



National Audit Office

An Overview of the
**Department for Environment,
Food & Rural Affairs**

for the new Parliament 2023-24

December 2024

OVERVIEW

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1 Introduction to the National Audit Office

Welcome to our Overview of the Department for Environment, Food & Rural Affairs (Defra), part of our series of Overviews for the New Parliament, covering government departments and cross-cutting issues.

The National Audit Office (NAO) is the UK's independent public spending watchdog and is responsible for scrutinising public spending for Parliament. We audit the financial accounts of all departments, executive agencies, arm's-length bodies, some companies and charities, and other public bodies. We also examine and report on the value for money of how public money has been spent.

The NAO is independent of government and the civil service. The NAO's wide remit and unique access rights enables us to investigate whether taxpayers' money is being spent in line with Parliament's intention and to respond to concerns where value for money may be at risk.

We support all Members of Parliament to hold government to account and we use our insights to help those who manage and govern public bodies improve public services. In 2023, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £1.59 billion.

We are funded by, and accountable to, Parliament. As an Officer of the House of Commons, I am committed to ensuring that we support you and your staff in your work as a Member of Parliament, and your scrutiny of public spending and performance.

Our dedicated Parliamentary Team can offer you support and put you in touch with our experts on subjects of interest to you and your constituents. 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.



Gareth Davies

COMPTROLLER & AUDITOR GENERAL
NATIONAL AUDIT OFFICE

Gareth Davies was appointed Comptroller & Auditor General (C&AG) in June 2019. He was appointed by the Monarch, following the approval of the House of Commons.

The C&AG has statutory authority to examine and to report directly to Parliament on whether government departments and other public sector bodies have spent taxpayers' money in the way Parliament intended. The C&AG and his staff are totally independent of government.

Gareth is a Fellow of the Chartered Institute of Public Finance and Accountancy and a Fellow of the Institute of Chartered Accountants in England and Wales. He is a non-executive Board member of the INTOSAI Development Initiative (IDI), which supports Supreme Audit Institutions (SAIs) in developing countries to sustainably enhance their performance and capacity.

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2 How the NAO can help you as a Member of Parliament

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How we support Parliament

We produce reports:

- on the annual accounts of government departments and their agencies;
- on the economy, efficiency and effectiveness with which government has spent public money; and
- to establish the facts where there are concerns about public spending issues.

We do not question government policy objectives. We look at how government has spent money delivering those policies and if that money has been used in the best way to achieve the intended outcome.

What we can offer

Through our website or our Parliamentary Relations team, MPs, peers and staff can:

- request a personal briefing on areas of our work that are of interest to them;
- sign up to receive embargoed copies of our reports on subjects of interest;
- make general queries about public spending, or raise concerns with us about value for money; and
- request advice on understanding and scrutinising departments' annual reports and accounts.

Resources available on our website

- **Reports:** Reviews of public spending and how well government is delivering.
- **Insights:** Learning and best practice to help people across government and the wider public sector.
- **Overviews:** Factual overviews of government departments, sectors and services.
- **Work in progress:** Our schedule of future publications.
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- Via our Parliamentary email inbox: parliament@nao.org.uk.



Auditing the accounts of all government departments and public organisations, helping assure money is being spent the way Parliament intended



Reporting to Parliament on the value for money of how public money has been spent and what has been achieved



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Providing advice and training on examining government departments' annual reports and accounts



Giving evidence to Select Committees



Our fortnightly newsletter with our latest reports and new work



You can write to us with any queries or concerns about the misuse of public money or behaviour in public bodies we audit

3 About this Overview

This report has been produced to provide an introduction to the Department for Environment, Food & Rural Affairs (Defra) and the NAO's examination of its spending and performance. **It is intended to support the Committee of Environment, Food & Rural Affairs and Members across the House in their examination of Defra.**

It summarises the key information and insights that can be gained from our examinations of Defra and related bodies in the sector in England, and Defra's Annual Report and Accounts. In 2023-24, Defra spent **£8 billion** to improve and protect the environment while supporting food, farming and fishing industries.

The report includes:

- The role and remit of Defra.
- How Defra delivers its priorities.
- Where Defra spends its money.
- Insights from our work on key aspects of Defra's priorities, including:
 - Increasing the sustainability, productivity and resilience of agriculture;
 - Improving the environment through thriving plants and terrestrial wildlife;
 - Reducing the likelihood and impact of flooding;
 - Improving the environment through minimised waste;
 - Raising animal welfare standards and enhancing biosecurity;
 - Increasing carbon storage to help deliver net zero; and
 - Ensuring clean and plentiful water.
- What to look out for, including challenges facing Defra this Parliament.
- Where to find more information about Defra.

This report updates our previous overview of the Department, published in February 2021.

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, and from publicly available sources, including the annual report and accounts of the Department and its bodies.

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.

Other relevant publications

More information about our work on Defra, as well as information about our other recent and upcoming reports can be found on the [NAO website](#).



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Defra's vision is to make the air purer, the water cleaner, the land greener and food more sustainable

Defra is made up of the core department and a network of agencies and public bodies. The core department primarily sets policies which are then implemented by its agencies and arm's-length bodies.

Defra's priority outcomes

Defra agreed four priority outcomes with HM Treasury as part of its Spending Review settlement in 2021:

- 1 Improve the environment through cleaner air and water, minimised waste, and thriving plants and terrestrial and marine wildlife.
- 2 Reduce greenhouse gas emissions and increase carbon storage in the agricultural, waste, peat and tree planting sectors to help deliver net zero.
- 3 Reduce the likelihood and impact of flooding and coastal erosion on people, businesses, communities and the environment.
- 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.

Secretary of State priorities

In July 2024, the Secretary of State for Defra set out five strategic priorities for the department.

- 1 Clean up Britain's rivers, lakes and seas.
- 2 Create a road map to a zero-waste economy.
- 3 Support farmers to boost food security.
- 4 Ensure nature's recovery.
- 5 Protect communities from the danger of flooding.



5 How Defra delivers its priorities

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Defra works with 34 agencies and other public bodies which vary in size, type, budget, remit and level of independence. The main delivery bodies are listed below, while the full list of regulatory and advisory bodies can be found online at www.gov.uk/government/organisations.

Delivery body	What it does	Main responsibilities
Animal and Plant Health Agency	Works to safeguard animal and plant health for the benefit of people, the environment and the economy.	<ul style="list-style-type: none"> Identifying and controlling diseases and pests in animals, plants and bees Scientific research in diseases and vaccine and food safety Facilitating international trade in animals and plants Protecting endangered wildlife through licensing and registration
Environment Agency	Works to create better places for people and wildlife and supports sustainable development.	<ul style="list-style-type: none"> Regulating major industry and waste, and treatment of contaminated land Water quality and resources Fisheries, conservation and ecology Managing risk of flooding from main rivers, reservoirs, estuaries and the sea
Forestry Commission	Increases the value of woodlands to society and the environment.	<ul style="list-style-type: none"> 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 and enables sustainable marine activities and development.	<ul style="list-style-type: none"> Marine planning and licensing Delivering sustainable fishing opportunities Protecting marine habitats and wildlife Administering marine support funds
Natural England	Government's advisor for the natural environment in England. Helps to protect and restore the natural world.	<ul style="list-style-type: none"> Promoting nature conservation and protect biodiversity Conserving and enhancing the landscape Promoting access to countryside and open spaces
Rural Payments Agency	Administers grants to support a thriving farming and food sector, supporting agricultural and rural communities to create a better place to live.	<ul style="list-style-type: none"> Measures to boost the productivity of the farming industry Helping to assure the provenance of food Delivering grants to support farming and incentivise environmental outcomes
Water Services Regulation Authority (Ofwat)	Economic regulator for the water and sewerage sectors in England and Wales.	<ul style="list-style-type: none"> Making sure that the companies it regulates provide consumers with a good-quality and efficient service at a fair price

Source: National Audit Office review of information on gov.uk as at October 2024

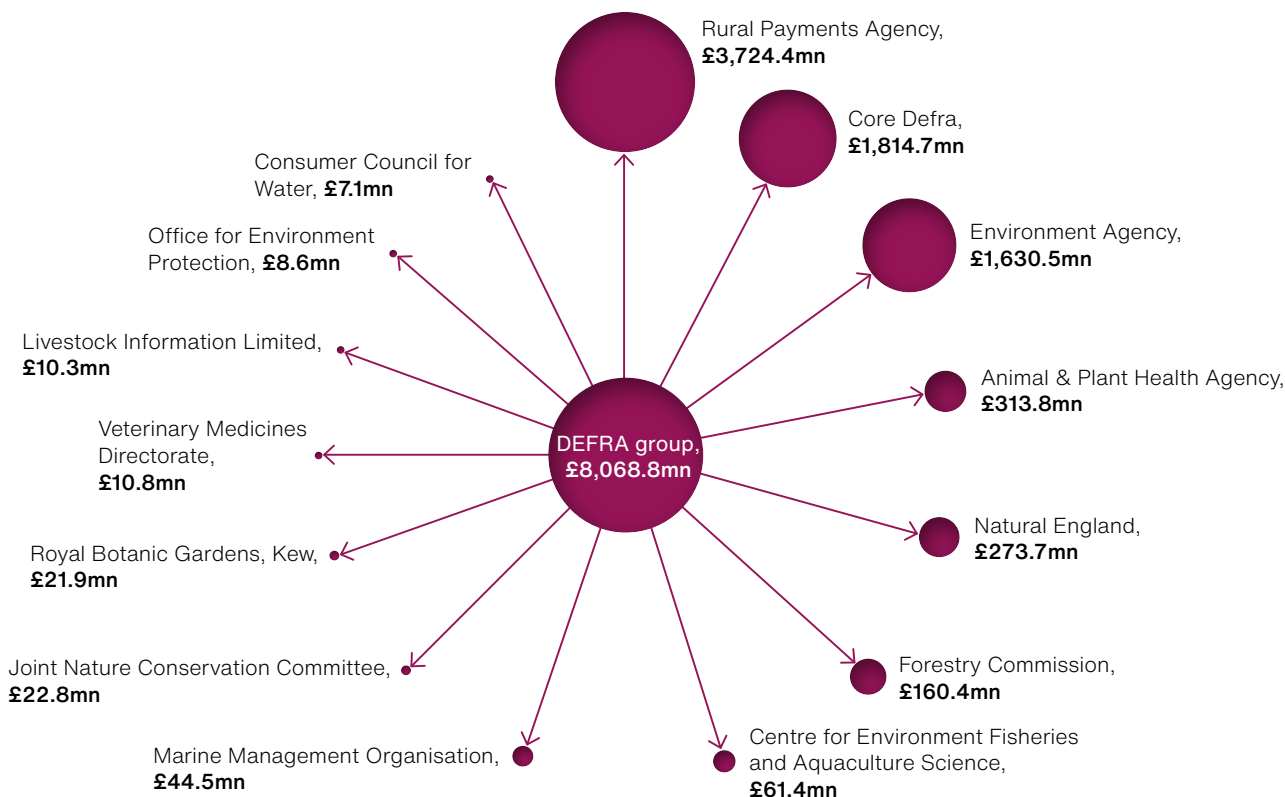
6 Where Defra spends its money

Defra spent **£8.07 billion** in 2023-24, the majority of which was spent through its arm's-length bodies and executive agencies. This represented a **£2.91 billion (56%)** increase over the amount spent in 2022-23, which was **£5.16 billion**. Following a **33% real-terms budget reduction** between 2010-11 and 2016-17, Defra's spend has since increased reflecting new and expanded responsibilities following EU Exit. However, **£2.28 billion** of the increase since 2022-23 related to one-off factors, including the up-front recognition of farming grants not payable until 2025-2027 as part of the transition away from EU direct payments (**£1.61 billion**), and changes in how some assets and liabilities are valued.

The Rural Payment Agency spent almost half of the total amount of the group, at **£3.74 billion**, compared to **£1.91 billion** in 2022-23 (most of the increase due to the change away from EU direct payments to new agri-environment schemes). The core department itself spent **£1.81 billion**, up from **£1.14 billion** in 2022-23. The Environment Agency spent **£1.63 billion**, up from **£1.42 billion** in 2022-23.

Natural England spend has also increased to **£274 million** in 2023-24 from **£196 million** in 2022-23, and the Forestry Commission spent **£160 million** in 2023-24 compared to **£100 million** in 2022-23.

The Department for Environment, Food & Rural Affairs expenditure in 2023-24



Notes

- 1 This figure includes all bodies whose accounts are consolidated into Defra's accounts and have a net expenditure of over £5 million. As some bodies are excluded from the chart, the sum of the expenditure does not equal Defra's total expenditure.
- 2 Core Defra is the core department itself, excluding any executive agencies or arm's-length bodies.
- 3 The figures on this slide are net expenditure. Some arm's length bodies such as the Environment Agency also receive income. More information can be found in Defra's [Annual Report and Accounts for 2023-24](#).

Source: Department for Environment, Food & Rural Affairs, *Annual report and accounts for 2023-24*, December 2024

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Regulation is a set of rules and activity that together incentivise people and organisations to meet expected behaviours. One of the key tools Defra has to encourage action is regulation. For example, some of Defra's regulators restrict emissions that affect air and water quality. Regulation can range from light-touch approaches such as guidance or warning notices to direct action such as fines or revocation of licences. This section provides an overview of three of the main regulators that Defra oversees (Environment Agency, Ofwat and Natural England). Several other bodies that Defra sponsors have regulatory responsibilities: the Office for Environmental Protection, Veterinary Medicines Directorate, Marine Management Organisation, Forestry Commission, and Animal & Plant Health Agency.

Environment Agency



Facts and figures

Funding	Around 70% government funded across all activities; remainder from sources including industry fees and charges
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Expenditure 2023-24	£1,631 million ¹
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Staff number 2023-24 (full-time equivalents)	12,093
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About

The Environment Agency (EA) works to protect and improve the environment. Its responsibilities include regulating major industry and waste; treatment of contaminated land; water quality and resources; fisheries; inland river, estuary and harbour navigations; and conservation and ecology. It is also responsible for managing the risk of flooding from main rivers, reservoirs, estuaries and the sea.

What to look out for in 2024-25

In 2024-25 EA aims to improve water quality, hiring additional staff and completing 4,000 inspections of wastewater and storm installations. It is also introducing the Extended Producer Responsibility for packaging, which from 2025 will require companies that produce packaging or sell packaged products in the UK to pay for the costs of collecting and sorting household packaging waste for recycling.

¹ Funding and staffing figures cover all the activities that the Environment Agency delivers, including non-regulatory activity such as flood risk management.

Ofwat



Facts and figures

Funding	Regulatory activity 100% funded through industry fees and charges
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Expenditure 2022-23	£33 million
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Staff number 2022-23 (full-time equivalent)	254
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About

The Water Services Regulation Authority (Ofwat) is the economic regulator for the water and sewerage industry in England and Wales. Its duties include protecting the interests of consumers, ensuring that the water and sewerage companies carry out their statutory functions and that they can finance them, and securing the resilience of the sector so that it can meet long-term water supply and wastewater needs.

What to look out for in 2024-25

Ofwat is carrying out a price review which will set the price, investment and service package that customers receive for the period 2025–2030. It expects to publish its final determination in December 2024.

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Natural England



Facts and figures

Funding Around 90% government funded; remainder funded from sources including industry fees and charges

Expenditure 2023-24 £274 million

Staff number 2023-24 (full-time equivalent) 2,944

About

Natural England advises the government on the natural environment. It aims to help conserve, enhance, and manage the natural environment for the benefit of present and future generations, contributing to sustainable development. It helps deliver the [Environmental Improvement Plan 2023](#), in particular objectives on climate change mitigation and adaptation, thriving marine and terrestrial wildlife and enhanced beauty, heritage and engagement with the natural environment.

What to look out for in 2024-25

Legislation introduced in 2024 requires developers to deliver a biodiversity net gain of 10% on new developments (delivering more or better-quality natural habitats than there were before). Developers can create biodiversity on-site, off-site or as a last resort, through statutory biodiversity credits that government will use to invest in habitat creation. Natural England is administering the statutory biodiversity credits scheme.



8 Increasing the sustainability, productivity and resilience of agriculture

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Following the UK's decision to leave the EU, the government has been developing a new approach to supporting farming in England. Defra describes this as “the biggest change in agricultural policy in half a century”. The Agricultural Transition Plan sets out the government's vision, which Defra is delivering through the Farming and Countryside Programme. Part of this is phasing out EU direct payments and replacing them with ‘agri-environment’ schemes that pay farmers for delivering environmental outcomes alongside food production.

NAO report: [The Farming and Countryside Programme](#) (July 2024)

We found that Defra has not provided a long-term view of how it expects the programme to develop, for example on the balance of funding between different schemes. Defra's iterative programme design approach allows the department to improve schemes over time, but makes it difficult for farmers to plan so that they can remain viable while continuing to produce food and achieving environmental objectives. To meet the programme's objectives, many farmers need to transform the way they farm. Defra expects the removal of direct payments to stimulate changes, but farmers are not positive about their future in farming. Gaps in Defra's data on environmental outcomes is limiting its ability to fully understand the impact on the environment or whether it is on track to achieve value for money.

Future challenges: It is uncertain whether all farmers can increase productivity sufficiently to compensate for the loss of direct payments. Farmers' uncertainty over how schemes will develop and Defra's caution over sharing information are undermining trust. Defra relies on outdated IT systems and has made limited progress on developing a new service.

Facts and figures presented in our report, The Farming and Countryside Programme (July 2024)

Agriculture sector

- Accounted for 0.6% (£13.9bn) of economy in 2022.
- Produced 62% of food we ate in 2023.
- 102,000 farm holdings in England.
- 292,400 people employed in farming.
- Farm holdings cover 70% of UK's land.
- Farming and Countryside Programme budget £12bn for 2020-21 to 2024-25.

Farmers

- In October 2023, 35% of farmers were very or somewhat confident in Defra's ability to deliver changes to schemes and regulations.
- In October 2023, 48% of farmers were not at all positive about their future in farming.
- 48% of farmers rated SFI as 8 out of 10 or better in 2023.
- Modelling indicates that 39% of farms may need to make productivity improvements to maintain viability from 2028 onwards.

Grant schemes and forecast expenditure for 2024-25

- Sustainable Farming Incentive (SFI) (£287mn) and Countryside Stewardship Mid Tier (£489mn) pay farmers for a range of actions to manage land in a more environment-friendly way.
- Countryside Stewardship Higher Tier (£131mn) pays farmers for a range of more complex, specialist and bespoke actions to look after and improve the environment.
- Landscape Recovery (£18mn) pays farmers to do long-term, large-scale projects.
- Productivity and advice grants (£348mn) are a range of grants to improve farmers' productivity.
- Direct payments (£815mn) pay farmers based on land area and are being phased out by 2028.

9 Improving the environment through thriving plants and terrestrial wildlife

Biodiversity Net Gain (BNG) is a way of creating and improving natural habitats and making sure that developments have a measurably positive impact (net gain) on biodiversity. Statutory BNG requires developers' planning applications to obey a hierarchy in which harm to habitats is avoided and minimised, and harm that does occur is compensated for. When on-site gains are not enough, developers can create off-site gains or purchase gains in a new private market for 'biodiversity units'.

Defra has overall responsibility for statutory BNG in England. Natural England administers aspects of statutory BNG on Defra's behalf, while local authorities consider new development proposals and enforce statutory BNG locally. The government expects the private sector to buy, sell and manage the habitats that provide biodiversity units.

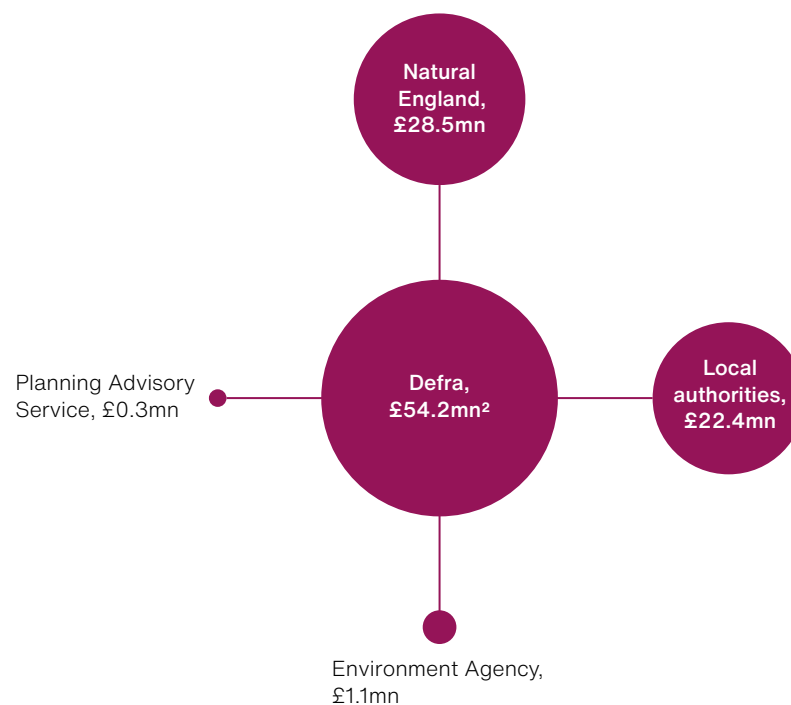
NAO report: *Implementing statutory biodiversity net gain* (May 2024)

We found that Defra worked quickly to develop statutory BNG, but in prioritising speed it accepted significant risks to effectiveness that it must now manage. Defra has a long way to go before it can be confident that damage to biodiversity through development will not be understated and that the benefits of biodiversity enhancements will actually be delivered. It is not clear whether Defra will have sufficiently granular data to assess progress, nor whether local authorities will be able to discharge their duties effectively.

Future challenges: Defra does not know how rapidly a market for biodiversity units can scale up, or whether it can satisfy demand. To achieve impact, Defra will ultimately rely on organisations outside central government over which it has limited influence.

Department for Environment, Food & Rural Affairs' (Defra's) spending on implementing statutory biodiversity net gain (BNG), 2021-22 to 2023-24

Defra spent more than £54 million implementing statutory BNG



Notes

- 1 Statutory BNG is an approach to development that leaves biodiversity in a measurably better state than before development took place.
- 2 Defra provided in total £52.3 million to Natural England, local authorities and other planning authorities, the Environment Agency and the Planning Advisory Service between 2021-22 and 2023-24 to implement statutory BNG. Defra also spent £1.9 million on related staff costs, which brings the spending figure to a total of £54.2 million.
- 3 Defra provided £28.5 million to Natural England to develop a public register of statutory BNG habitat improvement sites; develop a platform for selling statutory credits; establish a monitoring and evaluation framework; and for stakeholder engagement and communications.
- 4 Defra provided £22.4 million to local authorities and other planning authorities to prepare for statutory BNG (representing 89% of the total amount available to them).
- 5 Defra provided £1.1 million to the Environment Agency to provide advice to Defra and external stakeholders on specific habitat types relating to watercourses.
- 6 Defra provided £0.3 million to the Planning Advisory Service to liaise with and support local authorities with training and advice on statutory BNG.

Source: As presented in *Implementing statutory biodiversity net gain*, National Audit Office, May 2024

10 Reducing the likelihood and impact of flooding

The Environment Agency (EA) estimates that in 2022-23 approximately 5.7 million properties in England were at risk from flooding.

In July 2020, the government published its policy statement and risk management strategy on flood and coastal erosion. It also announced a £5.2 billion six-year capital investment programme for 2021–2027 which aimed to better protect 336,000 properties and reduce economic damage by £32 billion through building 2,000 new flood defences.²

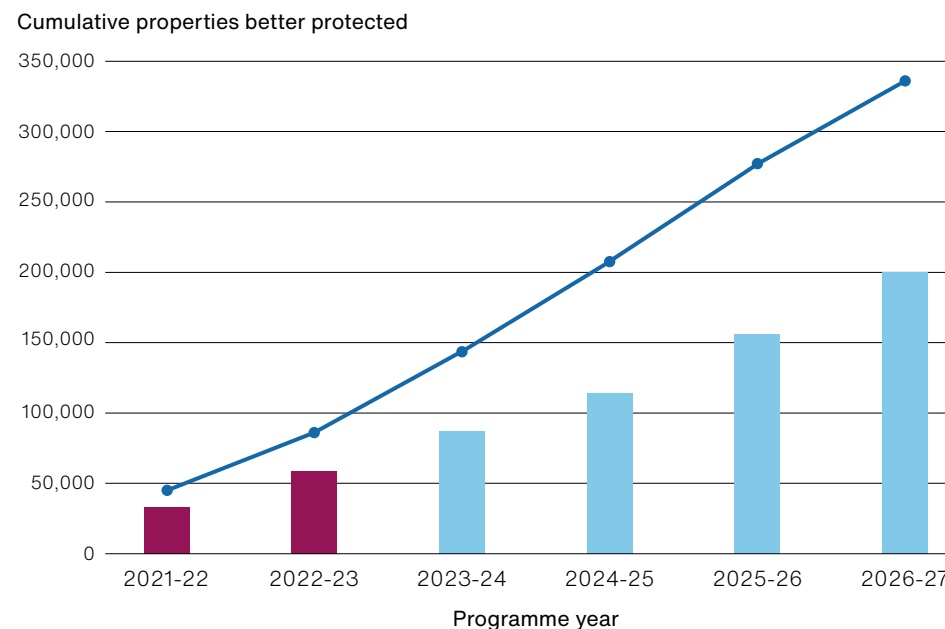
NAO report: [Resilience to flooding](#) (November 2023)

We found that the capital funding was forecast to protect far fewer properties by 2027 than intended, and EA's maintenance of assets is not optimising value for money. EA underspent by £310 million in the first two years of the capital programme and will need to spend at record levels in the remaining years to use the full £5.2 billion. There is a risk of value for money being eroded if projects are introduced or accelerated too quickly. More than 200,000 properties are at increased risk of flooding due to a £34 million shortfall in annual maintenance funding.

² A further £370 million of capital funding was announced in 2020 for innovative projects and to accelerate work on projects, taking the total capital funding to just under £5.6 billion.

Forecast for properties better protected in the 2021–27 capital programme

The Environment Agency's latest forecast for properties better protected is significantly lower than the original target set in July 2020



■ Current Environment Agency delivery (actual)	33,000	59,000				
■ Current Environment Agency forecast			87,000	114,000	156,000	200,000
● Original target (set in July 2020)	45,000	90,000	145,000	205,000	270,000	336,000

Note

¹ Data provided by the Environment Agency in October 2023.

Source: As presented in *Resilience to flooding*, National Audit Office, November 2023

Section 10:

Reducing the likelihood and impact of flooding *continued*

Future challenges: The government's vision for flood resilience stretches to 2100 and EA has some strategic objectives for 2050, but it has yet to set a target for the level of flood resilience it expects to achieve, and has not mapped out any solid plans beyond 2026 to bridge the gap between its shorter-term actions and longer-term objectives. Without these, it is difficult for the government to make informed decisions about its priorities, measure its progress or plan effective investment for the long term.

The C&AG has qualified his audit opinion on the department's accounts since 2019-20 because of insufficient evidence that the values of EA's operational assets were free from material misstatement. While this remains the case for 2023-24, the C&AG's report on accounts describes an improving picture, with:

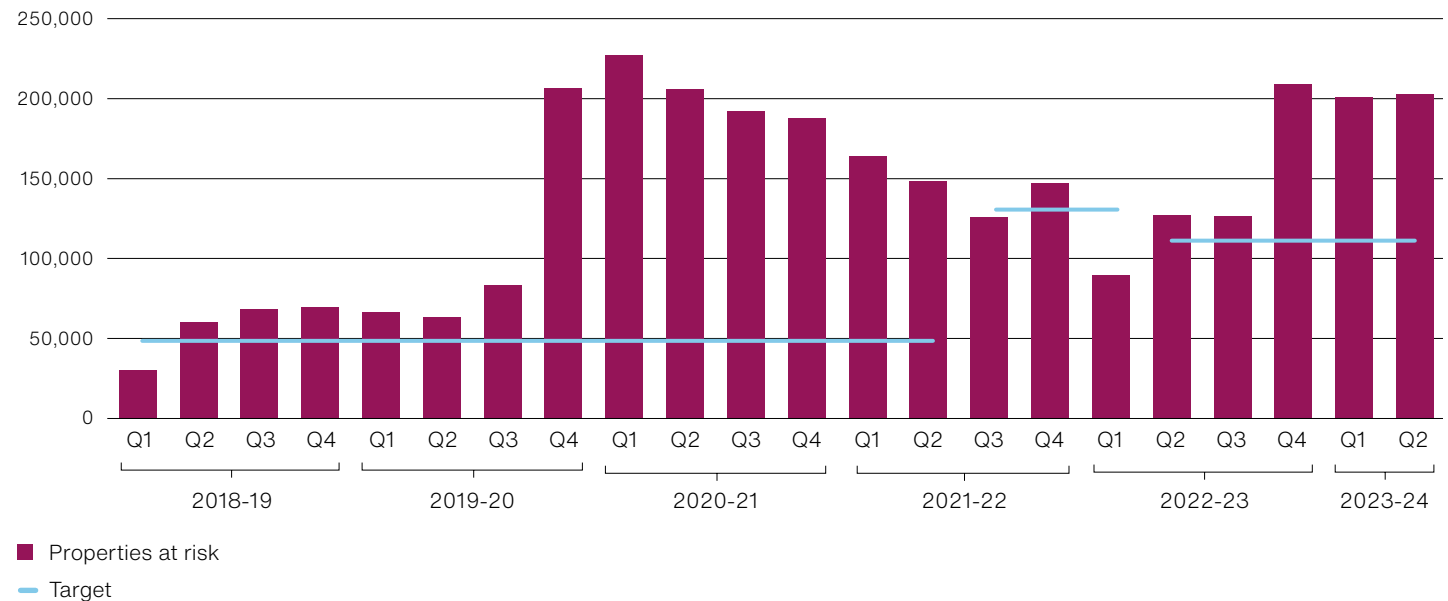
- the correct valuation basis (depreciated replacement cost) adopted from the start of 2023-24, reflecting the rebuild cost and actual condition of assets;
- two sources of qualification resolved, leaving only one relating to the source data driving EA's valuation of its operational assets; and
- Defra reporting progress towards an improved position for its data improvement project by 31 March 2025.

More information is available in the [C&AG's report on accounts](#) (page 183).

Number of properties at increased risk of flooding due to Environment Agency (EA) assets being below required condition

In Quarter 2 of 2023-24, more than 200,000 properties were at risk due to EA assets being below required condition

Number of properties at risk



Note

1 The target levels shown are EA internal operational targets and not reported externally.

Source: As presented in *Resilience to flooding*, National Audit Office, November 2023

11 Improving the environment through minimised waste

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In 2018, Defra published *Our Waste, Our Resources: A Strategy for England*, aimed at reducing waste through reuse, repair and remanufacture as well as recycling. In July 2023, Defra built on this by publishing its Waste Prevention programme, which aimed to set out how it will establish a circular economy approach by keeping goods in circulation for as long as possible and at their highest value. In October 2023, Defra introduced a ban on a range of single-use plastics in England and, in January 2024, it announced its intention to ban disposable vapes from 1 April 2025. Defra spent more than £130 million on resources and waste work over the four financial years 2019-20 to 2022-23, including on grants to other organisations.

NAO report: [*The government's resources and waste reforms for England*](#) (June 2023)

We found that the UK missed its 2020 recycling target after nearly a decade of stalled recycling rates, and that Defra does not know what it needs to do to achieve its ambitions over the long term. Our report highlighted the importance of outlining what policy interventions may be needed and when decisions will need to be made. We also noted that Defra's collection and packaging reforms – the main programme it has taken forward so far – have been delayed. These reforms aim to improve kerbside recycling and waste collections, reduce levels of packaging in the economy by requiring the producers of packaging to cover the costs of disposing of the waste, and introduce a deposit return scheme on plastic and metal drinks containers. We found that a lack of clarity has made it hard for businesses and local authorities to prepare for the changes they need to make.

Future challenges: Establishing a circular economy in which resources are used for longer before being disposed of is a major challenge, requiring significant change in behaviour from businesses and consumers. While greenhouse gas emissions from landfill have fallen, emissions from 'energy-from-waste' (processes designed to generate energy from waste materials) increased between 2013 and 2019. Future trends in emissions from energy-from-waste will depend on how successful Defra is in preventing plastic waste and increasing recycling rates, because burning plastic produces greenhouse gas emissions.

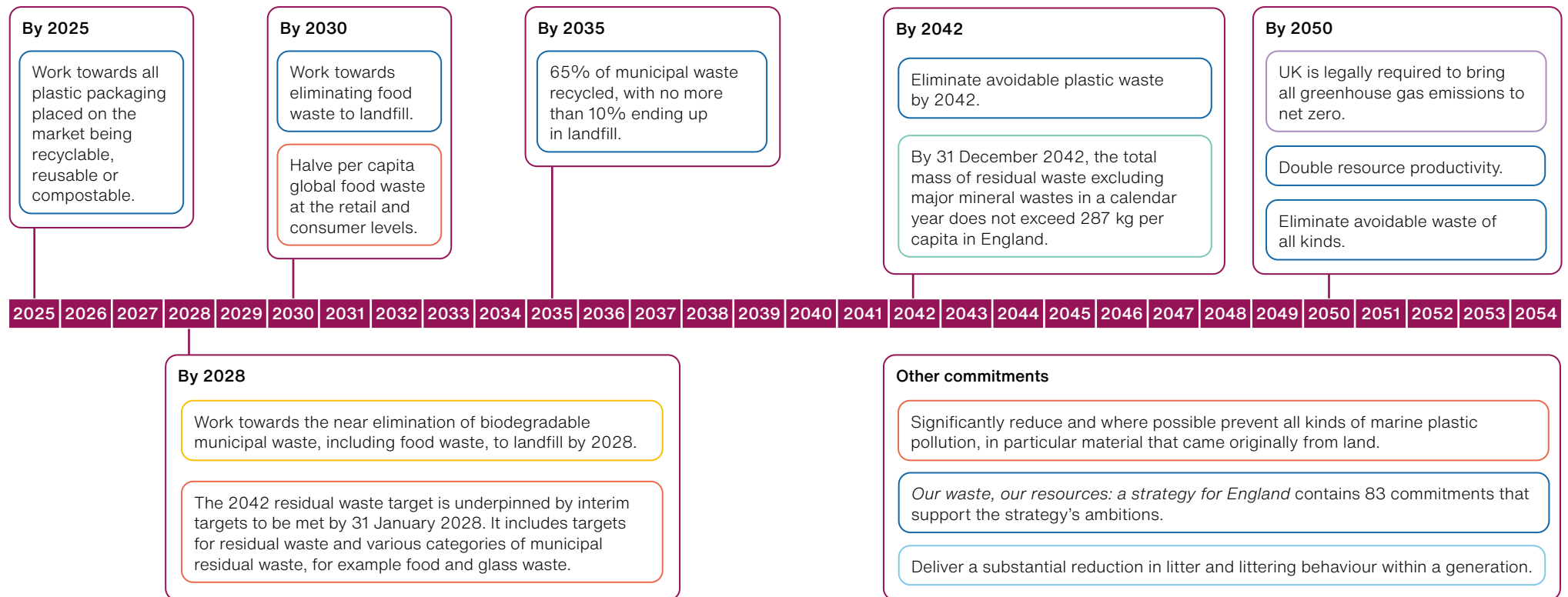


Section 11:

Improving the environment through minimised waste *continued*

Government ambitions and targets for resources and waste between 2025 and 2050

The Government's objectives for its work on resources and waste have grown over time



These targets are derived from:

- 2017 Litter strategy for England
- 2018 *Our waste, our resources: a strategy for England*
- 2021 Net Zero strategy
- 2023 Environment Improvement Plan
- Environment Act 2021
- Climate Change Act 2008 (2050 Target Amendment)

Note

1 This gives an overview of government's main strategic ambitions.

12 Raising animal welfare standards and enhancing biosecurity

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Animal diseases have major impacts on farms, on rural communities and on the UK food industry and trade. Defra leads government policy on animal health in England. The Animal & Plant Health Agency (APHA) is responsible for the delivery of Defra's policy objectives in this area. It aims to investigate and respond quickly to emerging animal disease outbreaks, as well as undertaking long-term research into animal diseases. Animal health resilience also depends on controls at the UK border to prevent disease outbreaks.

NAO report: [*Improving the UK's science capability for managing animal diseases*](#) (June 2022)

APHA's Weybridge site houses the UK's primary science capability for managing threats from animal diseases, and is the only facility equipped to deal with most zoonotic diseases that can transfer to humans. We found that Defra has allowed the Weybridge site to deteriorate to a state where some of the facilities are no longer fit for purpose: core facilities have broken down and buildings are unfit to be used. Defra has under-invested in Weybridge, and the short-term 'patch and repair' approach is not sustainable. The condition and capacity of the buildings negatively affect APHA's work. The level of under-investment and poor strategic management has greatly increased the risk and complexity of the redevelopment programme, potentially limiting APHA's ability to respond to a major disease outbreak.

NAO report: [*The UK border: Implementing an effective trade border*](#) (May 2024)

We found that the UK's biosecurity risk has increased because of the phased approach to introducing full import controls. APHA has been checking high-risk goods at their destination, but not at the border where the goods enter the UK. APHA has not been able to do all the required checks, because of the geographical spread of locations.

Future challenges: The animal health monitoring programme received £1.2 billion funding in March 2020 from HM Treasury, but more recent estimates indicate that the programme now requires £2.8 billion a year. We recommended that Defra improves how it estimates the costs and schedule of the animal health monitoring programme, as well as the benefits that the programme can realise. We also recommended that Defra review whether the new model for sanitary and phytosanitary border controls provides an appropriate balance between animal health resilience, biosecurity and trade flow, and make any appropriate revisions. As Defra starts to collect better data on imports it should use these, together with cost estimates of animal and plant disease outbreaks and feedback from external stakeholders, to undertake a wholesale assessment of its border operating model.

We plan to publish a report in 2025 on [*resilience to animal disease*](#). This will examine the extent to which Defra, working with other public and private organisations, is taking effective action to ensure England is resilient to animal disease, including its ability to respond to outbreaks.



13 Increasing carbon storage to help deliver net zero

Currently, 10% of England is covered by woodland and a significant increase in tree planting is needed to help achieve the government’s net zero target. Defra has set an ambition to at least treble woodland planting rates by March 2025, aiming to increase woodland coverage to 12% of England by 2050 and that 16.5% of all land in England is covered by woodland and trees outside woodland. In March 2020, HM Treasury allocated more than £500 million for the five years from 2020-21 to 2024-25 to fund trees and woodland, and a further £124 million in October 2021 to cover trees and peat.

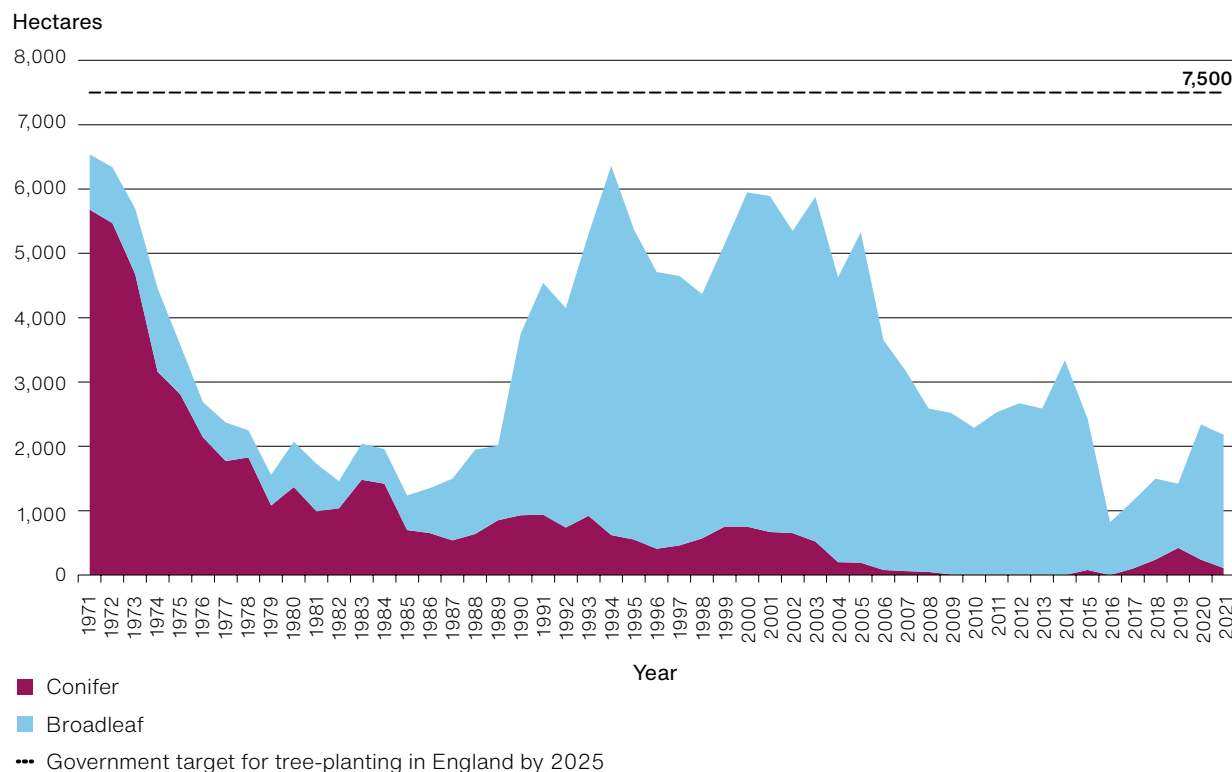
NAO report: *Planting Trees in England* (March 2022)

We found that Defra worked quickly under challenging circumstances to launch seven new grant schemes and partnerships. However, moving at such a pace left gaps, such as not having a monitoring and evaluation framework in place until after the first planting season. Despite Defra’s efforts, the 2025 target looks to be challenging, and unless it manages the programme with the long-term picture in mind Defra is unlikely to achieve value for money.

Future challenges: We found that to achieve its ambitious target, Defra needs to increase and sustain the interest of landowners and other government bodies, ensure there are sufficient skills on the ground to support tree planting and expand the supply of saplings. We recommended that Defra establish how the tree planting programme can be effectively integrated into the new Environmental Land Management schemes introduced as part of the Agricultural Transition Plan following EU Exit.

Historic tree-planting rates in England, 1971–2021

In recent decades, tree-planting rates in England have never reached 7,500 hectares per year, the Department for Environment, Food & Rural Affairs’ target for 2024-25



Notes

- 1 The figures are for tree-planting in the financial year to March each year.
- 2 Figures for 2021 are provisional.

Source: As presented in *Planting Trees in England*, National Audit Office, March 2022

14 Ensuring clean and plentiful water

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Water shortages are an impending risk for the UK, with parts of the country already facing significant risk from drought. The quality and cleanliness of the UK's waterways has also become an increasingly high-profile topic in recent years.

We plan to publish a report in 2025 on [regulation in the water sector](#). The report is intended to cover whether government and regulators are clear about what outcomes the water industry needs to achieve and the investment needed to achieve them; whether regulation is successfully incentivising investment and meeting desired outcomes and targets; and whether regulators can respond to the current investment challenges.

NAO report: [Water supply and demand management](#) (June 2020)

Our 2020 report found that the government is not yet able to reliably forecast total water demand, as plans only cover public water supply. Reducing demand is essential to prevent water shortages, but Defra has left it to water companies to promote the need to reduce household water consumption, which continues to increase. Water companies' long-term progress on tackling leaks and reducing consumption has stalled over the past five years, and companies have found it difficult to determine what level of infrastructure investment the government will deem acceptable.

Future challenges: If more concerted action is not taken now, parts of the south and south-east of England will run out of water in the next 20 years. Defra must make sure its new national framework (and Ofwat's new funding for companies to develop strategic solutions) produce the collaboration and action now needed from water companies.

Proportion of the year when water could be taken sustainably from the environment in England in 2019

Water resource availability is lowest in the east and south-east of England. Additional resources are available less than 30% of the time in many parts of the country

Water resource availability (Percentage of time)

- less than 30%
- 30% – 50%
- 50% – 70%
- 70% – 95%
- greater than 95%
- not assessed

Notes

- 1 Water resources availability is considered for consumptive abstraction.
- 2 Availability is the percentage of days during the year additional water resources can be taken sustainably from the environment.

Source: As presented in [Water supply and demand management](#), National Audit Office, June 2022

15 What to look out for

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Planning and housebuilding

Changes to the planning framework, new infrastructure commitments and the government's commitment to build 1.5 million new homes by the end of this Parliament may bring challenges to Defra's aims to protect the natural environment. The impact of new homes and infrastructure on the environment will depend on the specific changes to the planning framework. The success of specific policies – like biodiversity net gain and nutrient neutrality – may come under pressure with increased construction.

Spending controls and review of Environmental Improvement Plan

The government has announced plans to tighten spending controls across departments, due to a tight fiscal environment. In the October 2024 budget, Defra received a 12.6% increase in real terms in its capital funding but a 1.9% decrease in its day-to-day resource budget.

The government has also announced potential reviews of some major projects, and of Defra's Environmental Improvement Plan. Changes to funding or the scope of major programmes could affect Defra projects if the natural environment is not prioritised in future Spending Reviews.

Private finance

The government has announced an intention to raise private finance to help fund infrastructure projects. Defra is one of the departments participating in the UK's Green Financing programme, which aims to raise private investment to fund green expenditure that tackle climate change, rebuild natural ecosystems and support jobs in green sectors. We have previously reported on difficulties that Defra and the Environment Agency have experienced in attracting private finance for projects such as flood defences and tree planting.

Project management and delivery capability

We have previously reported on how Defra has struggled to develop the delivery capability it needs, including in managing major projects. Defra also relies on the work of local authorities for successful delivery of some its priorities, but many local authorities have limited expertise in environmental issues.



16 More information about our work on the department

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[Tackling local breaches of air quality](#)

June 2022

Poor air quality continues to cause damage to people's health and the natural environment. This report examined progress in tackling local breaches of nitrogen dioxide alongside improving air quality more broadly.

We found that while government has made progress in addressing air quality breaches, this has not been as fast as expected. It has been slow to tackle the challenges on major roads and motorways. Government is not yet clear how it will meet 2030 targets.

[Modernising Defra's ageing digital services](#)

December 2022

Many of Defra's digital services are based on ageing IT systems and infrastructure. This report examined whether Defra is addressing its legacy challenge effectively.

We found that Defra's out-of-date systems and services create high risks of operational failure and cyber-attack, inconvenience for service users, and additional staff and maintenance costs. Defra is beginning to make progress, but to get real value from its endeavours it needs to start the process of genuine digital transformation and modernisation.

[Regulating to achieve environmental outcomes](#)

April 2023

The government wants this to be the first generation to leave the natural environment of England in a better state than it inherited. In 2022 it published binding statutory targets in four priority areas: air quality; water; biodiversity; and resource efficiency and waste reduction, which came into force in January 2023. This report examines whether Defra and its arm's-length bodies are using regulation effectively to achieve its environment objectives.

We found there were serious weaknesses in the regulatory frameworks, and that Defra must take swift and effective action to address them, to give itself the best chance of achieving its objectives.

[Achieving environmental improvement and responding to climate change: enablers for success](#)

October 2024

Achieving the government's legislative climate change and environmental targets requires sustained and coherent action over successive parliaments, and substantial progress over the next five years. The leadership role of lead departments (Defra and the Department for Energy, Security & Net Zero) is critical. The scale and complexity of the challenge means that the government's approach to leadership needs continued focus and attention. This should include building its approach to culture, strategic direction and integration.