



Department
for Environment
Food & Rural Affairs

The Rt Hon George Eustice MP
Secretary of State for Environment,
Food and Rural Affairs

Seacole Building
2 Marsham Street
London
SW1P 4DF

T 03459 335577
defra.helpline@defra.gov.uk
www.gov.uk/defra

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Dear Dame Glenys

Budget of the Office for Environmental Protection

I am writing to confirm the budget for the Office for Environmental Protection (OEP) for the financial year 2022/23 and an indicative budget for five years. This will be protected by Defra within this spending review period. This will ensure the OEP has sufficient funds to carry out its statutory functions in England and gives greater certainty to the OEP over its long-term finances with which to plan its activities.

Following Defra's internal assurance of the budget allocation, the OEP will receive:

- In 2022/23: a ring-fenced baseline budget of £7,108,583, and additional funding of £4,364,366, totalling £11,472,949
- In 2023/24: a ring-fenced baseline budget of £7,250,755
- In 2024/25: a ring-fenced baseline budget of £7,395,770

The indicative baseline budget for 2025/26 is £7,543,685 and for 2026/27 is £7,694,559.

The total funding of £11.47M for the upcoming financial year includes an additional £4.36M to support the OEP's establishment costs. The 2022/23 baseline budget of £7.11M to cover ongoing operational costs and the exercise of the OEP's statutory functions will increase year on year allowing for inflation, forming the five-year indicative budget.

I wanted to reiterate that the OEP's baseline budget is ring fenced for the duration of the spending review period and the OEP will not be subject to savings. As with the use of any public funds, we expect the OEP to manage its budget with a high standard of probity, declare in-year underspends and return any unspent funds to the department.

Should the OEP be asked to undertake additional duties which increase the cost of undertaking its functions, we will ensure supplementary funding is available so that the OEP's funding overall remains sufficient. Further, should the OEP identify additional needs in 2022/23 or future years it will be able to bid for supplementary funds through a bespoke budget allocation process.

Defra will also conduct a review within 18 months of the OEP being set-up in line with Cabinet Office guidance regarding new arm's length bodies. This will provide an early assessment of the effectiveness and long-term resource requirements of the body.

I note that the Northern Ireland contribution to the OEP's budget, reflecting the additional cost of the OEP's functions in Northern Ireland, is subject to ongoing discussion and will be confirmed in due course.

I am copying this letter to the Secretary of State for Northern Ireland, and the chairs of the Environmental Audit Committee and the Environmental, Food, and Rural Affairs Select Committee. I will also look to communicate the arrangements set out in this letter in a Written Ministerial Statement in due course.



RT HON GEORGE EUSTICE MP