.30%	26.90%	93.50%	105.40%	52.10%

