



House of Commons  
Environment, Food and Rural  
Affairs Committee

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# The Departmental Annual Report 2004

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**Fifteenth Report of Session  
2003–2004**

*Report, together with formal minutes and oral  
evidence*

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## Environment, Food and Rural Affairs Committee

The Environment, Food and Rural Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Environment, Food and Rural Affairs and its associated bodies.

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### Committee staff

The current staff of the Committee are Fiona McLean (Acting Clerk), Dr Kate Trumper and Jonathan Little (Committee Specialists), Andy Boyd and Louise Combs (Committee Assistants), and Anne Woolhouse (Secretary).

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## Summary

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In this inquiry we have taken an overview of the performance of the Department for Environment, Food and Rural Affairs (Defra), as reviewed in Defra's Departmental Report 2004. Our report is part of a sequence of reports into Defra's annual Departmental Reports.

Overall the Department has made progress in the past year. Although there is more to do, the efforts of senior managers, led by the permanent secretary, to bring the constituent parts of the Department together into a coherent whole appear to be bearing fruit. Certainly there is no longer an air of crisis about the Department, and it appears now to be becoming more self-confident.

However, we are still concerned about Defra's ability to influence other 'actors' across Government. In two key areas the Department relies primarily on others to deliver meaningful results: in taking account of rural needs and in sustainability. Although other departments pay lip service to the priorities of sustainable development, we believe that in the big decisions—over fuel duties and aviation policy—Defra is not able to hold sway. This is a very significant failing.

In this report we also examine Defra's performance against its public service agreement targets. In a number of cases performance has slipped, or seems likely to slip in the future. We will return to many of the areas of concern in future inquiries. A recurring theme, though, is that in situations where there is slippage against targets we urge the Department not to be tempted to lower the target to a more achievable level.



# 1 Introduction

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1. The Modernisation Committee and the Liaison Committee have said that one of the core tasks of select committees is to scrutinise the expenditure of government departments and to monitor performance against public service agreement (PSA) targets.<sup>1</sup> The Environment, Food and Rural Affairs Committee carries out the task in two ways: through a number of our inquiries into particular aspects of the work of the Department for Environment, Food and Rural Affairs (Defra); and by carrying out each year a short inquiry into the annual Departmental Report.<sup>2</sup>

2. Defra published its Departmental Report 2004 on 29 April 2004.<sup>3</sup> Sir Brian Bender KCB, permanent secretary at the Department, accompanied by its finance director and its director of communications, gave oral evidence to us on 16 June 2004. In addition the Department provided us with written evidence both before and after the oral evidence session. The evidence we received is published along with this Report.

## 2 Presentation of the Departmental Report

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3. As we have previously reported, Defra's Departmental Report 2002 was unsatisfactory. The equivalent publication in 2003 was better, eschewing much of the vague, aspirational prose of the previous year in favour of more concrete analysis of the Department's performance. It also contained many fewer errors.<sup>4</sup> This year has continued in the same vein as 2003, and is in some ways improved. In particular, we commented last year on the absence of a consistent 'voice' through the report: this year, we judge that on the whole it is better, and more evenly, drafted.

4. However, we remain dissatisfied with the way in which the report deals with performance against the Department's PSA targets. Chapter 2 sets out at length the various activities and achievements of the Department. Dotted through the text are descriptions of the Department's PSA targets, followed by sections on 'funding', 'performance' and 'factors affecting performance'.<sup>5</sup> Whilst this text is useful it is not always immediately apparent what performance has in fact been, and whether the Department is on course to meet the target or has slipped off course: that assessment is made clear only in the appendices to the report.<sup>6</sup> **Although the Departmental Report is more helpful now in seeking to provide a commentary about performance against Defra's objectives, and in identifying key**

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<sup>1</sup> Liaison Committee, Second Report of Session 2001–02, *Select Committees: modernisation proposals*, HC 692, para 16; Modernisation Committee, First Report of Session 2001–02, *Select Committees*, HC 224-I

<sup>2</sup> Environment, Food and Rural Affairs Committee, Sixth Report of 2001–02, *Departmental Annual Report 2002*, HC 969 and Twelfth Report of 2002–03, *The Departmental Annual Report 2003*, HC 832

<sup>3</sup> Cmd 6219; see also "Defra publishes 2004 Departmental Report", Defra press release 167/04, 29 April 2004

<sup>4</sup> HC (2002–03) 832, paras 3–4

<sup>5</sup> For example, the section on sustainable farming and food, *Departmental Report 2004*, pp 99, 100, and 105

<sup>6</sup> *Departmental Report 2004*, pp 245 ff, particularly appendix 4, pp 256 ff

relevant financial data, further improvement is needed. We recommend that the Department in future make clear exactly how it has performed against each target as part of its main commentary, using the clear assessment currently relegated to an appendix.

5. Our other comment about the presentation of the report is that it seems to be growing. In 2002 it was 90 pages in length, including a section on the Office of Water Services (Ofwat). In 2003 the report was 188 pages, without including information about Ofwat. This year it is 380 pages in length. **Whilst we applaud the Department's efforts to provide additional information to its stakeholders, it must strike a balance between comprehensiveness on the one hand and accessibility and readability on the other. Defra should be as concise as possible in the Departmental Report: this year the Report is more than long enough.**

### 3 Financial management

6. We have previously commented on the fact that the Comptroller and Auditor General highlighted areas of weakness in the 2001–02 Defra resource account.<sup>7</sup> There were then concerns about the systems of budgetary control in the Department, and the National Audit Office believed that weaknesses in such control had led to a significant underspend in 2001–02. In the past two years Defra has worked hard to improve its financial management practices. In further evidence the Department told us about new systems and training it had put in place. It agreed, however, that it needed to go further.<sup>8</sup> **We are convinced that financial management in Defra has improved immeasurably in the past two years. We support the efforts of senior staff to improve the situation still further.**

7. We were, though, surprised by some of the figures presented in the Departmental Report 2004. In particular, figures given in the report for total public spending for the years 1998–99 to 2001–02 differed from the equivalent figures in the Departmental Report 2003.

**Table 1: Figures for 'Total Public Spending' given in 2003 and 2004 Departmental Reports<sup>9</sup>**

Outturn expenditure, £m	1998–99	1999–2000	2000–01	2001–02
<b>Departmental Report 2003</b>	4,295	4,365	6,245	4,545
<b>Departmental Report 2004</b>	4,288	4,397	6,275	4,664

There are also differences between the estimated outturn expenditure for 2002–03 reported in the Departmental Report 2003 and the actual outturn reported in this year's report. For example, the 2003 report estimated the outturn on the total resource budget for 2002–03 at £4,392 million but the actual outturn was £4,021 million.<sup>10</sup>

<sup>7</sup> HC (2002-03) 832, para 7

<sup>8</sup> Ev 34, para 2

<sup>9</sup> *Departmental Report 2003*, table 1, p 112; *Departmental Report 2004*, table 1, p 233

<sup>10</sup> *Departmental Report 2003*, table 1, p 112; *Departmental Report 2004*, table 1, p 233

8. We asked Defra to explain why these differences had arisen. The Department said that it had improved its “prior year information”. In doing so, inaccuracies in merging expenditure before 2001 by the former MAFF Intervention Board and Department of the Environment, Transport and the Regions had been corrected. Moreover, estimates for outturn expenditure in the 2003 report were best estimates at the time, and actual outturn figures showed “underspends against budget that were not forecast at the time of preparing the tables for the 2003 Departmental Report”.<sup>11</sup> **We welcome the Department’s efforts to update and improve its financial records, to provide a more accurate picture of its historic spending. Doing so reflects well on financial management in Defra.**

## 4 Managing Defra

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### Integrating Defra

9. The formation of Defra after the 2001 general election resulted from an “unplanned merger” of several parts of Government,<sup>12</sup> principally the former MAFF and part of the Department of the Environment.<sup>13</sup> One of our consistent concerns has been to monitor the progress of the Department towards becoming a single, integrated organisation.<sup>14</sup> It was a matter we again raised with the permanent secretary when he gave evidence.

10. Sir Brian commented at length on progress made, telling us that “we are doing pretty well considering the circumstances of the creation of the Department ... three years on, I really do think we have come a long way”.<sup>15</sup> He said that more and more work in the Department was “done on a cross-functional basis crossing the silo organisational boundaries on a programme and project management basis”.<sup>16</sup> Examples given were of the sustainable farming and food strategy and work on diffuse water pollution. Another illustration of change was movements amongst staff between the parts of the organisation: at management board level, Sir Brian was the only survivor from the time the Department was set up; at senior civil service level more than half of staff had been appointed to their posts since 2001; and 15 out of 27 directors were new appointments. Sir Brian told us that “there is quite a lot of deliberate churn to try and freshen things up”.<sup>17</sup>

11. The permanent secretary also said that a measure of the success of his strategy to integrate the Department “is whether the purpose of the organisation is becoming increasingly clear ... we have done quite a lot of work on our clarity of purpose”.<sup>18</sup> The inquiries we conduct, and our experience of Defra’s staff and its stakeholders, lead us to the conclusion that, notwithstanding the efforts made, there is some way to go before the

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<sup>11</sup> Ev 34, para 2

<sup>12</sup> Q1

<sup>13</sup> Later the Department of the Environment, Transport and the Regions

<sup>14</sup> Environment, Food and Rural Affairs Committee, Tenth Report of 2001–02, *The Role of Defra*, HC 991; HC (2001-02) 969; HC (2002-03) 832

<sup>15</sup> Q1

<sup>16</sup> Q1

<sup>17</sup> Q1

<sup>18</sup> Q1

overarching aims, purpose and ethos of Defra are widely understood. **We welcome the steps taken by senior managers to encourage integration in the Department. We agree, though, that there is still much further to go; we encourage Defra, in responding to this report, to set out how further integration will be achieved against the backdrop of departmental staff cuts and its response to Lords Haskins' rural delivery review.**

12. The Departmental Report cites one mechanism used to encourage integration and greater homogeneity. In 2003 the Department launched a 'one-stop shop' pilot project to provide "practical support, guidance and assistance to policy divisions".<sup>19</sup> The project team helps to appraise policies, and highlights their "potentially conflicting impacts". The report says that the pilot project has "provided a useful challenge function and contributed to greater joining-up in policy making by linking different policy areas across Defra".<sup>20</sup> In evidence the Department told us that the project team had provided advice to 45 policy teams in 28 divisions, screening policies for their "wider social, environmental and economic impacts".<sup>21</sup> The permanent secretary told us that the project had provided a service valued by policy makers.<sup>22</sup>

13. Although the one-stop shop pilot project is not due to report until the autumn, it is apparent that senior managers already view it as a success. **We welcome the one-stop shop project as a way to help to ensure that all parts of Defra have regard to the Department's core values and objectives in policy making. We recommend that the project be adopted permanently by Defra: it should serve to encourage integration and coherence in Departmental policies.**

### Working across Government

14. Much of Defra's work requires the co-operation of other government departments and agencies. The Department itself acknowledges that "to deliver the Department's agenda, it is essential that we work collaboratively and across organisational boundaries",<sup>23</sup> and it says that it is building relationships "of indirect sponsorship, partnership and influence".<sup>24</sup> Thus it is appropriate that the Departmental Report should describe the work Defra does in conjunction with other departments. Last year we criticised the Departmental Report for not including enough such information; this year's report is better. **We commend the Department for acting on our recommendation that the Departmental Report should include more information about the delivery of policies across Government. However, we recommend that future reports include clearer descriptions of the lines of accountability when matters are dealt with by a range of departments and agencies. For example, when public service agreement targets are shared between Defra and other government departments it would be sensible if the Departmental Report explained exactly what the contribution of each has been, and what difference it has made for the target to be shared.**

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<sup>19</sup> *Departmental Report 2004*, p 29

<sup>20</sup> *Departmental Report 2004*, p 29

<sup>21</sup> Ev 28, para 1(ii)

<sup>22</sup> Q18

<sup>23</sup> *Departmental Report 2004*, p 15

<sup>24</sup> *Departmental Report 2004*, p 17

15. One section of the Departmental Report is entitled 'Embedding sustainable development across government'. It says that "Defra is working with other departments to integrate sustainable development into decision making, to improve performance of the government estate and to promote understanding of sustainable development across government. There is abundant evidence that this is working".<sup>25</sup> The report cites the adoption of sustainable development strategies by the Departments for Work and Pensions, Education and Skills and Culture, Media and Sport. It also claims some success in dealing with the Treasury.

16. There is, though, evidence that policies promoted by other departments in fact conflict with the aims of Defra. For example, on 4 June 2004 both the Prime Minister and the Chancellor indicated that the increase in petrol duty of 2 pence per litre planned for September would be kept under review, prompting the Minister for Environment and Agri-Environment, Elliot Morley MP, to observe that "we should not lose sight of the object of sustainability and the wise use of finite resources" at the same time as praising the Chancellor's "sensible and pragmatic" decision.<sup>26</sup> On another issue the Environmental Audit Committee recently warned that the aviation white paper:

... actively promotes a huge growth in air travel over the next 30 years. The environmental impact of this—in particular in terms of emissions and the contribution of aviation to global warming—will be massive. The Department for Transport has failed to recognise this adequately or to accept the disparity between its policy on aviation and the major commitments the Government has given to reduce carbon emissions and develop a sustainable consumption strategy.<sup>27</sup>

17. We used these examples to challenge the permanent secretary about how effective Defra has really been in "embedding sustainable development across government". He told us that "there are a number of areas where we feel we have made a significant impact".<sup>28</sup> He cited work following up the world summit on sustainable development, and with the Department of Health "on health inequalities and public work".<sup>29</sup> The permanent secretary also said that "the Treasury has been constructive in using other economic instruments to deal with environmental issues", giving as examples the landfill tax and the emissions trading scheme.<sup>30</sup> Finally, he said that "one of the cross-cutting themes" of the forthcoming spending review "should be and is sustainable development", and he looked forward to "seeing how that is reflected in the end game".<sup>31</sup>

18. Notwithstanding these comments, **we remain concerned that Defra does not yet have sufficient 'clout' to be taken seriously by other government departments in framing their key policy decisions.** This lack of clout is evidenced by the outcome of the recent spending review, which saw Defra's budget rise by only 1.2% per year, as against an average

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<sup>25</sup> *Departmental Report 2004*, p 29

<sup>26</sup> "Planned fuel protests—'simplistic knee jerk reaction is not the answer,' says Environment Minister Elliot Morley", Defra press release 214/04, 4 June 2004

<sup>27</sup> Environmental Audit Committee, Seventh Report of 2003–04, *Aviation: Sustainability and the Government Response*, HC 233-I, p 7

<sup>28</sup> Q45

<sup>29</sup> Q45

<sup>30</sup> Q47

<sup>31</sup> Q47

of 2.3% across the rest of Government, excluding the Department of Health and the Department for Education and Skills, which saw increases of 7.1% and 5.2% respectively.<sup>32</sup> **We urge the Department to continue to work to increase its influence across Whitehall. We recommend that future Departmental Reports record failures as well as successes in working with other parts of Government.** We make a further recommendation about this point below.

19. One way in which the Department is seeking to increase its influence and embed its aims across Government is through a programme of secondments from Defra and its agencies to other parts of Government, and vice versa. The permanent secretary told us that 173 staff below senior civil service (SCS) grade were either seconded into or out of Defra, and at SCS level 30 had been seconded out and 10 were seconded in.<sup>33</sup> In addition, agreement had been reached with the Department of Trade and Industry to arrange “strategic secondments between the departments”.<sup>34</sup> Defra also planned more “short-time shadowing”.<sup>35</sup> Sir Brian agreed that “you can influence and learn about other organisations by working in them”.<sup>36</sup> **We strongly support the efforts made to encourage secondments between Defra and other government departments. We look forward to more details in future Departmental Reports about these activities.**

### Working to get Defra’s message across

20. One section of the Departmental Report is devoted to communications.<sup>37</sup> The report says that “during 2003-04, Defra has worked towards embedding a more strategic approach to communications by all in the Department enabling better communication of Defra’s work to its wide range of external audiences”.<sup>38</sup> In evidence the director of communications gave us examples of communication activity. He said that the Department is planning to mount a publicity campaign about waste:

The public awareness campaign will consist of two interlocking initiatives. On the local side the ‘how to’ of waste minimisation will be aimed at local authorities and their communities, which we will roll out later this year. The national campaign will be the ‘why’ of waste minimisation. We have already assigned a budget for the national campaign that covers television advertising, the press and awareness-raising events.<sup>39</sup>

21. On climate change, the permanent secretary said that the Department had spent “about £13 million on climate-related communications, mainly looking at areas like energy efficiency and renewables”.<sup>40</sup> The Department was also looking to affect the national curriculum in science and geography, and was working with a number of agencies “on

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<sup>32</sup> HC Deb, 12 July 2004, col 1135; “The Cabinet winners and losers count the cost of Brown’s sums”, *The Times*, 13 July 2004

<sup>33</sup> Q58

<sup>34</sup> Q58

<sup>35</sup> Q58

<sup>36</sup> Q58

<sup>37</sup> *Departmental Report 2004*, pp 220–221

<sup>38</sup> *ibid.*

<sup>39</sup> Q74

<sup>40</sup> Q76

public attitudes towards climate change in the period ahead”.<sup>41</sup> He agreed, though, that more could be done. **The achievement of many of the goals of Defra, such as the promotion of recycling and reuse, and reductions in greenhouse gas emissions, require changes in public attitudes and behaviour. We recommend that the Department redirect its communication activities so that its primary focus is on conveying the message of sustainability to the public.**

## Staffing

### *Senior appointments*

22. The Liaison Committee has said that one of the core tasks of all select committees should be to keep abreast of major appointments made by government departments. It is a matter we raised in our Annual Report 2002,<sup>42</sup> and again in our Annual Report 2003, where we recommended that Defra put in place procedures “to inform us in advance of all major appointments pending and/or made”.<sup>43</sup> When we interviewed the permanent secretary, the Government reply to our Annual Report had not yet been received. We therefore asked what progress had been made in responding to our recommendation. Sir Brian told us that “advice on how to respond to this is currently with ministers”.<sup>44</sup>

23. It was apparent from the answers given that there was a degree of confusion about our original recommendation.<sup>45</sup> We therefore offer clarification. **We wish to be informed of major appointments made by Defra, including at the level of director general or above within the Department, and at senior levels in its associated public bodies. We ask only to be informed of vacancies, and of appointments made. Our aim is not to approve or reject candidates. Indeed we may not take evidence from many of them. But we do at least wish to know about appointments so that we can consider whether to take evidence from senior figures at an early stage about their responsibilities and their plans. We recommend that Defra put in place arrangements without delay to provide us with this information.**

### *Diversity*

24. In our last report on the Departmental Report we discussed the issue of staff diversity. We noted that Defra had set itself targets for the recruitment and retention of female employees, staff from ethnic minority backgrounds and those with disabilities.<sup>46</sup> The Departmental Report 2004 makes clear that Defra has improved its performance in this area, doing well against its targets in each case, as the table below illustrates. However, the table also shows that the targets have proved challenging in relation to the senior civil service (SCS) and grade 6 staff.

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<sup>41</sup> Q76

<sup>42</sup> Environment, Food and Rural Affairs Committee, Second Report of 2002–03, *Annual Report of the Committee 2002*, HC 269, para 10

<sup>43</sup> Environment, Food and Rural Affairs Committee, Second Report of 2003–04, *The Annual Report of the Committee 2003*, HC 225, para 15

<sup>44</sup> Q32

<sup>45</sup> Q31 ff

<sup>46</sup> HC (2002-03) 832, para 14

Table 2: Diversity of staff in Defra

	Target (% by 2005)	Range of outturns in grades below 6 (% by 2004)	Outturn for grade 6 (% by 2004)	Outturn for SCS staff (% by 2004)
Female staff	30	30–60	24	23
Staff from ethnic minority backgrounds	4	3–14	1	3
Staff with disabilities	3	4–12	5	1

25. Defra subsequently told us that by June 2004 the proportion of women in SCS grades had risen to 27%.<sup>47</sup> Nevertheless in his evidence the permanent secretary conceded that the targets set were “challenging”.<sup>48</sup> He pointed out that a number of support networks had been set up for “under-represented groups”, and that Defra had a “diversity and equality action plan” which addressed problems of recruitment and progression.<sup>49</sup> The permanent secretary had chaired a workshop about diversity in February 2004.<sup>50</sup> Also in hand was a programme put forward by the Cabinet Office called “elevated partnership ... a mentoring programme for middle management women”,<sup>51</sup> which would be introduced in September 2004.<sup>52</sup> **We commend the Department, and the permanent secretary in particular, for the efforts made to promote diversity in the staff of Defra. Given the success it has had in the other grades we recommend that the Department now focus particularly on improving the diversity of staff in senior grades.**

26. The Departmental Report also sets out limited data about the proportion of senior staff in the Department and its executive agencies who are female. Here the picture is much less impressive than in Defra itself: on 1 April 2003 only 16% of SCS staff across the Department and its agencies were women.<sup>53</sup> In further evidence the Department told us that the figure had risen to 23%, but that is still much lower than in Defra itself.<sup>54</sup> **We recommend that targets are set for improving diversity amongst the staff of Defra’s executive agencies. We recommend that the permanent secretary take responsibility for ensuring that the agencies have in place programmes to encourage the recruitment, retention and progression of staff who are female, from ethnic minority backgrounds or with disabilities.**

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<sup>47</sup> Ev 29, para 2(i)

<sup>48</sup> Q39

<sup>49</sup> Q39

<sup>50</sup> Ev 29, para 2(ii)

<sup>51</sup> Q39

<sup>52</sup> Ev 29, para 2(ii)

<sup>53</sup> *Departmental Report 2004*, p 364

<sup>54</sup> Ev 29, para 2(i)

## 5 Public service agreement targets

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27. A large part of the Departmental Report is devoted to reports of progress made in relation to the Department's public service agreement (PSA) targets. Consequently we devoted a significant proportion of our questioning to such matters. Defra has ten PSA targets agreed in the 2002 spending review. We asked the Department about all of them, but we focus here only on those of most concern or interest.

### Climate change

28. The Departmental Report records that there has been slippage against PSA target 2 (2002), which relates to the reduction of greenhouse gas emissions. In particular, although the Department is on course to achieve a reduction of greenhouse gas emissions by 12.5% compared to 1990 levels (in 2002 they were already 14.9% below such levels), it is not on course to achieve a reduction in carbon dioxide emissions of 20% by 2010. In 2002 such emissions were only 8.7% below 1990 levels.<sup>55</sup> The report says that there will be a review of the climate change programme in 2004–05, “which will provide an opportunity to strengthen existing policies or introduce new ones if the conclusion is that more needs to be done to keep us on track towards the domestic carbon dioxide goal”.<sup>56</sup>

29. The permanent secretary explained why the Department was not on track to meet its target. He said that “emissions from coal-fired generation [are] higher than previously expected, and there has been higher than previously expected Great Britain growth and shortfalls from carbon savings from transport”.<sup>57</sup> The permanent secretary said that the Government's national allocation plan for the European Union emissions trading scheme would in part address the problem, and repeated that the review of the climate change programme would also contribute. **We recommend that the forthcoming review of the climate change programme should ensure that Defra retains primary responsibility for responding to climate change, but that other departments—including the Department for Transport and the Treasury, as well as the Department of Trade and Industry—firmly re-commit themselves to reducing all emissions of greenhouse gases. We strongly recommend that the review does not reduce the target for carbon dioxide emissions in Defra's existing PSA target. In addition, we recommend that Defra looks for additional mechanisms which could be introduced in future to meet the Government's carbon dioxide targets.**

30. We have already announced that we will undertake an inquiry into climate change later this year.<sup>58</sup>

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<sup>55</sup> *Departmental Report 2004*, p 258

<sup>56</sup> *Departmental Report 2004*, p 258

<sup>57</sup> Q64

<sup>58</sup> “New inquiry into Climate Change: Looking forward”, Environment, Food and Rural Affairs Committee press release, 17 June 2004; available at [www.parliament.uk](http://www.parliament.uk)

## Sites of special scientific interest and farmland birds

31. PSA target 3 (2002) relates to natural heritage. It proposes as a measure of biodiversity a reversal in the decline in number of farmland birds by 2020, and repeats an earlier PSA target of bringing 95% of sites of special scientific interest (SSSIs) into favourable condition by 2010.<sup>59</sup> Although the report speaks favourably of progress in these areas, the fact remains that numbers of birds of farmland species continues to fall (and is at 60% of 1970 levels), and that only 62.9% of SSSIs were in favourable condition at the end of March 2004.<sup>60</sup>

32. In our report on the Departmental Report 2002 we expressed considerable concern that only 56% of SSSIs were in a favourable condition, a smaller proportion than in 2000.<sup>61</sup> In his evidence to this inquiry the permanent secretary said that he hoped that our report would reflect the progress made more recently.<sup>62</sup> But he conceded that the target was “challenging”<sup>63</sup> and that, although the Department and English Nature had set a target of 67% being in a favourable condition by spring 2005, “we have not yet done the analysis of what we call the trajectories to get from 67% to the 95%”.<sup>64</sup>

33. We have recently concluded an inquiry specifically looking at SSSIs.<sup>65</sup> In it we have expressed concern that the PSA target will not be met unless a number of significant steps are taken. We urge the Government not to be complacent about meeting the target.<sup>66</sup> **We recommend that in the next Departmental Report the Department set out exactly the ‘trajectory’ it will follow towards the target of bringing 95% of SSSI sites into favourable condition by 2010.**

## Rural affairs

34. PSA target 4 (2002) is to “reduce the gap in productivity between the least well-performing quartile of rural areas and the English median by 2006, and improve the accessibility of services for rural people”.<sup>67</sup> The PSA target identifies five key services, and targets “improvements in their accessibility”, namely: health, post 16-year-old education and skills, transport, access to cash and electronic access to services.<sup>68</sup> Progress against the target has not yet been assessed, but the Departmental Report accepts that it is “challenging”. To meet it will require action by government offices, regional development agencies, local authorities, other government departments and many others.<sup>69</sup>

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<sup>59</sup> *Departmental Report 2004*, p 258

<sup>60</sup> *Departmental Report 2004*, pp 63, 65, 258

<sup>61</sup> HC (2001-02) 969, para 28

<sup>62</sup> Q87

<sup>63</sup> A word often used by the permanent secretary, to indicate that the odds were against achieving a particular challenge or target with a published timetable.

<sup>64</sup> Q87

<sup>65</sup> Environment, Food and Rural Affairs Committee, Fourteenth Report of 2003–04, *Sites of Special Scientific Interest: Conserving the Jewels of England’s Natural Heritage*, HC 475

<sup>66</sup> HC (2003-04) 475, summary and para 9

<sup>67</sup> *Departmental Report 2004*, p 259

<sup>68</sup> *Departmental Report 2004*, p 83

<sup>69</sup> Q104

35. The permanent secretary referred to the rural delivery review conducted by Lord Haskins.<sup>70</sup> Sir Brian described Lord Haskins' review as concluding that "there is a plethora of different funding streams provided by Defra, which the Haskins analysis compellingly said ... was pretty confusing for the business or individual in a rural area, [and] needed to be simplified".<sup>71</sup> This "plethora" of funding schemes is illustrated by the different sources of funding available to achieve the PSA target, which are set out in the Departmental Report:

- £10 million over two years "towards these ends"
- £0.3 million a year to support the rural stress action plan
- "substantial elements" of the Countryside Agency's budget of £110 million
- an annual contribution of £41 million to the regional development agency single programme "to address improvements in rural productivity".<sup>72</sup>

36. It is not surprising that a review of rural funding streams is underway. Also being reviewed is the rural white paper,<sup>73</sup> with the aim of developing a 'refreshed' rural strategy.<sup>74</sup> **We look forward to the outcome of the review of rural funding streams, and indeed to the overall Government plan for the implementation of the Haskins proposals which we assume will form part of the 'refreshed' rural strategy. We will maintain a close interest in these matters, which obviously have a highly significant part to play in the way in which Government seeks to encourage rural development.**

## Waste

37. PSA target 6 (2002) relates to waste. It sets a target of enabling 25% of household waste to be recycled or composted by 2005–06. The target takes up a PSA target set in the 2000 spending review, which was to enable 17% of household waste to be recycled or composted by 2004.<sup>75</sup> The Departmental Report claims that progress has been good, with 14.9% of municipal waste being recycled or composted in 2002–03, "suggesting that the 2003–04 public service agreement target of 17% will be achieved".<sup>76</sup> Nevertheless, the report acknowledges that the target of recycling or composting 25% of waste by 2005–06 target remains challenging.<sup>77</sup>

38. The permanent secretary said that he thought that the 25% target was "achievable".<sup>78</sup> He cited a number of schemes which would contribute, including "the waste improvement programme, the statutory targets, the increase in landfill tax, the onset soon of the landfill allowance trading scheme".<sup>79</sup> But given the change needed in only two years we are

<sup>70</sup> *Rural Delivery Review: A report on the delivery of government policies in rural England*, Christopher Haskins, October 2003; available at [www.defra.gov.uk](http://www.defra.gov.uk)

<sup>71</sup> Q107

<sup>72</sup> *Departmental Report 2004*, p 84

<sup>73</sup> *Our Countryside: The Future—A Fair Deal for Rural England*, Cm 4909, November 2000

<sup>74</sup> For example: "Help us shape Defra's rural strategy, Alun Michael tells Rural Affairs Forum for England", Defra press release 467/03, 8 November 2003

<sup>75</sup> *Departmental Report 2004*, p 251

<sup>76</sup> *Departmental Report 2004*, p 55

<sup>77</sup> *Departmental Report 2004*, p 259

<sup>78</sup> Q94

<sup>79</sup> Q93

extremely doubtful that the target will in fact be met, and were surprised that the Departmental Report said that Defra was “on course” to achieve its goal.<sup>80</sup> Moreover, the PSA target is intended to complement European legislation, principally the Landfill Directive. Under the directive the United Kingdom is committed to further targets to reduce the landfill of biodegradable municipal waste in the coming years.

**Table 3: Targets under the Landfill Directive<sup>81</sup>**  
[proportion of biodegradable municipal waste landfilled compared to 1995 amounts]

2010	2013	2020
75%	50%	35%

39. Meeting its targets for the disposal of waste will be one of the most significant challenges facing Defra in the years ahead. It is a matter which we will continue to scrutinise closely: we have recently announced an inquiry, to be conducted in autumn 2004, into waste policy and the Landfill Directive.<sup>82</sup> **We urge Defra to take all steps necessary to ensure that its PSA target relating to waste is met. Again, it would not be acceptable to respond to a likely failure to meet the target by making the target less challenging. We will return to the subject of waste policy later in the year.**

### Fuel poverty

40. In our last report on the Departmental Report 2003 we observed that Defra was on track to meet its PSA target 7 (2002), to “reduce fuel poverty among vulnerable households by improving the energy efficiency of 600,000 homes between 2001 and 2004”.<sup>83</sup> However, we noted that the target was flawed,<sup>84</sup> and lacked focus. It fell short of the underpinning commitment made in the UK fuel poverty strategy 2001 to end fuel poverty for vulnerable households by 2010.<sup>85</sup> Defra agreed that the target would be reviewed in the next spending review.

41. Again, in his evidence to this inquiry, the permanent secretary acknowledged that the existing PSA target was flawed.<sup>86</sup> He said “what we are looking for ... is a target that addresses the requirement as [the Committee] described it a while ago: moving towards removing fuel-poor, vulnerable households by the year 2010”.<sup>87</sup> In the spending review announced on 12 July 2004, Defra’s PSA target 7 is to “eliminate fuel poverty in vulnerable households in England by 2010 in line with the Government’s fuel poverty strategy objective”.<sup>88</sup> **We welcome the announcement made in the 2004 spending review of a PSA**

<sup>80</sup> *Departmental Report 2004*, p 259

<sup>81</sup> *Departmental Report 2004*, p 53

<sup>82</sup> “New inquiry into waste policy and the Landfill Directive”, Environment, Food and Rural Affairs Committee press release, 28 June 2004; available at [www.parliament.uk](http://www.parliament.uk)

<sup>83</sup> *Departmental Report 2004*, p 259

<sup>84</sup> HC (2002-03) 832, para 17

<sup>85</sup> Department of Trade and Industry, *The UK Fuel Poverty Strategy*, November 2001, executive summary; available at [www.dti.gov.uk/energy/](http://www.dti.gov.uk/energy/)

<sup>86</sup> Q82

<sup>87</sup> Q82

<sup>88</sup> HM Treasury, *2004 Spending Review*, Public Service Agreements 2005–2008, Chapter 13: Department for Environment, Food and Rural Affairs; available at [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk). The PSA target is joint with the Department for Trade and Industry.

**target relating to fuel poverty which is geared to ending the problem. We recommend that in its next Departmental Report Defra set out in detail the measures it will take to meet the new target.**

## Air quality

42. PSA target 8 (2002) relates to improving air quality by meeting national air quality strategy objectives for a number of pollutants. The target is shared with the Department for Transport. The Departmental Report records slippage against the target, primarily in relation to nitrogen dioxide (NO<sub>2</sub>) and larger particles (PM<sub>10</sub>).<sup>89</sup> The report says that modelling suggests that “with present policies and technologies it is questionable whether the targets will be achieved by the relevant dates”.<sup>90</sup>

43. In response Defra and the Department for Transport “are considering what additional measures may be practicable to move towards closing the gap”.<sup>91</sup> In 2004–05 the Departments are reviewing the air quality strategy, the 10 year plan for transport, and the climate change programme. The permanent secretary told us that “we need to do more to achieve the nitrogen dioxide, ozone and particles targets”.<sup>92</sup> He pointed to a number of steps being taken:

- local authorities have been asked to develop air quality action plans for local air quality hot spots ... local traffic management plans can play a powerful role
- the Department for Transport [is] looking again over the summer at the 10 year plan [for transport] and air quality will have its role in that
- at European level there are issues around reduction of vehicle emissions with future design and indeed combustion plan emissions.<sup>93</sup>

44. As ever we are concerned that any review of policies might lead the Government to be tempted to set lower, more achievable, targets, notwithstanding the permanent secretary’s assurance that “I do not see any sign of anyone looking to relax the targets”.<sup>94</sup> **We recommend that the Department ensure that its PSA target relating to air quality is maintained at its existing challenging level. We look forward to the exposition in the next Departmental Report of what the Government will do to ensure that its air quality PSA target is achieved.**

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<sup>89</sup> *Departmental Report 2004*, p 260

<sup>90</sup> *Departmental Report 2004*, p 50

<sup>91</sup> *Departmental Report 2004*, p 51

<sup>92</sup> Q78

<sup>93</sup> Q78

<sup>94</sup> Q78

# Conclusions and recommendations

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## Presentation of the Departmental Report

1. Although the Departmental Report is more helpful now in seeking to provide a commentary about performance against Defra's objectives, and in identifying key relevant financial data, further improvement is needed. We recommend that the Department in future make clear exactly how it has performed against each target as part of its main commentary, using the clear assessment currently relegated to an appendix. (Paragraph 4)
2. Whilst we applaud the Department's efforts to provide additional information to its stakeholders, it must strike a balance between comprehensiveness on the one hand and accessibility and readability on the other. Defra should be as concise as possible in the Departmental Report: this year the Report is more than long enough. (Paragraph 5)

## Financial management

3. We are convinced that financial management in Defra has improved immeasurably in the past two years. We support the efforts of senior staff to improve the situation still further. (Paragraph 6)
4. We welcome the Department's efforts to update and improve its financial records, to provide a more accurate picture of its historic spending. Doing so reflects well on financial management in Defra. (Paragraph 8)

## Integrating Defra

5. We welcome the steps taken by senior managers to encourage integration in the Department. We agree, though, that there is still much further to go; we encourage Defra, in responding to this report, to set out how further integration will be achieved against the backdrop of departmental staff cuts and its response to Lords Haskins' rural delivery review. (Paragraph 11)
6. We welcome the one-stop shop project as a way to help to ensure that all parts of Defra have regard to the Department's core values and objectives in policy making. We recommend that the project be adopted permanently by Defra: it should serve to encourage integration and coherence in Departmental policies. (Paragraph 13)

## Working across Government

7. We commend the Department for acting on our recommendation that the Departmental Report should include more information about the delivery of policies across Government. However, we recommend that future reports include clearer descriptions of the lines of accountability when matters are dealt with by a range of departments and agencies. For example, when public service agreement targets are shared between Defra and other government departments it would be sensible if the

Departmental Report explained exactly what the contribution of each has been, and what difference it has made for the target to be shared. (Paragraph 14)

8. We remain concerned that Defra does not yet have sufficient 'clout' to be taken seriously by other government departments in framing their key policy decisions. We urge the Department to continue to work to increase its influence across Whitehall. We recommend that future Departmental Reports record failures as well as successes in working with other parts of Government. (Paragraph 18)
9. We strongly support the efforts made to encourage secondments between Defra and other government departments. We look forward to more details in future Departmental Reports about these activities. (Paragraph 19)

### Working to get Defra's message across

10. The achievement of many of the goals of Defra, such as the promotion of recycling and reuse, and reductions in greenhouse gas emissions, require changes in public attitudes and behaviour. We recommend that the Department redirect its communication activities so that its primary focus is on conveying the message of sustainability to the public. (Paragraph 21)

### Staffing

11. We wish to be informed of major appointments made by Defra, including at the level of director general or above within the Department, and at senior levels in its associated public bodies. We ask only to be informed of vacancies, and of appointments made. Our aim is not to approve or reject candidates. Indeed we may not take evidence from many of them. But we do at least wish to know about appointments so that we can consider whether to take evidence from senior figures at an early stage about their responsibilities and their plans. We recommend that Defra put in place arrangements without delay to provide us with this information. (Paragraph 23)
12. We commend the Department, and the permanent secretary in particular, for the efforts made to promote diversity in the staff of Defra. Given the success it has had in the other grades we recommend that the Department now focus particularly on improving the diversity of staff in senior grades. (Paragraph 25)
13. We recommend that targets are set for improving diversity amongst the staff of Defra's executive agencies. We recommend that the permanent secretary take responsibility for ensuring that the agencies have in place programmes to encourage the recruitment, retention and progression of staff who are female, from ethnic minority backgrounds or with disabilities. (Paragraph 26)

### Climate change

14. We recommend that the forthcoming review of the climate change programme should ensure that Defra retains primary responsibility for responding to climate change, but that other departments—including the Department for Transport and

the Treasury, as well as the Department of Trade and Industry—firmly re-commit themselves to reducing all emissions of greenhouse gases. We strongly recommend that the review does not reduce the target for carbon dioxide emissions in Defra's existing PSA target. In addition, we recommend that Defra looks for additional mechanisms which could be introduced in future to meet the Government's carbon dioxide targets. (Paragraph 29)

### **Sites of special scientific interest and farmland birds**

15. We recommend that in the next Departmental Report the Department set out exactly the 'trajectory' it will follow towards the target of bringing 95% of SSSI sites into favourable condition by 2010. (Paragraph 33)

### **Rural affairs**

16. We look forward to the outcome of the review of rural funding streams, and indeed to the overall Government plan for the implementation of the Haskins proposals which we assume will form part of the 'refreshed' rural strategy. We will maintain a close interest in these matters, which obviously have a highly significant part to play in the way in which Government seeks to encourage rural development. (Paragraph 36)

### **Waste**

17. We urge Defra to take all steps necessary to ensure that its PSA target relating to waste is met. Again, it would not be acceptable to respond to a likely failure to meet the target by making the target less challenging. We will return to the subject of waste policy later in the year. (Paragraph 39)

### **Fuel poverty**

18. We welcome the announcement made in the 2004 spending review of a PSA target relating to fuel poverty which is geared to ending the problem. We recommend that in its next Departmental Report Defra set out in detail the measures it will take to meet the new target. (Paragraph 41)

### **Air quality**

19. We recommend that the Department ensure that its PSA target relating to air quality is maintained at its existing challenging level. We look forward to the exposition in the next Departmental Report of what the Government will do to ensure that its air quality PSA target is achieved. (Paragraph 44)

# Formal minutes

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## Wednesday 8 September 2004

Members present:

Mr Michael Jack in the Chair

Ms Candy Atherton	Joan Ruddock
Mr Colin Breed	Alan Simpson
Patrick Hall	David Taylor
Mr Mark Lazarowicz	Paddy Tipping
Mr Austin Mitchell	

The Committee deliberated.

Draft Report [*The Departmental Annual Report 2004*], proposed by the Chairman, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 44 read and agreed to.

Summary read and agreed to.

*Resolved*, That the Report be the Fifteenth Report of the Committee to the House.

*Ordered*, That the Chairman do make the Report to the House.

*Ordered*, That the provisions of Standing Order No.134 (Select committees (reports)) be applied to the Report.

Several papers were ordered to be appended to the Minutes of Evidence.

*Ordered*, That the Appendices to the Minutes of Evidence taken before the Committee be reported to the House.—(*The Chairman*).

Several memoranda were ordered to be reported to the House.

The Committee further deliberated.

[Adjourned till Wednesday 13 October at Two o'clock.]

## Witnesses

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Wednesday 16 June 2004

*Page*

Sir Brian Bender, Andrew Burchell and Lucian Hudson, **Department for Environment, Food and Rural Affairs**

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## List of written evidence

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Department for Environment, Food and Rural Affairs

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## Reports from the Committee since 2001

### Session 2003–04

Fourteenth Report	Sites of Special Scientific Interest	HC 475
Thirteenth Report	Bovine TB	HC 638
Twelfth Report	Reform of the Sugar Regime	HC 550-I
Eleventh Report	GM Planting Regime	HC 607
Tenth Report	Marine Environment: Government reply to the Committee's Report	HC 706
Ninth Report	Milk Pricing in the United Kingdom ( <i>Reply, HC 1036</i> )	HC 335
Eighth Report	Gangmasters (follow up) ( <i>Reply, HC 1035</i> )	HC 455
Seventh Report	Implementation of CAP Reform in the UK ( <i>Reply, HC 916</i> )	HC 226-I
Sixth Report	Marine Environment ( <i>Reply, HC 706</i> )	HC 76
Fifth Report	The Food Standards Agency and Shellfish ( <i>Reply, HC 601</i> )	HC 248
Fourth Report	Environmental Directives ( <i>Reply, HC 557</i> )	HC 103
Third Report	Caught in the net: Cetacean by-catch of dolphins and porpoises off the UK coast ( <i>Reply, HC 540</i> )	HC 88
Second Report	Annual Report of the Committee 2003 ( <i>Reply, HC 1037</i> )	HC 225
First Report	Water Pricing ( <i>Reply, HC 420</i> )	HC 121

### Session 2002–03

Eighteenth Report	Conduct of the GM Public Debate ( <i>Reply, HC 443, Session 2003-04</i> )	HC 220
Seventeenth Report	Biofuels ( <i>Reply, HC 88, Session 2003-04</i> )	HC 929-I
Sixteenth Report	Vets and Veterinary Services ( <i>Reply, HC 974, Session 2003-04</i> )	HC 703
Fifteenth Report	New Covent Garden Market: a follow-up ( <i>Reply, HC 123, Session 2003-04</i> )	HC 901
Fourteenth Report	Gangmasters ( <i>Reply, HC 122, Session 2003-04</i> )	HC 691
Thirteenth Report	Poultry Farming in the United Kingdom ( <i>Reply, HC 1219</i> )	HC 79-I
Twelfth Report	The Departmental Annual Report 2003 ( <i>Reply, HC 1175</i> )	HC 832
Eleventh Report	Rural Broadband ( <i>Reply, HC 1174</i> )	HC 587
Tenth Report	Horticulture Research International ( <i>Reply, HC 1086</i> )	HC 873
Ninth Report	The Delivery of Education in Rural Areas ( <i>Reply, HC 1085</i> )	HC 467
Eighth Report	The Future of Waste Management ( <i>Reply, HC 1084</i> )	HC 385
Seventh Report	Badgers and Bovine TB ( <i>Reply, HC 831</i> )	HC 432
Sixth Report	Rural Payments Agency ( <i>Reply, HC 830</i> )	HC 382
Fifth Report	The Countryside and Rights of Way Act 2000 ( <i>Reply, HC 748</i> )	HC 394
Fourth Report	Water Framework Directive ( <i>Reply, HC 749</i> )	HC 130
Third Report	The Mid-term Review of the Common Agricultural Policy ( <i>Reply, HC 615</i> )	HC 151
Second Report	Annual Report of the Committee 2002	HC 269
First Report	Reform of the Common Fisheries Policy ( <i>Reply, HC 478</i> )	HC 110

### Session 2001–02

Tenth Report	The Role of Defra ( <i>Reply, HC 340, Session 2002-03</i> )	HC 991
Ninth Report	The Future of UK Agriculture in a Changing World ( <i>Reply, HC 384, Session 2002-03</i> )	HC 550
Eighth Report	Hazardous Waste ( <i>Reply, HC 1225</i> )	HC 919
Seventh Report	Illegal Meat Imports ( <i>Reply, HC 1224</i> )	HC 968
Sixth Report	Departmental Annual Report 2002 ( <i>Reply, HC 1223</i> )	HC 969

Fifth Report	Genetically Modified Organisms ( <i>Reply, HC 1222</i> )	HC 767
Fourth Report	Disposal of Refrigerators ( <i>Reply, HC 1226</i> )	HC 673
Third Report	Radioactive Waste: The Government's Consultation Process ( <i>Reply, HC 1221</i> )	HC 407
Second Report	The Countryside Agency ( <i>Reply, HC 829</i> )	HC 386
First Report	The Impact of Food and Mouth Disease ( <i>Reply, HC 856</i> )	HC 323

# Oral evidence

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**Taken before the Environment, Food and Rural Affairs Committee**

**on Wednesday 16 June 2004**

Members present:

Mr Michael Jack, in the Chair

Mr Colin Breed	Joan Ruddock
David Burnside	Alan Simpson
Patrick Hall	David Taylor
Mr Mark Lazarowicz	Mr Bill Wiggin
Mr David Lepper	

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**Memorandum submitted by the Department for Environment, Food and Rural Affairs**

## THE BALANCED SCORECARD IN DEFRA

The principal behind the scorecard is to agree what counts for the organisation and then to measure it. Defra's Balanced Scorecard sets out the key drivers that the Department's Management Board believe count most, and therefore need to be managed most carefully to ensure delivery of success both today and tomorrow. Slides one to eight of the attached PowerPoint presentation provide some additional detail on how the Balanced Scorecard was developed and how we are using it in Defra.

The drivers are grouped into four categories—Results, Customers and Stakeholders, Processes, and People, Knowledge & Culture (please see the final slide of the attached presentation).

If People, Knowledge and Culture are managed successfully this will enable us to have effective processes. Together these will make our relationship with Customers and Stakeholders effective and in turn deliver our results successfully.

Department for Environment, Food and Rural Affairs

*June 2004*

PowerPoint presentation submitted by the Department for Environment, Food and Rural Affairs, June 2004

### What is a balanced scorecard?

- A framework that at its highest level helps organisations translate their strategy into objectives that can be measured - driving behaviour and performance.
- Developed by Robert Caplan & David Norton of Harvard Business School in the early 1990's
- Widely used across private and public organisations and HMG



### Traditional measures

- Focus on financial reporting
- Historic....
- What has happened....
- How have we done...

But is this view enough?

Successful organisations focus more on the strategic,

- Where are we going ....



### Vision - Defra Success

- Successful organisations
  - Strategic direction from the Board
  - Manage performance as well as measure it
  - Corporate "no blame" culture
  - Performance is everyone's responsibility
  - Use a range of financial and non-financial measures
  - Clear visibility throughout organisation



### Classic scorecard



Balanced scorecard:

Converts strategy into an integrated system across four perspectives

The classic quadrants

Defra quadrant

Financial

Results

Customer

Customers & Stakeholders

Internal Business Processes

Processes

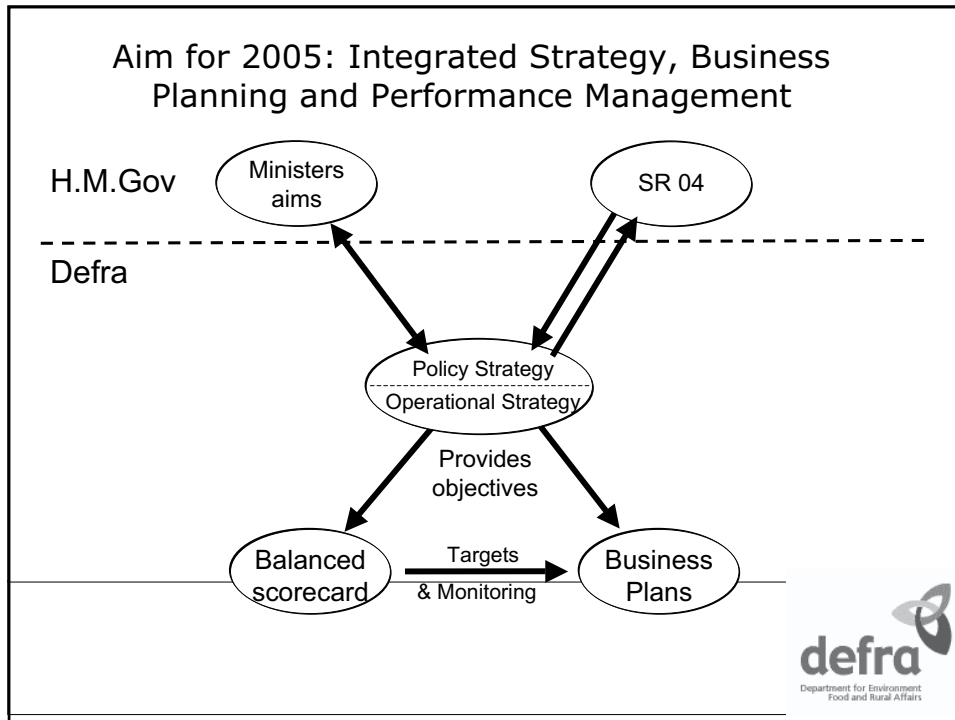
Learning and Development

People Knowledge &  
Culture



- Produces a corporate dashboard with traffic light indicators
- The organisation's performance on a page





### Defra Scorecard - Overall Purpose

- Inform the Management Board of DEFRA's progress against strategic priorities
- Highlight issues which may influence future success
- Enable the the Board to take better decisions and identify corrective actions to improve performance and delivery

Defra Corporate Balanced Scorecard	
<p><b>Results - Other</b></p> <p>1.13 Reputation                      1.14 Value for money                      1.15 Robustness of contingency plans                      1.16 Impact on international policy-making                      1.17 Meeting the needs of direct customers                      1.18 Meeting the needs of parliament</p>	<p><b>Customers &amp; Stakeholders</b></p> <p>2.0 Clarity about Defra's customers &amp; other stakeholders                      2.1 Effective joint working through partners                      2.2 Effective relationship with EU                      2.3 Influence on Other Government dept's                      2.4 Influence on end customers                      2.5 Quality of management of reputation                      2.6 Trusted on science</p>
<p><b>Processes</b></p> <p>3.0 Quality of policy formulation                      3.1 Effectiveness of Delivery Landscape                      3.2 Effectiveness of IT services                      3.3 Quality of risk management                      3.4 Effectiveness of financial management                      3.5 Quality of programme management                      3.6 Extent to which policies are evidenced-based                      3.7 Holistic approach to regulation                      3.8 Effectiveness of Delivery Bodies</p>	<p><b>People, knowledge &amp; culture</b></p> <p>4.0 Leadership effectiveness                      4.1 Right people, right skills, right job                      4.2 Action-orientated culture (ready, aim, FIRE)                      4.3 Motivation &amp; Satisfaction                      4.4 Extent to which Defra is strategic                      4.5 Effectiveness of info &amp; knowledge mngmt                      4.6 Diversity of Defra                      4.7 Effective internal communications</p>



**Supplementary memorandum submitted by the Department for Environment, Food and Rural Affairs**

**ANALYSIS OF 2005–06 ALLOCATIONS BY STRATEGIC THEME AND EMERGENCY PREPAREDNESS**

In 2003 we published “Our Strategy” setting out how we are aiming to deliver our commitments, agreed under the 2002 Spending Review, for the environment, the farming and food industry and rural communities during 2003–06. In November 2003 Defra’s Ministers agreed five strategic priorities for the Department under Defra’s overall aim of promoting sustainable development.

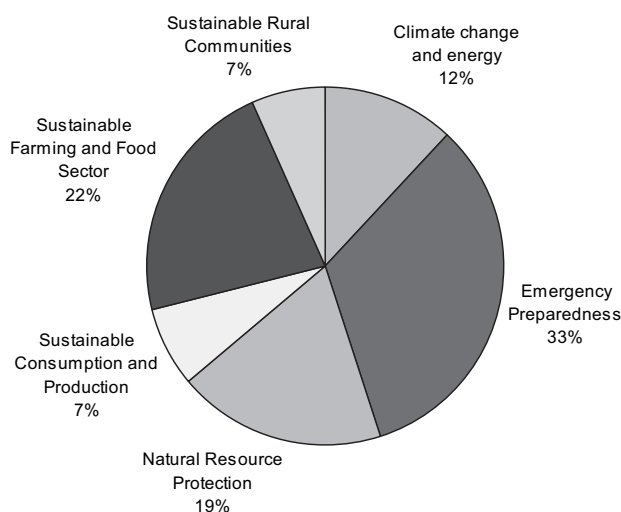
- climate change and energy;
- sustainable consumption and production;
- natural resource protection;
- sustainable rural communities; and
- sustainable food and farming including animal health and welfare.

In addition, the Department recognises that a significant part of its work is concerned with preparedness for emergencies and contingencies.

These priorities set out the Defra story in line with the 2002 Spending Review objectives, whilst taking on board Defra and wider Government and international milestones since 2002 Spending Review, such as WSSD, publication of the Strategy for Sustainable Farming and Food, the Energy White Paper, CAP reform, and the Haskins report on Modernising Rural Delivery. These strategic priorities will be the focus of our work for the next five years—for the 2004 Spending Review and beyond.

At the informal meeting on 7 June you asked us to provide details of the major programmes, and the costs allocated to each, which underpin the work of each of our Directorates. Rather than provide you with a breakdown under the current functional split we have provided you with resource details of major programmes which underpin our strategic priorities and emergency preparedness.

The pie chart below shows the percentage split between each of the different elements using 2005–06 (which will be the first year of the 2004 Spending Review).



The following sections highlight some of the major programmes which sit under these areas.<sup>1</sup>

#### 1. CLIMATE CHANGE AND ENERGY

- Examples of funding to support climate change mitigation.
  - UK Emissions Trading Scheme incentive payments up to £43 million—though a maximum saving of up to £11 million may be made if all companies that are eligible to take part in the EU Emissions Trading Scheme choose to do so.
  - Carbon Trust Grant Payments £36 million.
  - Energy Saving Trust Grant Payment £22 million.
  - Funding to support the reduction of fuel poverty £172 million.
  - Air Quality Public Service Agreement target £14 million.

#### 2. SUSTAINABLE CONSUMPTION AND PRODUCTION

- Examples of funding to support improved waste management and recycling.
  - Waste Implementation Programme/WRAP £92 million.
  - Challenge Fund £45 million.
  - Performance Reward Grant £45 million.
  - WRAP recycle market development work £10 million.
  - Environwise £3 million.

#### 3. NATURAL RESOURCE PROTECTION

##### *Major programmes*

- Biodiversity and Access including National Parks and Broads Authority £29 million and Kew £30 million.
- Environmental Protection (not to be confused with the Environmental Protection Directorate) £170 million which includes funding for the Environment Agency of over £100 million.
- English Nature £71 million.
- Water (excluding flood management).
  - British Waterways Board £62 million.
  - Marine Environment Issues and Water Supply Regulation Grants £15 million.

<sup>1</sup> The report is available at: [http://www.defra.gov.uk/environment/energy/fuelpov/pdf/fuelpov\\_2nocover.pdf](http://www.defra.gov.uk/environment/energy/fuelpov/pdf/fuelpov_2nocover.pdf).

- Water Publicity and Research £3 million.
- Drinking Water Inspectorate £2 million.

#### 4. SUSTAINABLE RURAL COMMUNITIES

##### *Major Programmes*

- Countryside Agency £100 million.
- Regional Development Agencies £50 million.

#### 5. SUSTAINABLE FARMING AND FOOD

##### *Major Programmes*

- England Rural Development Programme £290 million (including the Entry level scheme).
- Over Thirty Month scheme £91 million (costs for current and future years will depend on the Government's response to the Food Standards Agency review of the Over Thirty Months rule).
- Rural Payments Agency Running Costs and Cap Reform approximately £188 million.
- Fisheries.
  - Fishing Industry and Market Support £8 million.
  - Conservation of Sea Fish Stocks £9 million.
  - Fishing Management and Enforcement £15 million.
  - Fishing Fleet Structure and Effort £1 million.
  - Salmon, Whaling and Inland Fisheries £8 million.
  - Fish Farming and Shellfish Production £3 million.
- Funding for Sustainable Farming and Food.
  - Additional money to be made available via grant schemes £11 million.
  - Investment into research and new technology £2 million.
  - Development and implementation of new agri-environment and rural development schemes, including IT development costs £151 million.
  - Development and implementation of new Whole Farm Approach to reduce bureaucracy and burden on farmers £8 million.
  - IT systems to support livestock identification and tracing £68 million.

#### 6. EMERGENCY PREPAREDNESS

##### *Major Programmes*

- Funding for TB surveillance, control and research £85 million.
- Allocated cost of BSE eradication £53 million.
- Flood Management.
  - Grant to the Environment Agency £449 million.
  - Grant and SCA to local authorities/internal drainage boards £44 million.
  - Other, (for example, Storm Tide Forecasting Service, Consultancies, R&D, running costs) £11 million.
- State Veterinary Services running costs £72 million.

Department for Environment, Food and Rural Affairs

June 2004

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*Witnesses:* **Sir Brian Bender**, Permanent Secretary, **Mr Andrew Burchell**, Finance Director, and **Mr Lucian Hudson**, Director of Communications, Department for Environment, Food and Rural Affairs, examined.

**Q1 Chairman:** Sir Brian, you are very welcome indeed to the Committee for our annual tour through the Department's annual report<sup>1</sup> and an opportunity to ask you and your colleagues more or less anything we decide to ask. We always look forward to this occasion with keen and eager anticipation. For the record, you are accompanied by Andrew Burchell, the Department's Finance Director, and Lucian Hudson, the Director of Communications. Gentlemen, you are all known to the Committee and all are welcome. Can I, on behalf of the Committee, send our thanks to you and your colleagues for the very useful pre-briefing session which we had.<sup>2</sup> I think it enabled us to cover a number of important points about the overall objectives of the Department. That will not stop us revisiting some of the territory again today. One of the topics that we touched on was the efforts that the Department has been making during its still relatively short lifetime to bring together the different cultures of the old MAFF and the Environment Department. Indeed, on page 209 of your report, there is a reference to the Developing Defra Programme. It certainly reads very well in terms of what you are hoping to do. It says, "While our primary focus is to help achieve wider departmental objectives, many will also generate efficiency gains." You talk about some of the things that you are going to get out of it. Perhaps you could give a commentary on how Developing Defra is progressing and whether you really do believe that you are now integrating the different backgrounds and cultures so that you are getting a Defra house style as opposed to almost a silo mentality.

**Sir Brian Bender:** First of all, the purpose of any change programme like Developing Defra is to improve our capacity to deliver. Therefore, one of the measures of whether it is successful, which no doubt the Committee will come on to later this afternoon, is whether we are delivering any better. A second measure is whether the purpose of the organisation is becoming increasingly clear and we have done quite a lot of work on our clarity of purpose. We have done a lot of work too, which is still work in progress, on the nature of the interventions as a government department, the combination of incentives, persuasion, regulation and how we should get those right, do them more smartly and modernise them. Again, there is a reference in the report to the regulation task force that Margaret Beckett set up. There are then issues about whether we have improved systems to underpin the business, HR systems, finance systems, and whether or not we are getting any better at seeing how the Department is performing overall. We shared with you some of the work we have been doing on a Balance Scorecard. Then we get into the softer stuff of improved ways of working, skilling people and leadership development. How are we

doing? My first answer would be that my personal view is we are doing pretty well considering the circumstances of the creation of the Department. I think this Committee was surprised when in a session the Secretary of State and I had I referred to Defra as an unplanned merger, but it was an unplanned merger. We were not expecting, until the call came from the Cabinet Secretary, that environment would be part of it and it was created at a time of national crisis when 5,000 people were still working on foot and mouth disease. Three years on, I really do think we have come a long way. The second question is: is the job done? Certainly not. We have come as far as I would have hoped and indeed further than I would have expected. We have a further way to go. The next part of the answer is that the right people to ask about how we are doing are a combination of the customers we are providing services to, the stakeholders we relate to—which of course, at one level, includes this Committee—and our own staff through staff surveys. That is again another set of measures for how we are doing. If I can turn to the issue of integration, there are two or three replies. First of all, an increasing amount of our work is done on a cross-functional basis crossing the silo organisational boundaries on a programme and project management basis. The whole of our Sustainable Farming and Food Strategy, the work that we are doing and will be launching publicly tomorrow on diffuse water pollution, the inter-departmental work on the Sustainable Energy Policy Network with DTI to follow up the Energy White Paper—all that is done, if you like, ignoring the functional parts of the organisation, working across the piece. The second measure of integration looks at things like staff movements and, at management board level, I am the only person who was on either the MAFF or DETR board on 8 June 2001. At senior Civil Service level, just over 50% of all senior civil servants in Defra are new to posts at that level since 2001. At Director level, which is part way up the senior Civil Service, 15 out of 27 are people who are in new appointments at that level in Defra, six of them from other government departments and five from outside the Civil Service. Again, there is quite a lot of deliberate churn to try and freshen things up.

**Q2 Chairman:** You were talking about this Balance Scorecard as the way you can perhaps comment on how well you are doing against some of the items in the Developing Defra agenda. You were kind enough to send a document to the Committee on this subject. The indication is that it helps you to measure things. It says, "A framework that at its highest level helps organisations translate their strategy into objectives that can be measured."<sup>3</sup> Then I looked through the document to see if I could find some numbers because that, to me, is what measurement is about. I was struggling to find any numbers. I was struggling in this document which lays out what you might be measuring because you

<sup>1</sup> Department for Environment, Food and Rural Affairs, *Departmental Report 2004*, CM 6219, April 2004. <http://www.defra.gov.uk/corporate/dep/2004/index.htm>

<sup>2</sup> The Committee heard a briefing from the Permanent Secretary at Defra on 7 June.

<sup>3</sup> Ev 2

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dealt, at our earlier meeting, for example, with the reductions in manpower that you were going to be making. We talked about some of the financial assessments as to how you are doing. Those are measurements by my normal, simple way of doing it but this Balance Scorecard seems to be a measureless environment. Why is that?

**Mr Burchell:** In terms of the indicators we selected, rather than choose the indicators which you have data on because you collect them routinely, we spent a lot of time identifying the indicators which we believe would support the successful delivery of our objectives. For example, we have indicators around getting the right people with the right skills in the right job.

**Q3 Chairman:** Pick one area. Give me an indicator. Tell me what you are measuring and give us a quick commentary on success. It is all right talking in this management speak but I would like something tangible to get hold of.

**Mr Burchell:** Motivation and satisfaction, people knowledge and culture as informed by our annual staff survey, which is measurable and is also going to be updated on a quarterly, sample basis through electronic staff surveys about people. That is one example.

**Sir Brian Bender:** There would be therefore an indicator of how this compared with previous quarters to measure trends.

**Q4 Chairman:** When did you first set up the base line measure?

**Sir Brian Bender:** We had a staff survey around 2002 for the first Defra one and we have just had one early 2004, so 18 months later. We are now running them on a quarterly basis.

**Q5 Chairman:** You are able to compare 2002 with 2004? Is that right?

**Mr Burchell:** In relation to a core set of questions, yes.

**Q6 Chairman:** What kind of core questions have you been asking the staff?

**Sir Brian Bender:** Are you proud to work for the Department? Do you feel you are in a blame culture?

**Q7 Chairman:** How many of them were proud to work for Defra two years ago and how many are now?

**Sir Brian Bender:** 49% in the most recent one, which is 13 up on the previous survey.

**Q8 David Taylor:** Were they not different groups of people? You just talked about churning so you are comparing cows with sheep.

**Sir Brian Bender:** It is a dipstick into the staff we have. Surely the measure of morale and motivation is the staff we have.

**Q9 Joan Ruddock:** Are the returns anonymous?

**Sir Brian Bender:** Yes.

**Q10 Chairman:** What is the sample of staff who participated in these exercises?

**Sir Brian Bender:** About 60%.

**Q11 Chairman:** In both of them?

**Sir Brian Bender:** We may have hit 70% in the first one and 65% in the second one.

**Q12 David Taylor:** Collected electronically?

**Sir Brian Bender:** Yes.

**Q13 Chairman:** The reason I am asking these questions is that when you go through the voluminous report it is quite difficult to find any of this information. I will put my hand up and say I have not read every single page and I am sorry. I know my more assiduous colleagues have visited every single page so they will be able to tell me where this mystery Scorecard scoring is, but is this the kind of thing you think you ought to be putting in your annual report?

**Sir Brian Bender:** It is an interesting question and the Freedom of Information Act may take it away from us but we want a very frank assessment of some of these measures in the Scorecard. We want to know if things are getting worse and we want to know how we tackle them. That is an interesting question for any organisation, if you are trying to find out frankly what people think. Is the best thing to do to put that in the public domain and then you end up with a risk of people not telling you the blunt truth?

**Q14 Chairman:** The reason I am probing this is that you put a lot of emphasis on the Developing Defra programme. You, in your own presentation at the beginning, talked about the Balance Scorecard. I am searching around for something to show me that in X number of measures seven out of 10 are better than they were two years ago and I cannot find it.

**Mr Hudson:** Can I pick up on the staff survey? Two things: one, the staff survey is taken seriously by everybody. We have discussions about not only what are the results but what is the thinking behind the results. One reason why we went for quarterly is that we want to be seen to be held to account for the kind of feedback we get from our own staff and for the staff themselves to comment on that as we go on through the year, not just wait to the end of the year. I think the Balance Scorecard helps influence the mind set of myself and my managers to take into account the things that we should be looking out for, not least stakeholder customer satisfaction. Whether or not we have the measurements in place yet and we can judge what those measurements are, it is influencing how we go about doing our job.

**Q15 Chairman:** You mentioned the word "customer" and customers are in the section in the Balance Scorecard under the heading "The Classic Quadrant." Are your customers two years on happier or not in the service that Defra is offering?

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**Sir Brian Bender:** I have some data on customer satisfaction. All our major delivery bodies do customer satisfaction surveys. The aggregated data is, for what it is worth, 83% What I do not have is detail of how that relates to a year or two previously.

**Chairman:** I think it would be quite useful because you are a deliverer of services and the report reflects on the things you have been doing. In the classic scorecard, customers are one of the four key areas and the Committee would find it interesting to know in the various ways you deliver services whether you are doing better or worse.

**Q16 Mr Lepper:** Could I clarify something that was said a while ago about data protection and freedom of information? I do not think I quite followed what you were arguing there. The Chairman was asking about providing some of the information that we have just been discussing in the report. You have told us that the returns from staff are anonymous. I do not quite see therefore why there might be some inhibition about using that information.

**Sir Brian Bender:** I was making a slightly different point. Certainly I am very ready to share with the Committee—and maybe we can discuss this with the clerk afterwards—exactly what you would like to have. We can provide information from the staff survey, information from previous tracking of customer attitudes in different parts of the organisation compared with the present. I was making a rather broader point, which is the impact of the Freedom of Information Act on any document produced for an organisation to tell it fairly frankly what it thinks about itself and how it is doing and whether that necessary internal frankness would risk being diluted in a way that may be unhelpful to running the organisation. I was not making a value judgment one way or another. It is a much broader point.

**Q17 David Burnside:** Can you prove over the last 12 months that one of your customers, the farming community, by qualitative and quantitative market research terminology, are getting better delivery from your Department now than they had 12 months ago?

**Sir Brian Bender:** The Rural Payments Agency who have the main relationship with farmers do track customer attitudes. I believe I am right in saying the figures have improved. The other key point about the Rural Payments Agency is that their performance in paying subsidies on time in 2003 was the best they have had. 2003 had excellent payment performance on arable area payments. 96.1% were met within the deadline. I can provide quite a lot of data on that. It was the year before when the situation was bad. 2002 was bad on the bovine schemes.

**Q18 Chairman:** I think what the line of questioning perhaps indicates is that what we lack are, for the laymen—and we are keen observers of your Department's activity—some simple, easy to understand measures, year on year, of how you are doing in the areas which you yourself outline. Page

29 of the annual report deals with the One Stop Shop pilot project. This box tells me that the project delivers diverse appraisal requirements in a unified way by providing practical support, guidance and assistance to policy divisions. It contributes, it says here, to Defra's commitment to better policy making by improving the quality of policy appraisal. Can you explain what all that means? What has it been doing and has it had any measurable effect?

**Sir Brian Bender:** What it has been trying to do is ensure that the evaluation of a policy proposal before it is put forward properly brings together the different legs of sustainable development, the economic, the social and the environmental. We set up teams as described here, primarily led by economists, to work in each policy area to provide that underpinning support. Over the year described here, they provided advice to 45 policy teams. The evaluation that we have done so far indicates that it was a valued service by the policy maker. The world has moved on slightly because the Cabinet Office has now agreed that the regulatory impact appraisal, which has looked hitherto only at economic costs and benefits, is now going to be broadened to include the other legs of sustainable development, which is important particularly for Defra in spreading sustainable development across Whitehall. This work is now going to be continued in the Department, looking at sustainable development and regulatory impact together in policy areas.

**Q19 Chairman:** You read these little boxes and think it sounds interesting. Can I have a tangible example of the before and after effect of this? All I get is a general description. You have amplified that by telling the Committee that you had economists advising in policy areas and that somehow in sustainability things have improved. I think it would be useful, if you are going to talk about the practical way in which the Department operates, to have some tangible example of what this actually means.

**Sir Brian Bender:** Unless any of my colleagues can give you one now, I am not in a position to do so but I absolutely take the point.

**Q20 David Taylor:** In one of your beloved quadrants, 3.2, we have the effectiveness of IT services.<sup>4</sup> In the body of the report, who wrote the following paragraph or who understands the following paragraph on page 217: "In developing the IT strategy, a system road map, highlighting the key dependencies between the major IT systems over the next few years has been produced to support the prioritisation of IT spending and ongoing planning by the e-Business sub-committee. These plans will need revisiting when the e-nabling preferred supplier is known." Is that Mr Hudson?

**Sir Brian Bender:** It would not have been drafted by him. It would have been drafted by our IT department.

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**Q21 David Taylor:** Who understands it then?

**Sir Brian Bender:** Try me.

**Q22 David Taylor:** You may recall that when this Committee was examining an earlier departmental report we were seized by the fact that the report was uneven in its effectiveness. The most woeful section we felt was in the area of IT strategy and lack of it. Can you explain to me why, despite all the accumulating evidence there is about the Government's failure to implement in an effective, ordered way major IT systems—and it is true of this Government as well as previous Governments—you still ploughed on with IT outsourcing, and you are about to announce the results of all that the last few months has contained? Why are you ploughing on down that path when it seems so clear that it is not likely to be all that successful?

**Sir Brian Bender:** I do not accept the premise. One of the criticisms the Committee had, I think it may have been two years ago, was should we go down this road without having developed an IT strategy. We have developed an IT strategy and it is one, above all, based around having common registers across the Department and its associated bodies for customers, for land, spatial, and for livestock. It is based around those three common registers. It is not all but it is the core of our strategy. Coming back to your central question, the experience in government is that IT strategic partnership does help transform an organisation.

**Q23 David Taylor:** Give me an example.

**Sir Brian Bender:** Ignoring the more recent experience, the chairman of the Inland Revenue has said that the Revenue five years ago would not have got to where it has done without the EDS contract. They have helped the combination of efficiency and business transformation.

**Q24 David Taylor:** In delivering tax credits and things like that?

**Sir Brian Bender:** In improving the performance of the organisation, including in that sort of area. Clearly, there were some serious blips in the last 12 months which have been well documented before Parliament.

**Q25 David Taylor:** Can I put to you, Sir Brian, that it seems to me, no pun intended, that your IT strategy as a Department is being developed on the hoof. Not only was there that advice, those observations of two years ago and that criticism that the existence of the strategy should lead on the sorts of decisions you were taking, but it is acknowledged at page 217, paragraph four, that these plans will need revisiting when the e-nabling preferred supplier is known. That organisation must be licking their lips and rubbing their hands at the thought of the resources that they are going to be able to dip their outsourcing ladle into. As the months and years of that contract roll by, I would like to hear what sorts of checks you have to ensure that you are not over a

barrel as far as the IT outsourcing is concerned, as was so quite often in the area of local government where I worked for 30 years.

**Sir Brian Bender:** I will be very ready to report back to the Committee whenever on how the contract is going. We hope to sign with the preferred bidder by the end of this month. The more substantive point I would make back is that the process we have been following, our readiness to conclude this contract, manage the risks and run this partnership for the Department's IT, has been through the peer review of the Office of Government Commerce earlier this year, around the turn of the year, and is now currently going through OGC Gateway three, which will indicate what this expert peer review thinks of our state of readiness. The interview I had with the team leader suggested he was fairly optimistic about it.

**Q26 David Taylor:** Your existing IT staff are all reasonably happy with what is happening, are they?

**Sir Brian Bender:** First of all, it affects the business as well as the IT staff. It affects the whole Department. One of the crucial aspects of this is: is the Department itself going to be mature enough to have the right relationship. There are about 300 or 400 staff who will be transferred across into IBM if they are the company we sign the contract with. There have been intensive discussions with the trade union side and with the staff on that. They have mixed feelings about it, but my impression is that the majority of individual staff are now up for it.

**Q27 Chairman:** How many users are involved in the management of this system as opposed to, if you like, designers and builders?

**Sir Brian Bender:** A lot. Every business area uses IT.

**Q28 Chairman:** They are involved in helping to develop the new system?

**Sir Brian Bender:** The whole process of the outsource contract and the evaluation of the bids involved dozens and dozens of different representatives of user areas across the Department. They have been heavily involved and they are certainly heavily involved in the refinement of the IT strategy.

**Q29 Chairman:** If something goes wrong—and I would not necessarily expect you to talk in numbers at this stage, because there are sensitivities—are there penalties for the provider if there is failure?

**Mr Burchell:** Yes. On the earlier question about how we stop being taken over a barrel, for a start, the contract is initially for a seven year term but then subject to further review for three years and onwards in terms of a rolling programme, therefore, there is that element of contestability as you move through the contract.

**Q30 David Taylor:** If the prime supplier started to come to you at some point during that seven year period, as has happened on other government outsource contracts, and said, "Sorry, we are on the

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point of collapse. We need more money”, you are over a barrel at that point, are you not? Magistrates’ courts would be an example.

**Mr Burchell:** No. In the event of failure to perform under the contract, we clearly have rights to secure back the necessary infrastructure and so on from the supplier. We also have open book accounting so therefore we can keep under regular review the rates charged for the work. We have yardstick competition whereby on an annual basis all rates charged by the supplier will be checked against industry benchmarks and therefore adjusted. Therefore, if generally over a period of time rates are coming down in levels, that will be reflected in the contract. Also, there is no automatic exclusivity in the contract for every single piece of IT business that we may wish to do. Therefore, there is a degree of contestability and competitiveness bearing down on the supplier throughout. There are quite a number of checks and balances in there to make sure we are not over a barrel. In terms of whether or not we get the performance we require, as you would expect in any contract of this magnitude, there are a large number of service specifications in there and standards of service and payment are linked to results.

**Q31 Mr Lepper:** I want to move on to some staffing issues. You will be aware that in this Committee’s annual report we raise the issue, I think not for the first time, of Defra keeping us informed in advance, where possible, of major appointments.

**Sir Brian Bender:** These are public appointments by ministers rather than Civil Service appointments, I think, in your report. Is that the issue?

**Mr Lepper:** I have a feeling we covered appointments within the Department and the associated bodies.

**Chairman:** We are interested in both.

**Q32 Mr Lepper:** If we look at the list of staff in here, it does look as if there have been a number of significant appointments made over the last year: the Director General of Land Use and Rural Affairs, Chief Veterinary Officer, Chair of the Sustainable Development Commission, Chair of the Agricultural Wages Board, Chair of the Royal Britannic Gardens at Kew, for instance; and forthcoming vacancies for the Chair of English Nature and the Chair of the Covent Garden Market Authority. What is your view about that issue of keeping us informed? Can you give us any information about what progress is being made?

**Sir Brian Bender:** I have in front of me the recommendation that was in your annual report which, as drafted, referred to non-departmental public bodies, but if the Committee wishes to expand it to senior appointments in the Department we can obviously consider that. The short and factual answer is that advice on how to respond to this is currently with ministers.

**Q33 Mr Lepper:** Admittedly, we have not had the response to the committee’s Annual Report yet.

**Sir Brian Bender:** The response to your annual report and this recommendation within it is currently with our ministers.

**Q34 Mr Lepper:** You may feel therefore that you cannot answer my next question which is what your view is of keeping us informed about that sort of information. Let me put it another way. Can you see good reasons why we should not be kept informed?

**Sir Brian Bender:** No, I cannot. I want to be very careful about this because anything that is said to a select committee is supposed to represent departmental policy. Since this is for a ministerial decision on this issue, I need to be rather careful. The issue, to be absolutely frank, gets into the boundary of: would this be before appointments are made and getting into American, congressional style pre-appointment hearings? I am very conscious of what the Liaison Committee has recommended as well as what your own Committee has recommended and asked for. There is advice on this in front of our ministers now.

**Q35 Mr Lepper:** Do you have any intuition about when that will be resolved?

**Sir Brian Bender:** Margaret Beckett is currently in China. I would hope it would be when she is back, pretty soon. There is no barrier to getting a decision on this and I will certainly give it a strong nudge.

**Q36 Chairman:** For the record, let me refresh our memories on what the Committee did say last time on this point: “Once again, this year we have not been specifically informed by Defra in advance or indeed afterwards of any of these appointments to posts in non-departmental public bodies or elsewhere. We recommend, as we did last year, that the Department put in place procedures to inform us in advance of all major appointments pending and/or made in line with the recommendation of the Liaison Committee.”<sup>5</sup> I do not think that we set ourselves up as congressional style hearings. That is not what we are talking about. For example, the appointment of the new CVO came literally out of the ether. There was comment in the press about it and we pick up on this long after the event. The reason why it is important to us, a new CVO with new ideas, particularly in the many sensitive areas that we look at, is it would be of interest to the Committee. We might want to find out how they see the landscape so that at some point in the future we could come back and see how they are going on. It could be our Balance Scorecard, but we do not have that opportunity because we are not told. What is it that ministers are agonising over in this area of keeping us informed about basic information?

**Sir Brian Bender:** They are looking at exactly how to reply to a question that has a recommendation and various kinds of and/or or brackets in it.

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<sup>5</sup> Environment, Food and Rural Affairs Committee, Second Report of Session 2003–04, *The Annual Report of the Committee 2003*, HC 225, para 15.

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**Q37 Chairman:** Something like, “Dear Chairman, the CVO is retiring next week. A new one is going to be appointed” does not seem to me to be a too taxing decision for a department to make.

**Sir Brian Bender:** The points you are making are being very clearly registered.

**Q38 Mr Lepper:** We are clear that, so far as this Committee is concerned, this issue of congressional style hearings is not what we are about. The very obvious, common sense point is that if someone new is appointed to a post it might be a good idea to know that, as a Committee, so that we are fully informed, but also to have the opportunity once that person is in post at an early date to, if we wish to, ask him or her to come before us and let us know what their views are.

**Sir Brian Bender:** I entirely understand the points being made. There is one development I had not appreciated from your report that has been brought out in this discussion which is that you are also talking, quite understandably, about appointments to the Department, so the response will cover both.

**Q39 Mr Lepper:** On the question of staff diversity, I think it is a question of perhaps some congratulation to the Department that targets that you set yourselves during this year have by and large, I believe, been met, but there are issues about senior Civil Service and grade six posts. Could you comment on your view about the Department’s performance in relation to the targets that were set and, in particular, the concerns there might be about those senior Civil Service and grade six posts?

**Sir Brian Bender:** This may be a phrase I use later on when we get on to Public Service Agreement targets as well. The targets are challenging. We have made progress in the last 18 months or so as table 48 bears out, and indeed since publication. In October 2002, the proportion of women in the core department was 20%. At the time this document went to press, we used January 2004 data and it was 23%. I have been today informed that at the moment it is 27%. It is moving up. These things will dip around a bit. How do we address problems like this? First of all, we have a number of networks for under-represented groups: a part-timers’ network, an ethnic minority network, a lesbian, gay and bisexual network and a disability network. These are support groups of the relevant individuals who also act as lobby groups and can also be sounding boards. We have those four and I engage personally with them as do other parts of the corporate services. Secondly, we have a diversity and equality action plan and that includes how we address issues around recruitment and progression. You need to get them in and then you need to make sure that they progress. In terms of progression, one of the further actions we are setting in hand is something called Elevated Partnerships which the Cabinet Office has been trialling, which is a mentoring programme for middle management women. If that works, we will try and introduce it for other under-represented groups as well.

**Q40 Mr Lepper:** Is that a programme that exists across the public services?

**Sir Brian Bender:** I do not know. We are now introducing it within Defra. We have also had some brain storming discussions among people at head of division level, the lowest rank of the senior Civil Service, about what are the barriers to advancement of people. To what extent are we selecting people in our own image? If we are fundamentally a white, male image in the senior Civil Service, are we looking for like people? To what extent are we encouraging things like flexible working, having the right role models and so on? There is a lot of work underway on it but I end where I began. These things are quite difficult and, while the trends are encouraging on women, they are not encouraging on people with disabilities at the moment and the numbers are so small on people in ethnic minorities that bringing one person in can make the numbers jump a bit.

**Q41 Mr Lepper:** Is there one example you could give us of a change in procedures, for instance, with regard to recruitment over the last year or so that you feel has been helpful in encouraging diversity?

**Sir Brian Bender:** One of the issues is where we advertise. One does not just advertise in *The Standard*; we might advertise in *The Voice* and other organs that are read by particular communities.

**Q42 Mr Lepper:** I have a feeling if the maths are correct that there might be a discrepancy between the figures given on page 226 in the report and those on page 364. I do not think that is picked up in the note that we had helpfully about some errors in the departmental report.

**Sir Brian Bender:** The clerk forewarned me of this, so I can answer it. It is not an error; it is a confusion. The confusion is that the second table, the one at the end, includes all the Executive Agencies as well as the core department. I think there is only one female, senior civil servant across the Rural Payments Agency and the other, larger ones. Both tables are correct but I apologise for the fact that they are confusing.

**Q43 Chairman:** Could you refresh my memory and that of the Committee? The Government has identified what appears to be a two stage reduction in the number of civil servants globally. How will your Department be affected and how are you going to deal with the staff morale issues that are associated with it?

**Sir Brian Bender:** I need to be fairly cautious in what I say this side of the announcement of the results of the Spending Review. I will not be precise because we do not know the precise Spending Review settlement, and the Spending Review settlement will include how the Department should respond to the efficiency review. I will try and answer your question within that caveat. Most of what Defra has been offering as part of the contribution to the efficiency review is built on existing programmes and projects. If you take something like the Rural Payments Agency change programme, it still foresees a reduction in staff numbers of about 1,000 people

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from the present numbers, as part of the programme that was initially announced in 2000 and includes closure at Crewe and Nottingham sites. That is part of it and that will be added to by roughly an additional 500 staff who will be released because of the simplicity once we have got over the hump of introducing the single farm payment. There will be staff reductions from now of about 1,500 in the Rural Payments Agency. That is one area. Another area in our efficiency review is the IT programme to make the England Rural Development Programme operate more smartly. Most of that is going to go into improved effectiveness and productivity. Some will go into staff savings. Other areas where we are looking for efficiency savings are in Andrew Burchell's own finance function and in the HR function, where the costs of individual transactions with the overhead, say, of HR staff per member of staff in the Department, are inefficient at the moment. We have begun a programme to improve the efficiencies there and that will be backed up by an e-HR system and between these two that will produce another 200 to 300 on finance and HR savings. There is a series of programmes in hand to add up to the overall efficiency saving. How will we keep up morale? Some of the basic rules, I guess, of first of all ensuring clarity from the beginning about what is involved, repeating the message to people so that staff are not left in the dark, showing that we value those who are or may be leaving as well as those who are staying. Coming back to Mr Taylor's earlier question about how staff involved in the IT outsource are feeling, the fact that the Department did some stress survey work with them and the fact that the Department has been having an HR strategy towards them has at least helped in some of those problems. That is the sort of issue. This is clearly something that is going to apply across the Civil Service.

**Q44 Joan Ruddock:** I was involved in the environment sections of our first manifesto in 1997 where we promised to put the environment at the heart of government. This has been translated in the annual report as embedding sustainable development across government, Defra working with other departments to integrate sustainable development into decision making. The comment you make is, "There is abundant evidence that this is working." I want to put it to you that there is abundant evidence that this is not working. If we take the examples of the planned increase in fuel prices for September and the panic statements that came on 4 June from both the Prime Minister and the Chancellor that this now had to be reviewed in the light of oil price rises, this is a reaction that does not sit well with the notion that sustainable development has been embedded into the Treasury when it comes to looking at fuel price rises. Equally, the Environment Audit Committee, when it looked at the Aviation White Paper, concluded that the policies that were put forward there would actively promote a huge growth in air travel, again which was inconsistent with having accepted sustainable

development. How effective do you think the Department has been in embedding sustainable development across government?

**Sir Brian Bender:** Can I begin with what is not intended to sound a nit-picking point? I think there is quite a difference between putting environment at the heart and embedding sustainable development. Embedding sustainable development means getting the right win-win decisions, balancing and looking across economic, social and environmental.

**Q45 Joan Ruddock:** I simply make the comment that there is a long history to this. It is not as though Defra, the new Department, has had to seize sustainable development and try to spread it around. This has been the policy of our party prior to taking government in 1997.

**Sir Brian Bender:** I do understand that point. There are a number of areas where we feel we have made a significant impact. The work on the follow-up to the Johannesburg summit, which I think you yourself were involved in, where the Department has led the way in publishing delivery plans on how we are going to implement those commitments and the work we are doing across government on that. The work we are doing with the Department of Health on health inequalities and public health. Some of the work we are doing with the Home Office. If you take the area of transport, the issue is how we reconcile the greenhouse gas emissions Government objective with other Government objectives to do with transport. There is good joint working with the Department of Transport and good progress, although the Committee may want to come back to where there is not progress, on air quality, again, an important environmental public health issue. On aviation, the issue was how to balance the economic growth with the potential environmental degradation. The White Paper identified some areas where there would be work proceeding on things like getting aviation into an emissions trading scheme and actions to control greenhouse gas emissions. Getting the absolute right decisions on each of these is a matter of judgment for the government on any one issue and Defra seeks to influence them. Ministers are part of the collective decision making process on that.

**Q46 Joan Ruddock:** Surely, if there had been real influence, if the Department had been really listened to, if sustainable development had been really understood, an announcement because of oil price rises, for example, that we have to review the whole policy at that point would not have happened, if the Department had been successful in its mission?

**Sir Brian Bender:** On the issue of the current concerns about fuel prices, this is so political, I think it would be unwise to express a view. Elliot Morley, as you know, did express a view and did issue a press release, making some of these points.

**Mr Hudson:** When Mr Morley appeared with Stephen Tindale and others and Stephen Tindale really probed on this on that Friday, the day after the Chancellor had spoken, Mr Morley did not short change him in an answer and really spelled out what

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he thought was the other side of the agenda. I think he was so concerned that that message got across that it did not just get across to the people present, who obviously were very interested and would put it up on their website. He wanted it to get across to everybody. A news release was put out and that hit all our journalists. It has not gone away and Mr Morley has insisted that this is something he has strong views on. As you know, his predecessor in that post picked up on that in *The Independent on Sunday* and said, "Well done, Mr Morley. Well done, Defra."

**Q47 Joan Ruddock:** The fact that you have a courageous minister who comes out with the right message is something that I and I imagine others on this Committee would very much applaud, but it does not get to the heart of the matter, does it? What we would be looking for is that such a statement was not made by the Treasury in the first place. Such a panic response to public pressure would not be made because there would be a real understanding that there has to be some restraint in terms of response to a pressure which could be and is entirely contrary to the demands of sustainable development.

**Sir Brian Bender:** Can I broaden this slightly beyond fuel prices? The Treasury has been constructive in using other economic instruments to deal with environmental issues, the landfill tax, the £215 million they allocated to Defra for the emissions trading scheme and indeed the sense in Whitehall that one of the cross cutting themes of this Spending Review should be and is sustainable development. I look forward, like you, to seeing how that is reflected in the end game.

**Joan Ruddock:** I think the Treasury has made great progress. Green taxation is something again that we are all very much committed to. There is progress being made, but it is the hard case, is it not, that tests your success and that is why I probed you on those two very important issues.

**Q48 Chairman:** I want to come to something perhaps slightly less sensitive, particularly bearing in mind the content of page 25 in which it enunciates your being at the heart of sustainable development. I want to take you to the subject of nappies. One of the things that an organisation called The Nappy Alliance, who wrote to me, have said is you have, on the one hand the National Health Service in bounty packs to new mothers, busy giving them disposable nappies. On the other hand, you have people who are in the waste disposal industry telling us that one of the biggest, bulkiest, nastiest chunks of rubbish they have to deal with are the disposed of nappies. You have the third strand, these people in The Nappy Alliance, who are looking for sustainable products. How is government wired together to respond to that kind of message? For example, our Committee had the question of the disposal of nappies drawn to its attention when we were looking at matters connected with the Landfill Directive. The Department of Health is busy spending large sums of money in buying all these nappies. I think it spent something like £1.5 million purchasing 12

million disposable nappies. It is a big problem. How do you respond to that? Do you get any feedback on it and, if so, how do you say to Health, "Is this really compatible with sustainable development?"

**Sir Brian Bender:** On issues like this, the onus is on us to knock on their door. They have their task and unless we knock on their door the risk is they will not notice it. We have been knocking on their door on things like local food procurement with the health service, with the education system and so on. I suspect the answer on nappies, despite the action that successive Environment Ministers have taken in Defra—male, I should say, in each case—in promoting nappy awareness issues, is that I am not sure it is something that the Department has been pursuing actively enough with the Department of Health and the NHS.

**Q49 Chairman:** This is about minimising the flows of waste that have to be disposed of. I pick on that particular example because the Nappy Alliance were kind enough to write and say, "Here is an issue" but for that read goodness knows what else. If you are talking about your Department, as you do on page 25, being at the heart of the Government's agenda on sustainable development, here is I think quite a big, bulky item in the waste chain which, with no disrespect, you have not addressed. One does wonder just how well this sort of sustainability argument is working.

**Sir Brian Bender:** What we have done, working with the Office of Government and Commerce, is to get some guidance out on sustainable procurement more broadly and some quick wins that can be done. This is on the OGC website. At a general level on sustainable development and sustainable procurement we have been very active across government and using the OGC to do it. On the nappies issue there is clearly more for us to do.

**Q50 Mr Lepper:** Chairman, I think to some extent you underestimate what Defra has done. For instance, in my local authority area last year, if not this year, there is an officer partly funded by Defra, I think through some funding scheme, to help promote the use of reusable nappies and working with the local health trusts on that. That is at the very local level. On the other hand, as the Chairman says, at a national level here is another department of government, the Department of Health, encouraging these bounty packs and therefore getting new mothers, new families, into the habit of continuing to use disposable nappies. You have some good achievements to boast about. You need to make sure they feed through all the way at a high level.

**Sir Brian Bender:** One of the challenges is to make the connections between local, regional and national in just the way you are describing, Mr Lepper.

**Q51 Patrick Hall:** Still on this theme, given what has just been said, Sir Brian, would you say on balance in practical terms Defra's role with regard to embedding sustainable development across the piece is about achieving common policies for sustainable

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development rather than in practice being able to challenge and test the outcome of decisions on the ground, or are you going to say that you want to do both? If you want to do both, have you got the resources to do both?

**Sir Brian Bender:** There are a number of answers to that. First of all, we operate in tandem with Jonathon Porritt's Sustainable Development Commission and we are just reviewing the relative responsibilities of the Department and his Commission, which certainly operates a challenge process with departments. The first challenge has to be, whether it is by Defra or the SDC, to try and ensure that the policies are sustainable policies. The second stage of the work comes down to the implementation. Somewhere in the report there is a reference to a Taskforce on Sustainable Development that Margaret Beckett chairs, which has been looking, among other things, at what is happening at regional and local level with delivery of sustainable development, or delivery of policies and services sustainably, at a local and regional level, so there is a bit of both. If we get this right, it should not be Defra resources; it can be local government resources, Government Office resources and pressing the right button in government departments. If we get it wrong, then it is a few Defra staff trying to push water up-hill.

**Q52 Patrick Hall:** Would you say that you are achieving the first? Even if people adopt excellent policies, they may not implement them, we all know that, but would you say that you are achieving the first?

**Sir Brian Bender:** I think we make progress in some areas and less in others. In some of the work on local communities at national level from the Home Office, some of the work on health inequalities with the Department of Health and public health work, I think we are making real progress.

**Q53 Patrick Hall:** With regard to the example raised by the Chairman about the NHS ordering nappies, is that something that conflicts with that Department's own policies?

**Sir Brian Bender:** That is an interesting question. I do not know the answer to it. They will have one set of policies around value for money on procurement. The way we have managed to turn that trick on food procurement is to point out that it need not be more expensive to buy locally-sourced foods, and that is the argument we need to have as to whether, in any one of these areas, there is a conflict between the cost and the sustainability. If there is, then it is a more difficult argument to make. On local food procurement for schools with the health services and others, we are managing to demonstrate that that is not necessarily the case.

**Q54 Patrick Hall:** If Defra is the champion of testing the embedding of sustainable development policies across government departments, surely you should know whether or not the Department of Health has adequate policies and then others can conclude whether or not you are implementing those? You

have said that part of your job is to see whether they are implementing them, but on the first part, surely you can say, or should be able to say, whether or not that department has had a look at sustainable development policies?

**Sir Brian Bender:** One of the things that we are looking at, both with the review of the Department and the Sustainable Development Commission and secondly the review of the Sustainable Development Strategy, is how scattergun we should be and how focused we should be. My concern up to now is that the Department has risked being too scattergun and it would be much better if we focused our attention on sustainable development in Government on a smaller number of policy areas and made sure we got those right rather than, as we do at the moment, spending too much of our time compiling reports on what other departments are doing and actually, as I think the Chairman said earlier, necessarily challenging them but choosing the right areas for the challenge and getting the analysis and evidence right. That is why I think for Defra and indeed the Sustainable Development Commission the challenge lies in the period ahead. That is part of the purpose of the review of the Sustainable Development Strategy.

**Q55 Mr Wiggin:** I am not sure how responsible you are supposed to be by insisting that the nanny state changes the type of nappy babies are supposed to wear. Is that not supposed to be a government policy? They have not actually got that policy so why is it your fault?

**Sir Brian Bender:** I picked up the gauntlet thrown down by the Chairman. I think our responsibility in this area would be to question whether what the Department of Health is doing, or the NHS in this case, is sustainable and covers the waterfront of government policies. If the answer is that there is a conflict, then how is that conflict reconciled and where is the value for money? The role of the Department is not to ensure that the NHS and the Department of Health pursues a nanny state but to see whether there is policy inconsistency and whether that can be reconciled.

**Q56 Mr Wiggin:** One of the alarming things I think you said earlier was that 49% of the 60% of the staff that filled out the form were proud to work for Defra. Perhaps that is why they are frustrated. Is that not likely to be the case?

**Sir Brian Bender:** I think there is quite a strong sense of job satisfaction and pride in the Department, especially when you consider how people must have felt about three years ago when the Department first—

**Q57 Mr Wiggin:** What is the sort of equivalent for your customers in terms of how many of them are proud to be served by Defra?

**Sir Brian Bender:** I do not know that answer. I gave an answer on how many felt they were getting satisfaction; that was about 80–85%.

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**Mr Hudson:** I want to pick up on your earlier point on sustainable development and what we think we are achieving. One issue on which I have wrestled with Jonathon Porritt is: how do we communicate effectively what sustainable development is? There is a concept and then there are the practicalities of it. It is quite clear that where we think we could make progress on any issue is by making sure that in any decision that government takes everyone is weighing up the economic, environment and social aspects and that they are striking a balance between all those three. Just to get people to go through those thought processes is obviously something on which we are trying to work.

**Sir Brian Bender:** That is one of the purposes of this one-stop shop that you were asking about earlier. How can we evaluate the economic and sustainable development aspects of policy decisions? That is what it is trying to do.

**Q58 Joan Ruddock:** One of the ways where it is helpful I think and where there is opportunity for sustainable development thinking to be introduced into departments is by the exchange of personnel. I wonder how many people are actually in the Treasury, in DTI, in Transport, who have a real understanding and who are seconded by Defra and whether you have exchanges with people from those departments coming to work in Defra.

**Sir Brian Bender:** I cannot give you the numbers at the moment. We certainly have some people in the Treasury from among our own people. The Permanent Secretary of the DTI and I have agreed that we need to set up what he and I call some strategic secondments between our departments. The total number of secondments in or out of Defra is 173 below the senior civil service and then at senior civil service level 30 members of the senior civil service are outside the department and 10 are in it. The basic point you are making, which is that you can influence and learn about other organisations by working in them is absolutely well made and well taken in the Department. One of the things we want to do more of is interchange including much more short-time shadowing of that sort. We do want to increase the scale.

**Q59 Joan Ruddock:** That is good. My final point again comes from the Annual Report which reports that progress against the PSA target, which is on promoting sustainable development across government, has not yet been assessed and it says that a revised delivery plan is promised for spring 2004. I think we have just hit the summer. I wonder where the report is. What has happened to it? Is there a new delivery plan? Is it lurking somewhere?

**Sir Brian Bender:** In part I think it is overtaken by the Review on Sustainable Development that is underway. The better delivery plan will be one based on the results of the Review of the Sustainable Development Strategy, which will take us a year from now into spring of 2005. What I am not sure about is where we are. We have a delivery plan for the current target but the current target is essentially one of promotion; it is not very tangible. The new

target needs to focus on the new Sustainable Development Strategy, which needs to be, as I was trying to say earlier, a little more granular and to identify where we need to make the most impact. The more meaningful delivery plan would be one based on that.

**Q60 Joan Ruddock:** Exactly when might that be?

**Sir Brian Bender:** That one would be spring 2005. What I am not sure about is exactly where things stand on the availability of our delivery plan for the present. I can check and provide the Committee with a note on that.

**Q61 Joan Ruddock:** If we are not expecting any kind of assessment, then we will not be able to see any judgments about this until spring of next year, and that would be rather alarming, would it not?

**Sir Brian Bender:** I will come back to the Committee on that.

**Q62 Chairman:** Can we probe you a bit about page 258, Appendix 4, PSA Target 2 on the subject of carbon dioxide emissions?

**Sir Brian Bender:** What would you like me to say? Would you like me to say how we are doing?

**Q63 Chairman:** I would like you to explain why you are not doing what you said you were going to do. Why have you found it difficult to keep on track towards the original PSA target?

**Sir Brian Bender:** There is a two-part target, as you will appreciate. We are on track for part one, which is to meet the Kyoto target to reduce emissions of the basket of greenhouse gases by 12.5% below 1990 levels. We are on track for that and indeed the emissions of that basket of gases fell by 15.3% between the base year and 2002. The second part of the target is moving towards reductions in emissions of carbon dioxide by 20% below 1990 levels by 2010. On that one we have reported a slippage because on current or most recent forecasts from the DTI on emissions projections we think that we are heading at the moment to between 12 and 14% on current policies for CO<sub>2</sub> reductions by 2010.

**Q64 Chairman:** What has gone wrong?

**Sir Brian Bender:** What has changed is that increased emissions from coal-fired generation is higher than previously expected, and there has been higher than previously expected GB growth and shortfalls from carbon savings from transport. We are trying to put two things right. First, the national allocation plan for the EU emissions trading scheme that we put in would increase that figure and be consistent with a 15.2% reduction in CO<sub>2</sub> emissions. Secondly, as I mentioned when the informal session in the Department happened last week, the Climate Change Programme is being reviewed by the end of this year and we will need to look at and reach collective agreement in government about what needs to be done to be more confident in saying we are moving towards it.

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**Q65 Chairman:** Can I be absolutely clear in the context of this review: are you as a department in charge of it?

**Sir Brian Bender:** We are leading it.

**Q66 Chairman:** The question I ask is: who is in charge of it? Who is going to be the Minister who says that this is the Government's policy? Would it be Margaret Beckett?

**Sir Brian Bender:** I would be very surprised if it was not. I would assume it was but it is still collective. It still has to have buy-in from DTI, Transport and Treasury.

**Q67 Chairman:** Somebody has to be in charge because, going back to the previous line of questioning about sustainability, it is all right having the class monitor but it is a question of who is the head, who is in charge? Who is actually going to crack the whip about saying: what is the content of the policy? The sense I get from you is that, whilst you would be surprised if it was not your Secretary of State, there is still an element of doubt as to who is driving this thing.

**Sir Brian Bender:** I have no doubt she is driving it. I am certain of that. What I am not clear about is what you might say the governance arrangements are going to be. The target itself, as you will appreciate, is a shared one between Defra and DTI. It is not currently shared with Transport. That is a subject that is, as we speak, under discussion in Government. There will have to be some process of getting collective decisions at the end of it, as you well appreciate, but I have no doubt that, in terms of who is driving it, Margaret Beckett will consider that she is driving it.

**Mr Hudson:** May I say on climate change that it is quite clear that the Prime Minister takes this very seriously and has given his leadership internationally and nationally. Our own Secretary of State is always keen to impress that.

**Q68 Chairman:** As this Committee has highlighted, for example in the context of the many debates we have had on bio-fuels, we have your department being an enthusiastic promoter of it; we have your department publishing glossy leaflets telling us what a wonderful impact it is going to have on the rural economy and rural employment. Then, on the other hand, we have the Treasury under attack for not providing sufficient inducement to get an industry based on UK oilseed rape oil as a source for the bio-fuel under way; we have no bio-ethanol industry to speak of; we have no connection between any of this and the Department of Transport; and we have the DTI wired into an increase in hydrocarbon-based energy policy for the United Kingdom. This does not smack of a policy that is being properly co-ordinated with one department clearly in charge setting a sustainable agenda.

**Sir Brian Bender:** As I say, I do not know what the Government's arrangements will be. I have no doubt Margaret Beckett will be driving it. I have no doubt that the DTI will be co-owners of the Public Service Agreement target for the period ahead and therefore

they will have a public stake. There is a matter of debate going on as to whether the Department of Transport should also be co-owners of this target.

**Chairman:** I think the Committee looks forward to conducting an inquiry towards the end of the year into this area when we can return to it in more detail. We very much hope that both the driver and the road map might form part of our evidence.

**Q69 David Burnside:** Can I turn to communications and the Department in a wider sense? Perhaps you could let us know what you regard as your greatest communications success over the last 12 months and your greatest failure and why on both?

**Mr Hudson:** I can certainly address the former. The latter I will have to think about. I think for me the biggest single success, and obviously the Permanent Secretary pays a very close interest in communications and will take a view, was GM. It was a highly contentious issue where I think 18 months ago the view was that the Prime Minister had made up his mind and that we, the Government and civil service, were not talking to anyone. I think what has emerged 18 months later is that we have put more research into the public realm than possibly any other Government; we have been open and transparent, not least with the GM public debate process, in which this Committee took a close interest and where we very much agreed that there were lots of lessons to be learnt. To get a policy announced which showed that we were basing our decision on sound science whilst at the same time acknowledging public concerns and reflecting what the regulatory structure was I think was quite a communications achievement, given the degree of scepticism, given the degree of hostility. It was a tricky, contentious issue, on which nonetheless I think we did a lot to show that we were engaging people, that we were listening, and yet taking a decision, in my view.

**Q70 David Burnside:** And failures?

**Mr Hudson:** There are various things that I am working on and I do not want to sound as if there is a lot to work on. I would not pick out a single failure as such. Can I address it this way? If you ask about things on which we are working, I think it is this whole area about how we are more effective at influencing public behaviour on climate change and waste and the area of how we can communicate more effectively with farmers, even though obviously we have picked up that we are improving our communications.

**Q71 David Burnside:** Can I just continue with that? All right, there has been no major failure over the last 12 months. There is some sign recently, frighteningly, about a new brain disease in cattle—*The Guardian* story—which hopefully will never take place and hopefully we are not going to into another BSE or whatever it is called. There is some criticism not only from *The Guardian* but from *The Times* on the way you handled that in public relations terms. I

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cannot predict what is going to happen but you were criticised and not just from the source of the original story. Have you learned any lessons from that?

**Sir Brian Bender:** May I respond? When a case like this arises, and what happened was that an animal that died on a farm in Cumbria last September was found at post mortem to have a particular apparent infection, it is sent to one of our VLA laboratories for testing. They then looked back at previous cases they had had and they identified that over the last 10 years there were 21 similar cases—20 in sheep, one in cattle. They then did two things in parallel: they prepared a letter to go to the *Veterinary Record* for publication and they set up a meeting of an inter-departmental group called the UK Zoonoses Group chaired under the Chief Medical Officer. That met in April and its remit is to look at new, emerging or potential animal diseases from a public health perspective. What then happened was that a summary of the results of that meeting was placed on the Department of Health website and on the Defra website. With hindsight, it was a partial summary because it said simply that members had been informed of this possible new and emerging disease in cattle but it did not go on to say that the Health Protection Agency had been asked to lead a precautionary assessment on an urgent basis as to what the public health risk might be, and it did not go on to say that a publication was being prepared for the *Veterinary Record*, which has now appeared. Are there lessons to be learned? Yes. I do not think it was put into the public domain as smartly as it might have been or as fully as it might have been. I think that is something we need to look at with the Department of Health.

**Q72 David Burnside:** Staying on communications, you spend a considerable and significant amount of money on publicity campaigns, both above the line and below the line, on waste reduction, whether it is recycling or reduction. Can you give us some sort of feel for the success of these campaigns? How do you judge the marketing, advertising and public relations activities, which I believe have massively increased, against the end result on recycling and waste reduction? Can you give us some judgment on another great success within your Department?

**Mr Hudson:** I said there was work to be done on waste. As a general point on campaigns, I would say that we are a department that thinks quite carefully about where we should spend money. We are well aware that there are some public information campaigns where the information you convey is something that people want to hear and they want to follow up. The kinds of campaigns we are going to attempt to become involved in will tend to take people out of their comfort zones. We are very conscious as a department that often marketing alone will not do the job. We have certainly had research carried out by Green Alliance and DEMOS to suggest that we have to be very careful not to assume that information leads to awareness or that awareness leads to action. That is research we commissioned, which is very much helping to shape how we think about campaigns.

**Q73 David Burnside:** If that is information that does not lead to awareness and does not lead to action, what are you carrying out the campaigns for?

**Mr Hudson:** If there is a connection, then fine. An example of an effective campaign is *Think* about drink driving which has a powerful communications message and a powerful campaign around it but it is also linked with strict law enforcement.

**Q74 David Burnside:** The police will prosecute for that.

**Mr Hudson:** Yes. We take this very seriously in government and in our communications thinking in Defra and we need to evaluate just how effective these campaigns are. We need to know that the money, if it was spent, would have the right effect. On waste, it so happens that we are putting money towards it. We are planning a local campaign and a national campaign. We have assigned £10 million for a national campaign; the remainder will support local authority campaigns. The public awareness campaign will consist of two interlocking initiatives. On the local side the “how to” of waste minimisation will be aimed at local authorities and their communities, which we will roll out later this year. The national campaign will be the “why” of waste minimisation. We have already assigned a budget for the national campaign that covers television advertising, the press and awareness-raising events. As a general principle, since you are digging at that, you can spend £100,000 well on, say, “five a day”, the campaign about eating fruit and vegetables, because you have a really strong network and that network is working with others to get the message across, or you can spend in the order of £2–3 million on an effective television campaign. Invariably those campaigns could cost as much as £7–8 million. Working Family Tax Credit cost about £16 million. There are different ways in which to do this. We are well aware that it is not just down to money; it is also to do with the networks you work with and the interests of the media. I am very aware, partly because of my background, of the degree to which television now can deal with serious issues and yet link those with entertainment. It could well be, particularly when we are targeting young people who are very important in a lot of the issues we want to communicate, that we will have to work more with the media which are doing programmes on this and link into what they are doing and think about how we respond to that and how we provide information around it.

**Q75 David Burnside:** Why can you not get Zak Goldsmith and the environmental lobby and the organic lobby on-side? They are very sceptical of your Department and its performance in relation to the future of farming in this country.

**Mr Hudson:** I think there was scepticism, not least for the reasons that Sir Brian gave about when we started as a department. Increasingly, thanks to the involvement of others at summits and so on, people have seen that our own Secretary of State is someone who gets the business done, is on top of the brief and gets results, not least at the World Summit on

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Sustainable Development in Johannesburg and on CAP reform in Luxembourg, which all had a very important environmental dimension to them. I think we are winning a lot of respect. We do see these groups perfectly understandably as challenging us, keeping us on our toes. We cannot always see eye-to-eye with them. Obviously their job is different from ours. I do not know if I want them so much on-side that they are silent. I think they perform a vital role. Equally, we have to be seen to manage those expectations and put what they say in some context.

**Sir Brian Bender:** I am not sure if it is the goal of a pressure group to be satisfied with what we are doing.

**Q76 Joan Ruddock:** Chairman, I am bound to make a comment I think about the success of the GM strategy. I can actually understand the claim you make. As a technical process dealing with a very difficult situation, I can well understand your self-congratulation and can approve of that but it was a huge democratic failure and it needs to be recognised by the Department at every point. Whether it was the public debate, the science report, the economic report or the farm-scale trials, the whole lot, there was no debate in Parliament. I know that is not a matter for civil servants but it was huge democratic failure in that sense. I am not asking for a response. I do want to ask about the communications strategy and take you back to the fuel price rises. That caused the greatest crisis that this Government has had and there were demonstrations. We could have predicted that at another time of difficulty, and again you could have predicted that because of the Iraq war, this issue would surface again. There was a huge need for public education between those two points. I just wonder the extent to which you feel you have done anything in that field and why there has not been a budget for television advertising that links sustainability of this behaviour—waste, transport and other things—to climate change. People do feel strongly about climate change but there has not seemingly been a way of connecting the behaviour of people with Government aims, for which Government can take a lot of credit and that is indeed very positive. Is there a bid in the CSR? Are we going to get more money? Can we do more in this field? Do we want to do more?

**Sir Brian Bender:** I do not think I am going to predict what the results of the Spending Review are. We have been spending a total of about £13 million on climate-related communications, mainly looking at areas like energy efficiency and renewables. We are also doing some work as part of the national curriculum in science and geography and so we are looking at younger people. We are also doing some work with DTI, Carbon Trust, Energy Saving Trust, on public attitudes towards climate change in the period ahead. The point you are making is one we are looking at and trying to work on more. I am not sure whether television advertising is the answer but we are doing some work on how we do improve public opinion on these issues, and that links in to

the whole sustainable consumption and production agenda and how you encourage people to consume sustainably.

**Q77 Joan Ruddock:** You cannot tell us whether you have made a bid for more?

**Sir Brian Bender:** I can tell you that Margaret Beckett wishes to spend more money in the years ahead in areas around climate change, energy efficiency, fuel poverty and so on. What I cannot say at the moment is what the cake may look like and how it will be allocated.

**Mr Hudson:** It will definitely have a communications dimension. We have already started talking, not just with officials but with stakeholders. We have commissioned some study by COI to help us form our view on that. Rest assured that on climate change communications there is that work going on but, as Brian says, we cannot quantify that at the moment.

**Q78 Alan Simpson:** I want to move on to quality issues, but you must just allow me to follow Joan Ruddock on the GM issue. As a communications success, I just want to congratulate the Department on communicating a complete *volte face* in its position as a consistent policy initiative. For the record, I think this Committee needs to remind the Department that it was seen as taking a remarkably *laissez faire* view of GM crops in relation to their impact on agriculture and the environment and that the Department and its Ministers have had to be dragged kicking and screaming to an acknowledgment that you could not give the technology away to consumers, let alone sell it. If that is a success, you deserve all credit. I will leave it there. In terms of the targets and air quality, one of the Committee's criticisms of the Department over the years has been that whenever there have been targets the Department's first move has been to try and lower the bar. I just want to pick up on a couple of specifics in relation to air quality. On page 50 of your report, you look at the problems about emissions and particularly the problems about nitrogen dioxide and particles, or particulates. It states: "... although the vast majority of the country will meet those objectives, there will be some areas (mostly urban and roadside locations) where, with present policies and technologies, it is questionable whether the targets will be achieved by the relevant dates." I found that astonishing because it is like saying: we are meeting our air quality targets where there are no vehicles but wherever there are vehicles we might not hit the targets. I would like you to tell me, given that this is the area where we are likely to see the generation of most nitrogen dioxide and where particles are likely to occur in greater densities: what are you doing to ensure that those are precisely the targets that we hit?

**Sir Brian Bender:** May I pick up part of your point which you slightly threw away? We are on course for the majority of the individual components of the air quality targets. It is the two or three you identified where there is a problem. In most cases, although in ozone there is also a problem in some rural areas, as

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the report says and as you quoted, the problem is at roadside. Point one, as I think the report says, is that we need to do more to achieve the nitrogen dioxide, ozone and particles targets. What are we doing? The first thing is that local authorities have been asked to develop air quality action plans for local air quality hot spots. There is a dialogue between the Department and local authorities about that. Local traffic management plans can play a powerful role and in London there is obviously the Mayor's own plan. Secondly, the Department for Transport are looking again over the summer at the 10-year plan and air quality will have its role in that. There is a discussion to be had and it is being had with the Department for Transport about that. This is a target that they jointly own. Thirdly, at European level there are issues around reduction of vehicle emissions with future design and indeed combustion plan emissions, which is of course separate from traffic. There is a series of actions. We do have to do more. I do not see any sign of anyone looking to relax the targets.

**Q79 Alan Simpson:** May I follow that up specifically? Of the 63 local authorities that have action plans and 120 that have defined their own air quality management areas, can the Committee just be quite clear that your guidance notes are about meeting the targets and not getting close or redefining the targets?

**Sir Brian Bender:** I think I had better come back to you on that. You are asking a very precise question that I am not able to answer, but I will.

**Q80 Alan Simpson:** I am grateful that you have been as open about that as you have. Can I move on to the last of those points to which you made reference, which is in relation to the broader discussions? On page 51 you do make the point about your duties. May I ask whether you are saying to the other Government ministers and departments that there is not a case for ducking the stand in relation to fuel duties? Can you tell me whether you are making the case to the Department of Transport that aviation fuel duties cannot be exempt from those discussions and are they returning your calls?

**Sir Brian Bender:** I think I prefer not to get into the first part of your question on fuel duty increases and what discussion may or may not be taking place within Government. On the second part of the question, it is government policy, first of all, as I said earlier, to have aviation emissions covered in the next stage of the European Emissions Trading Scheme. That is something that is collectively agreed and will be pursued in Government. There is discussion going on in Government at the moment about the whole issue of taxation of aviation fuel, but the general feeling on that across Government is that this is a multilateral issue not just an EU issue.

**Q81 Alan Simpson:** Chairman, you wanted me to try and link this with my second question which is about fuel poverty. It does link in. Joan Ruddock, in an earlier question, linked this in terms of carbon emissions to the fuel poverty strategy. She asked

about the budget for this. Your reply, Sir Brian, was to say that you could not say at this stage how the cake would be cut. Can I just come back to that specifically and ask you whether you have put a bid in as a department for the 50% increase in spending that the Fuel Poverty Advisor Group had told the Government is needed for the warm front budget if their legal commitments to eradicate fuel poverty are going to be met?

**Sir Brian Bender:** First of all, we entirely accept the commitment is there for 2010 for vulnerable households. Secondly, I do not believe Government accepts the 50% figure, but it does accept there needs to be a budget increase. I think there is a debate to be had with the Fuel Policy Advisory Group about the quantum. They produced their views and those are valuable. Thirdly, is this an area where the Department is seeking, in the Spending Review, to allocate additional resources? Yes.

**Q82 Alan Simpson:** Do you think that is adequately reflected in your PSA requirements targets?

**Sir Brian Bender:** No. We certainly discussed it last week and I suspect we discussed a year ago before this Committee that our PSA target is the wrong target. We have achieved it, which is great because we have treated the relevant number of households. I imagine therefore that their fuel efficiency has improved as a result. We do not know how many of those it will have been taken out of fuel poverty. There has been an improvement, and so in the most recent data, in 2002, the number of fuel-poor households is 1.4 million but the target is meaningless. Therefore what we are looking for, quite apart from the budget and the Spending Review—and I do not think there is any difficulty in agreeing this with the Treasury—is a target that addresses the requirement as you described it a while ago: moving towards removing fuel-poor, vulnerable households by the years 2010, something like that.

**Q83 Alan Simpson:** You would accept that this numbers game that we have been playing in terms of meeting the target is only relevant as long as you accept that the word “reduce” in your PSA agreement rather than the actual commitment or supposed agreement, which is the ending of fuel poverty.

**Sir Brian Bender:** The aim is to eliminate fuel poverty. There happens to be a legal commitment as well, which matters just a bit, and that is what the policy should be about. The current target of treating 600,000 households is useful but it is not actually directly linked to and measuring progress towards that target. It is bound to have some impact on it but it is the wrong target.

**Q84 Alan Simpson:** Again, just to be clear, it is useful but only in the sense of saying that you can meet those targets by giving each household a couple of low-energy light bulbs and it actually says nothing about whether they are removed from fuel poverty, other than that under current rules they are not even going to get a second bite of the cherry. Can we just

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have as a committee an assurance from you that the targets you will be working to in your PSA agreement for the coming year are going to move away from the nonsense of a target that could be met with two low-energy light bulbs?

**Sir Brian Bender:** There are two answers. First of all, I fervently hope that when the outcome of the Spending Review is announced and published with the new PSA, which actually only bites from April next year, that PSA will be a meaningful target of the sort that you are describing. That is a matter for discussion between the Department and the Treasury but I hope and believe we will get a meaningful target. The second thing is that we still need to publish, and will do I think in the not too distant future and in the light of the Spending Review outcome, the Fuel Poverty Implementation Plan. Again, that will need to address never mind the current PSA target but the elimination of fuel poverty. I do not think there is any disagreement between what I am trying to say and your line of questioning.

**Q85 Alan Simpson:** Under the Home Energy Conservation Act, the Department was under a duty to publish progress reports in terms of the data, not just warm words. As I understand it, the Seventh Progress Report under Haskins should now be complete. I would like to know when you anticipate being able to produce the data relating to that?

**Sir Brian Bender:** Perhaps I can come back to the Committee on that point?

**Q86 Mr Lepper:** I have some quick questions on a couple of the indicators that are used under PSA Target 3 on natural heritage. This Committee will be publishing a report quite soon on sites of special scientific interests and so I will not dwell on that too much this afternoon.<sup>6</sup> The target remains at bringing 95% of SSSIs into favourable condition by 2010. From what you say in the departmental report, you are pretty optimistic that that target will be met. That is so, is it not? There is no doubt about that?

**Sir Brian Bender:** What page are you looking at?

**Q87 Mr Lepper:** It is page 258, Appendix 4.

**Sir Brian Bender:** We have made a good start. The current figure, as you will probably know from your inquiry, is 62.9% on target. The aim for next spring, which we and English Nature are committed to, is 67%. We have not yet done the analysis of what we call the trajectories to get from 67% to the 95%. Like many, this is a challenging target. Good progress is being made. There is very good joint working with English Nature. There is a much better understanding than there was a year ago about the different factors that affect the conditions of SSSI sites, and so we are much more on the case than we were this time last year. I hope your report will at least reflect that. This is a challenging target.

**Q88 Mr Lepper:** The Minister seemed quite confident when he appeared before us. I am sure that confidence will feed its way throughout the Department. Obviously the Government will reply to our report when it is published.

**Sir Brian Bender:** On the point I made about our ability to assess progress, we are expecting to be in a position to do that for the autumn Performance Report. At the moment, we have the target; we know the measures we are putting in place; we know the work we are doing; we know the progress we have made. Getting from there to the 95% with the mix of measures and the trajectory of the assessment of progress should be available when we publish our autumn Performance Report.

**Q89 Chairman:** Just to probe you about the use of the language in this thing, it says here: "It is only in light of this figure that we are able to set a trajectory for increasing the area in favourable condition . . ." I did a bit of calculating on this and all I saw was a straight linear progression at 6% a year. The idea of a trajectory to me when you are talking about a shell is that it goes up and comes down, and yet you have already seemingly worked out the rate at which improvements are going to be achieved. I do not understand why you say here that you are working to establish this pathway, trajectory, against which progress will be achieved when in actual fact you have defined it because you have said it is going to be 56.9 in 2003 to 95% in 2010.

**Sir Brian Bender:** The terminology of trajectory in terms of delivering against PSAs actually means looking at the different mix of policy instruments. We were talking earlier about the different instruments on waste; here we are talking about the different instruments on CAP reform.

**Q90 Chairman:** Why do you not say that instead of using this mystical language about trajectory, which is more at home in the Ministry of Defence's commentary on how shells go up and down than it is in terms of how you are moving towards meeting an important target?

**Sir Brian Bender:** I am afraid it is terminology that is used in government at the moment on PSA.

**Q91 Chairman:** This report is for people who are not part of government but who want to read what you are doing. This is a classic piece of gobbledegook.

**Sir Brian Bender:** We will plain English proof it next year, Chairman.

**Q92 Mr Lepper:** I will make a brief comment on the other indicator I was interested in. SSSI is one and farmland birds is another where again I think there is an air of confidence which I hope is well founded in the Department's report. The fact remains that the number of farmland species is still only at 60% of its 1970 levels. Looking at the weekly lines on graphs here—and I will not call them trajectories—there does seem to be a lot of fluctuation on the graphs from one year to another. There is a confidence there still that targets will be met.

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<sup>6</sup> Environment, Food and Rural Affairs Committee, Fourteenth Report of Session 2003–04, *Sites of Special Scientific Interest: Conserving the jewels of England's natural heritage*, HC 475.

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**Sir Brian Bender:** This is a long-term target, as you will appreciate. We are talking here about 2020. The first milestone is to stabilise the index by 2009 and then get it moving upwards. We believe, from the data we have, that the decline is slowing. What we do not know yet is whether that is a long-term trend and therefore, taking the reverse of the shell, whether the trajectory will start moving upwards.

**Q93 David Taylor:** The word trajectory is a useful one, is it not? PSA 3 in 2000, and I am now talking about the recycling and composting of household waste, had a target, did it not, of 17% of such waste being recycled by now? You are reasonably confident in your report that because the figures by the end of 2002–03 were 14.9% that 17% would probably be achieved. I will not dissent from that particularly. Is not your use of the phrase “on course” for the PSA 6 in 2002 to be recycling 25% of household waste by 31 March 2006 perhaps a tad overoptimistic? That phrase has been chosen has it not because it is useful when you are debating your CSR bids to have something on target by some trajectory that has never ever been experienced or evidenced in past statistical trends.

**Sir Brian Bender:** I think it was last year before the Committee one of the members said, “This target is impossible”. I said, “It is very challenging”. The member of the Committee said “Quite”. Since then, we have recorded a two percentage point increase and so there is, and I am choosing my words carefully and trying to speak plain English, an acceleration in the improvement here. Having started at around 7.5% in 1996–97, we are now at 14.5% with two percentage points increase in 2002–03.

**David Taylor:** I am not disputing the 17% figure. I think you are probably right. The fact remains that we have to increase by 50% the amount being recycled at the moment within less than two years.

**Sir Brian Bender:** We have a series of different measures: the Waste Improvement Programme, the statutory targets, the increase in Landfill Tax, the onset soon of the Landfill Allowance Trading Scheme. If the Chairman will forgive me, the recent work we have been doing on the impact of these measures on the trajectory makes us believe this is achievable. Using the language we are allowed to use, “on course” and “slippage?” and so on, I would not say at the moment that we had slipped on this. I would say it is achievable and therefore we are saying it is on course, but it is a challenging target.

**Q94 David Taylor:** In the scales of the senior civil service, how would you describe “challenging”?

**Sir Brian Bender:** Difficult. I am sorry; I do not know if this is all senior civil servants or just myself. When Defra was created and I looked at the PSAs we had inherited, I thought this was the most difficult. I believe now that it is achievable. That does not mean we will achieve it.

**Q95 David Taylor:** Is it not the case that for some local authorities, like my own in North-West Leicestershire that are very cash strapped, the actual

operation of recycling and composting is rather more expensive than the traditional methods of waste disposal and they are really struggling to drive their percentage levels higher because they lack the financial resources to improve the systems to the necessary extent? Is that not an experience shared by other local authorities?

**Sir Brian Bender:** It is and what we have got better at in the last year, working with the Local Government Association and now working with IDeA<sup>7</sup>, is actually working out what does drive up local authority improvements and what does not and sharing best practice. IDeA are going to identify some peer review work and Elliot Morley announced at the beginning of the calendar year that another £20 million will be made available as a one-off, targeted grant to ease spending pressures on waste. There are obviously PFI opportunities as well. What we are trying to do is identify a much more target-specific approach and a mixture of sticks and carrots for each local authority so that the ones that are not performing well will get special treatment.

**Q96 David Taylor:** I heard your answers to David Burnside. I strongly endorse the promotion of the work you are doing in relation to the importance of minimising waste and all that goes with that. I think that is fine and I applaud it.

**Sir Brian Bender:** The other thing we are doing on waste minimisation, and which WRAP<sup>8</sup> are doing on our behalf, is working with the retailers who are much better placed than Government to actually understand what consumers might or might want and influence them by reducing the amount of packaging. That work is progressing fairly well according to WRAP.

**David Taylor:** I counsel caution on any PFI project because, to use your word, their trajectory of cost might well suggest cost effectiveness in the early years of any contract but that may well balloon to unaffordable levels rather later down the line.

**Q97 Joan Ruddock:** I want to follow that up by looking at the Landfill Directive on biodegradable waste and perhaps look at the first target of running down by 2010 to 75% of 1995 levels. Are we on course? A lot of people do not think we are.

**Sir Brian Bender:** I am reading what my brief says on this. I will choose my words carefully: Achievement of the 2005–06 standards will contribute to the diversion of biodegradable waste from landfill and put us well on the way to meeting the landfill obligations.

**Q98 Joan Ruddock:** Do you have a review of those targets under way?

**Sir Brian Bender:** The first review that is under way is the current discussions with the Treasury both on resourcing and on the Public Service Agreement target. For a Spending Review that spans into 2007–08, clearly the 25% biodegradables target by 2005–06 is not relevant. The question is therefore

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<sup>7</sup> Improvement and Development Agency.

<sup>8</sup> Waste Resources Action Programme.

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whether the new PSA target should refer to the Landfill Directive objective, but we have said we would review this year the national recycling targets. The review will be at around the end of the year because we need first of all to have the Audit Commission's initial, unaudited results for the 2003–04 performance of local government, which we expect before the summer break, and, secondly, we need to have finalised the work on the resourcing and new PSA target. We would plan to have reviewed the statutory recycling targets by the end of the calendar year.

**Q99 Joan Ruddock:** Then what might you have to do, given that you are clearly not certain that you can meet your 2010 Landfill Directive targets?

**Sir Brian Bender:** I am going to start using the word trajectory again if I am not careful and get into trouble with the Chairman. What we will need to do is look at the mix of effects of landfill tax, what the effect of the Landfill Allowance Trading Scheme is likely to be, and of course it will not be in yet, and how we might do more to prepare local government to use it effectively, and other measures in the Waste Improvement Programme that I was describing earlier in response to Mr Taylor. We will be looking at the mix of measures and what part expenditure might play, what part sharing best practice with local government might play. There are a number of PFI projects that are in the pipeline which may help on these issues, but beyond that I do not want to be drawn as to where we might be by the end of this calendar year.

**Q100 Joan Ruddock:** Is there any sense of urgency, though?

**Sir Brian Bender:** Absolutely. Mr Burnside was asking about communications successes and I think the way in which the Department has got a better handle on what is going on with waste in the last 18 months is something I am quite proud of, the way we have actually got our act together and are understanding much better what is going on and the way the different levers can be used. There is absolutely a sense of urgency but, using the mandarin words I was not allowed to use earlier, this is a very challenging time.

**Q101 Chairman:** Would you apply the same optimistic view to the disposal of hazardous waste?

**Sir Brian Bender:** I do not believe everything I hear in the media at the moment on this. We have been having intensive discussions with the Environment Agency about it. There is a short-term issue on the ending of co-disposal in the middle of next month; that will lead to a reduction in the number of landfill sites that are taking hazardous waste. As Elliot Morley said on *Newsnight* last night, about 60% of such waste at the moment is contaminated soil and

asbestos, which need not and should not go to landfill. The chemical sector, again as he said last night on *Newsnight*, believes that the changes should not have any problems in their sector. No, we are not complacent about this issue. We are working closely with the industry and with the Environment Agency on how to manage what will be happening in a regulatory sense in the middle of July.

**Q102 Chairman:** Does that mean in layman's speak that we will have enough licensed sites?

**Sir Brian Bender:** Taking everything together, we think there is going to be a projected capacity of over one million tonnes a year, which is less than there has been in previous years. On the other hand, we do not expect future arisings to be as high as in the past from the point of view of industry. This is something that we are discussing, as the French would say, incessantly with both the Environment Agency and the industry.

**Q103 Chairman:** Given, as you know, that the Committee produced a detailed report on that and questions of definition and licensing were part of our findings, I think we would find it helpful to have an update as to exactly where we are, the relationship between the demand facilities and the availability of those with some indication of timescale to see whether in fact we are on track.

**Sir Brian Bender:** That is understood.

**Q104 Mr Breed:** On rural policy, and this revolves around PSA Target 4, may I say that I think for very many people, and particularly those of us who represent largely rural areas, this particular target is probably one of the most important we would look at both in terms of the economy and trying to get the productivity up and also the accessibility to services. I think the five key services you have identified are exactly right as such. We get back to the whole idea of being challenging and it is difficult. There is no doubt that the difficulty must be matched, if you like, with its importance because those particular aspects of the economy and accessibility are absolutely vital to rural areas. Can you expand a little bit as to why it is difficult and challenging? Is it to do with the timescales that you have got to do it in? Is it to do with the general economy of the country? Is it to do with a lack of resources or insufficient resources actually to meet that sort of target quickly? What are the component bits which make the thing difficult?

**Sir Brian Bender:** The first thing to say is, when Defra was created, which is only three years ago, for the first time we were bringing together the various bits of Government dealing with rural policy, and one of the first things we worked out was that actually we did not have a very good evidence base. You may find that, representing a rural constituency, a strange remark but actually the national evidence base of what the position and issues are in rural areas was pretty weak, and

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therefore one of the first tasks was to get the right evidence base, to identify the right sort of interactions. The second issue on something like this, and the Committee I know has looked into this in a number of areas like rural schools and also broadband, is that the effectiveness of our actions depends, rather like on sustainable development, on influencing others. Of course, there are some things which are within our own gift and we can do them more or less effectively, but the extent to which we can persuade the Department for Education and Skills to do the right sort of things on Sure Start or on rural schooling, persuade the Department of Transport to do the right sort of things on rural transport, and so on, is what it is about. Therefore it is a combination of the power of persuasion and having the right evidence to go to them. One of the most significant gains we have made in the last few months on this is actually getting it agreed that other departments will now report their performance with what is called a geographical marker, so that performance in rural areas will be identified. Otherwise, one could have a situation where Department X can achieve its targets nationally and be on track by getting it 95% right in urban areas but only 60% right in rural areas. This persuasion of other departments that there should be this geographical marker is another thing we have achieved. It is taking a while. I have a brief which gives lots of examples, but you will know better than I where there is genuine progress being made.

**Q105 Mr Breed:** We have about two years to go before it is supposed to be met, and it indicates we have not made a preliminary assessment as to how far along the trajectory we are. When do you expect to make some sort of preliminary assessment of how close we are?

**Sir Brian Bender:** In the course of calendar 04. We have been using the first year to actually get the information data, the evidence, together and refine the delivery plans. I am glad I am getting other members of the Committee to use this word “trajectory”. We will aim to have the necessary delivery plans and trajectories refined during the year. I do not know exactly what is going to emerge from the Spending Review on the new PSA on rural policy but I would be surprised if it was radically different, there is bound to be a PSA which mirrors some element of services and productivity.

**Q106 Mr Breed:** We recognise you are going to involve departments to assist in that—

**Sir Brian Bender:** Yes.

**Q107 Mr Breed:**—but there are some aspects of that which are contained solely within your control, and you dedicate monies to various organisations and bodies to ensure you meet your targets and objectives. What sort of activities do you undertake

to ensure that these monies, when they are provided to other organisations and bodies, are being used to achieve these targets?

**Sir Brian Bender:** Mr Burchell may want to say a bit more about this in a moment, and I give him that 30-second warning. One of the answers to that was announced by Margaret Beckett last November when the Haskins Report on Rural Delivery was published, and she wanted us to do a review about rural funding streams. There is a plethora of different funding streams provided by Defra, which the Haskins analysis compellingly said—I cannot remember the exact words—was pretty confusing for the business or individual in a rural area, needed to be simplified, and needed to be simplified from the point of view of the customer. So there was a sort of initial evaluation, if you like, at that stage which said, “It is too complicated”, and one of the pieces of work which is underway is this review of rural funding streams. I do not know if there is anything more you want to say about evaluating what the Countryside Agency and others do with the money?

**Mr Burchell:** We have had the mid-term review of the England Rural Development Programme, which includes some socio-economic schemes within the portfolio—it is not just the agri-environment—and also we had the review of the Rural White paper last year, published earlier this year, which was trying to look at the effectiveness of policies in relation to the White Paper which was published several years ago. I know the Countryside Agency do evaluations of their schemes but I do not have the data on those. But effectively there is a portfolio of evaluations around things like the ERDP, the Rural White Paper and so on, which inform and supplement the review of rural funding which Sir Brian has already mentioned.

**Q108 Mr Breed:** Bearing in mind the all-encompassing nature of the target, which is enormous, the whole of the economy of the rural areas, totally dependent on the co-operation of loads of other departments, is it actually realistic? However much I support the aim, is it actually a realistic target to set when so much of it is dependent upon other people and other things happening which are beyond your control? If it is not really in your ability to control it, is it a sensible target for you to have?

**Sir Brian Bender:** This comes back in a different way to the line of questioning earlier about who is going to be driving the review of climate change. There is very little in Government which is solely in the control of one department. This area is one where clearly the levers we have are very rubbery indeed and involve lots of people. On the other hand, if you do have a department with “rural affairs” in its title, it seems to me a fair cop that that department is held accountable to this Committee and more widely on whether it is doing anything on the economic performance in rural areas and on service delivery in

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rural areas, even if the doing anything means persuading other people to do so. It is our responsibility to try and ensure this happens at national level. Also, a key part of this is working with local government, RDAs and others at regional level, because that is where a lot of the real difference is going to be made.

**Q109 Mr Breed:** I wondered whether you thought it ought to be broken down a bit more, into more focused targets which will produce the aims but be more focused to achieve a certain target rather than this all-encompassing one?

**Sir Brian Bender:** We have thought about, and are in discussion with other departments, on whether we have specific pacts with them about whether or not to publish a target; “What this will mean in this area is DfES and we will jointly work for this” and so on. So that is something which is under discussion, but I do not think it will be published as part of a PSA this summer.

**Q110 Chairman:** I would just like to bring our proceedings to a conclusion with one or two questions about BSE. Just on a point of record, on page 115, Figure 23, “allocated cost of BSE eradication”, the Science Directorate figure for 2003–04 is shown at £5.4 million, it leaps up by a huge amount to £54 million—

**Sir Brian Bender:** It is an error and I apologise. It should indeed be £5.4 across the lines and I apologise. There was a tiny handful of errors but this is rather a stark one.

**Q111 Chairman:** On the next line down from that, the Over Thirty Months Scheme; we did probe you informally about that but could you be accused of counting your chickens before they are hatched, because you seem to be factoring in the reduction in OTMS here in rather a big way?

**Mr Burchell:** The Spending Resettlement 2002 made an assumption that over the period of that review up to 2005–06 the rule was likely to be relaxed on the back of the FSA review of the OTM rule, and that was factored into our baseline for the SR02 period. Given that we used the figures from the Treasury data base which have to be consistent with the settlement, that is why you have this declining run of figures in 2005–06. Clearly, the review of the OTM rule has not yet concluded and, until it is, these numbers are just indicative numbers for future years if the rule was relaxed.

**Q112 Chairman:** We have touched briefly on the emergence of a new cattle disease and your Department has received representations from those whose lives are being tragically blighted by new variant CJD and deaths in their families as to whether in the light of the emergence of this new disease there is a need to reconsider the removal of the OTMS. We are in an area where science continues to develop. Let us say hypothetically that

somebody says, “I suppose we had better carry on being cautious in this area because there are new pieces of emerging science”, is there scope to revise those numbers should a decision be taken not to eliminate the OTMS?

**Sir Brian Bender:** Can I first of all say what is happening on the analysis of the situation? The new disease is not considered at this stage to be a relevant factor but the data on tonsils and appendices is an arguably relevant factor. The Spongiform Advisory Committee is meeting later this month to have a second look and give its opinion on what their interpretation of that data may mean for the cases of variant CJD. The Food Standards Agency will then be meeting early next month to review its earlier advice, bearing in mind of course that what is under discussion is not actually necessarily the complete removal of the Over Thirty Months Scheme, but the removal of animals born after 1996. Coming to your direct question, what is going to happen if the scheme does not go, the taxpayer is going to need to fund the gap between the cost of testing which will have to be done in the event the OTMS is got rid of, and the cost of continuing with the scheme. The £91 million figure for 2005–06 represents the cost of testing, the £318 million is about the cost of the OTMS, so we are talking about a gap of about £200 million over a full year. There are current discussions going on between us, the Treasury and the Department of Health, in that hypothetical situation about where that money might be found.

**Q113 Chairman:** If OTMS goes, on the record, I presume you have to remit that money back to the Treasury in the light of these figures?

**Sir Brian Bender:** No. What the Treasury did in the 02 Spending Review was move the categorisation of the OTMS from Annually Managed Expenditure to Departmental Expenditure Limit, and therefore if we make a saving we keep it. Also, as Mr Burchell indicated a while ago, we have cut our baseline to assume there would be some saving, but what it does mean—the silver lining in all this—is if we do make the savings, Defra retains the money.

**Q114 Chairman:** We have had a very good session of over two hours and we are grateful to you for this as well as our previous exchanges. There are one or two questions which the Clerk may wish to write to you about which we have not touched on but can we, as always, thank you and your colleagues for your answers and indeed in certain places the candour with which you have responded to our probing. Thank you very much.

**Sir Brian Bender:** I worry, Chairman, when I am thanked for my candour!

**Chairman:** As an avid reader of all additional material, the Clerk looks forward, as I do, to the further material you send us. Thank you very much indeed.

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**Supplementary memorandum submitted by the Department for Environment, Food and Rural Affairs**

*Letter from the Private Secretary of the Permanent Secretary of State, Department for Environment, Food and Rural Affairs, to the Clerk of the Committee, 28 June 2004*

At the hearing on Defra's Annual Report on 16 June, Sir Brian Bender agreed to provide supplementary notes on a number of areas raised during the discussions. You kindly set these out in your note of 16 June, and also identified further questions the Committee had not had time to ask [Questions asked by the Committee are in *italics*].

The attached supplementary memorandum provides further information on the queries the Committee raised at the hearing, and the further questions identified in your note.

There is also a short note at the end of the memorandum on data on Customer Satisfaction, which the Committee asked about in relation to the Balanced Scorecard.

Private Secretary of the Permanent Secretary of State  
Department for Environment, Food and Rural Affairs

*June 2004*

DEFRA DEPARTMENTAL REPORT 2004

**Follow up to Evidence Session on Wednesday 16 June**

1. *The "One Stop Shop" (p 29): (i) when will the pilot project report? (ii) What concrete examples do you have on successes attributable to the project team?*

(i) A report on the One Stop Shop (OSS) pilot project will be provided to the Management Board by the autumn.

(ii) In the year of its operation (April 2003 to April 2004) the OSS project team provided advice to 45 policy teams in 28 divisions across Defra. The degree of involvement varied in response to demand, focusing on support in the preparation of Regulatory Impact Assessments (RIAs). In 23 cases the Integrated Policy Appraisal (IPA) checklist was used to screen the policy for its wider social, environmental and economic impacts. Feedback from the evaluation of the project indicated that just over a quarter of respondents reported that the screening process led to the identification of impacts that had not previously been identified. Others commented that the process was a useful way of establishing whether the policy had wider effects or not, consistent with Defra's commitment to sustainable development.

In certain key policy areas, the OSS provided more detailed advice to policy teams and follow up over time. Such areas included the Animal Disease Levy Scheme; the Flood Management and Coastal Protection Strategy; Cross Compliance for CAP Reform Implementation and the Control of Trade in Endangered Species Regulations.

As an example, in the case of Cross-Compliance the OSS team (a) provided the policy team with a detailed understanding of the logic and requirements of appraisal consistent with the better regulation and sustainable development agendas; (b) facilitated, using the RIA and IPA framework, a detailed exploration by officials and external experts of the social, economic and environment impacts of cross-compliance; and (c) highlighted areas where further analysis and evidence-gathering were required. This contribution has enhanced the confidence and capacity of the policy team in presenting the evidence and explaining the policy options, both in public consultation and in discussions with Cabinet Office.

The Animal Health/Disease Levy RIA and IPA reflected in their treatment of economic, social and environmental aspects, among other things, the discussions with the relevant economists in the OSS. In particular the advice of the OSS helped in the treatment of biosecurity aspects, especially in relation to environmental considerations. On the aspect of "equity or fairness", they advised on, for example, the potential differential distributional impacts between small and large farms.

The OSS team also participated in a range of departmental and inter-departmental initiatives to support more integrated and efficient policy appraisal. Notable successes were the revisions agreed with the Cabinet Office to the RIA guidance to take greater account of sustainable development (a joint OSS/Sustainable Development Unit initiative), and the OSS's significant contribution to training on better policy making delivered to teams from over 40 divisions within Defra.

2. *Executive Agencies and diversity: the proportion of SCS staff who are female in Defra is 23%; across Defra and the Agencies it is 15.8%. What are you doing to extend your targets further? What will you do to encourage diversity across the NDPBs?*

(i) Current Position and extension of targets

In June 2004 there were 124 men and 46 women (27%) in the SCS in core Defra. This figure is higher than the civil service average of 23.9%. For the whole Department, including its Executive Agencies, the figures are slightly lower, with 155 men and 47 women (23%). Both sets of figures include staff on release, or absent for other reasons, such as maternity leave or long-term sickness.

The position regarding the number of women in the SCS is better than it was 12–18 months ago, as shown in Figure 48 of the Departmental Report, where the percentage in core-Defra has increased from 20% in October 2002 to 23% in January 2004.

The Department will be considering what targets to set for under-represented groups in the SCS for the period after 2005 later this year.

(ii) Action taken across the Department to improve diversity

During recruitment exercises, the Department and its Non Departmental Public Bodies (NDPBs) include positive messages encouraging applications from under-represented groups, ie women, members of minority ethnic groups and people with disabilities, wherever possible. Managers with responsibility for staff are also required to monitor the appraisal process to ensure that Defra's policies on diversity are properly applied.

In addition to other networks for minority groups, as described at the evidence session on 17 June, Defra is currently looking at setting up a Women's Staff Network to pursue issues such as representation of women at senior level and those from ethnic minorities. This will raise the profile of all minority groups and demonstrate to current staff and prospective recruits that Defra is an employer of choice which values diversity. The Permanent Secretary has also set up a group of "diversity champions" at middle management level, to act as a focus group and sounding board on issues and ideas.

In February 2004 the Permanent Secretary chaired a workshop of some 60 Heads of Divisions to discuss barriers to diversity and how these might be tackled. The results were to be pursued in individuals' objectives and team business plans on diversity for 2004–05.

In addition to existing schemes to develop internal talent, the Department is introducing the Elevator Partnership Scheme in September this year to improve women's representation in the SCS. This is a mentoring scheme which matches Grade 6 and 7 women with an SCS woman mentor where they work in partnership with the objective of enabling the scheme member to progress to SCS. The process includes joint training events and regular evaluation of progress. The scheme will run for one year and will be evaluated quarterly and on completion. If the scheme is a success the Department will consider extending it to other grades and under-represented groups. In addition to the scheme it is hoped that with the introduction of competence based recruitment and flexible working patterns, including the abolition of core hours, more women will move into the SCS.

(iii) Action taken across Non Departmental Public Bodies to improve diversity

The Department has provided Non Departmental Public Bodies (NDPBs) with advice on ways of raising the organisation's profile to attract applications from a more diverse population, including commenting on job advertisements.

The value NDPBs place on addressing diversity issues in relation to staffing is reflected by action they are taking to embed it in their business. For example, the Environment Agency run career and management development programmes and invest significantly in training employees to ensure that skills are kept up-to-date.

On the business side, it is benchmarking its 500 suppliers to ascertain their environmental, ethical and diversity status. This benchmarking will be used to drive improvements within the supply chain. The Agency is also working with Surrey University on a Flood warnings for vulnerable groups study which addresses communications issues for people where, for example, English is a second language.

3. *Staff Survey. What more information can you provide the Committee with?*

Overview

Defra's second staff survey took place in January 2004, 18 months after the first survey. The survey sought feedback from all core-Defra staff on their thoughts and feelings about their work lives. Over 5,000 questionnaires were completed, representing a response rate of 65%. This is a little over the average response rate for surveys of this kind conducted in other Central Government organisations (according to ORC International's central government database) and comparable with that of the 2002 survey.

The 2004 Survey contained 65 questions that were comparable to those asked in the 2002 staff survey. The 2004 results showed improvements in 53 of these 65 questions (with the average improvement being 10 percentage points). The 2004 Survey also contained 19 questions that could be compared with ORC International's central government database. Defra scored above the benchmark in 15 of those questions (by an average of 6 percentage points).

#### STAFF SURVEY 2004: OUR OBJECTIVES

The objectives for the Staff Survey 2004 were:

- to measure and understand staff attitudes and opinions on key issues;
- to identify aspects of work at Defra which staff liked/found motivating;
- to identify aspects of work which staff disliked or found frustrating/de-motivating;
- to provide official feedback on the changes taking place within Defra;
- to compare these findings with the earlier Defra survey;
- to provide the above for Defra as a whole and for its DGs, Directorates, etc—where confidentiality allowed; and
- to identify new priority areas for improvement.

#### STAFF SURVEY 2004: KEY STRENGTHS

The results from the staff survey indicate that Defra is generally performing very well against central Government benchmarks and against results from the 2002 survey. The survey also identifies a number of key strengths within the Department:

- *Clarity:* Respondents are clear about the objectives of their team, and those of Defra as a whole. There were also high favourable scores achieved in relation to understanding of how one's job contributes to both one's immediate team, and to Defra as a whole.
- *Communication:* Respondents regularly discuss important issues with their team (more so than in 2002) and are more likely to find such discussions effective as a means of communicating change at team level. Respondents also appear well informed of what is going on in their team.
- *Team Working:* 82% of respondents feel encouraged to share information with their colleagues, and similar proportions feel proud to work for their immediate team. Staff also feel they are contributing to their team, as over three-quarters feel they help bring about improvement in their immediate team. Co-operation to get the job done is also high (82%).
- *Line manager relations:* The results suggest strong line manager relations, with three-quarters of respondents feeling their line manager keeps them informed and acknowledges when they do their job well. In addition, eight in 10 respondents agree their line manager encourages them to express their views, suggesting that an open working environment exists.
- *Manager's commitment:* Managing people to achieve high performance is a priority for the line managers, as is providing their teams with feedback on their performance.

#### STAFF SURVEY 2004: AREAS FOR IMPROVEMENT

The Staff Survey results also highlight areas we want to improve for the future:

- *Performance Management:* Despite the fact almost three quarters of respondents agreed their last performance appraisal fairly reflected their performance; other issues surrounding performance management were less favourable, with respondents indicating a wish to see poor performance dealt with more effectively.
- *Pride in Working for Defra:* Whilst 80% of respondents report being proud to work for their immediate team, less than half (49%) are proud to work for Defra. This may be due to the fact staff generally associate with their immediate team more closely than the organisation, but the result is below the Central Government benchmark. However, this is up from 36% in 2002—a 13% improvement.
- *Work-Life Balance:* Despite the fact two thirds of respondents feel able to balance their work and home life, a notable proportion of respondents work longer than their standard hours—38% doing so regularly and 37% occasionally. This does suggest working long hours is common within Defra.

## STAFF SURVEY 2004: BENCHMARKING DEFRA'S RESULTS

The 2004 Survey contained 65 questions that were comparable to those asked in the 2002 staff survey. The 2004 results showed improvements in 53 of these 65 questions (with the average improvement being 10 percentage points). The 10 questions with the most significant increase were:

<i>Question</i>	<i>% Favourable</i>		
	<i>2004</i>	<i>2002</i>	<i>Variance</i>
These discussions are an effective means of communicating change at team level	78	43	+35
I regularly discuss important issues with the rest of my team	79	52	+27
I receive the right support to develop my skills for the future	55	33	+22
I am encouraged to identify and assess risks in my job	62	43	+19
I clearly understand the objectives of: Defra	71	52	+18
When developing policies Defra consults those who will be affected by them	46	28	+18
I clearly understand the objectives of: my immediate team	93	75	+18
I am kept well informed of what is going on in: my immediate team	83	66	+17
I know where to go for advice on sustainable development	52	35	+17
I am encouraged to challenge accepted ways of doing things	55	38	+17

## STAFF SURVEY 2004: NEXT STEPS

A cross section of Defra staff (and members of ORC International) examined the Staff Survey results and suggested priority areas for improvement. The Management Board and Directors have approved the following seven areas:

- *Pride in working for Defra*—the high levels of pride that people have in working for their teams (80%) need to be mirrored in their pride in working for Defra (49%).
- *Bullying, harassment and discrimination*—the trend is moving in the right direction and needs to be maintained. (90% said they have not been discriminated against at work in the last 18 months. This is an improvement of seven points on 2002).
- *Consultation* (staff and customers)—again, the trend for staff consultation is positive and we are slightly above Government benchmarks on responding to customer feedback, these areas need to be maintained—49% of people say their views are sought before changes are made which affect their job (+11 on 2002 and +5 on the Central Government benchmark). 58% of staff regularly act on customer feedback (1% above the Central government benchmark)
- *Resources, people, skills and workloads*—a big challenge, yet ways need to be found of working “smarter” not “harder”.
- *Blame and challenge*—more people feel they can take managed risks than in 2002 but this trend needs to be maintained (62% are encouraged to take managed risks in their job).
- *Performance management*—more people need to feel that poor performance is dealt with effectively and that high performing managers are recognised (31% of line managers said Defra recognises high performance in managers).

Action Plans are being developed to address issues in these seven areas. As part of the development process, the staff survey findings are being discussed in Focus Groups throughout the Department. The results from these Focus Groups will be used to inform the development of the Action Plans. The Management Board and Directors will discuss recommendations on these Plans in July.

4. *The revised delivery plan for sustainable development was promised for Spring 2004. Where is it?*

The most recent delivery plan has been partially updated for internal use, but a full revision is dependent upon the outcomes of the UK Sustainable Development Strategy Review. Therefore we will not formally produce a revised Delivery Plan for publication until the outline findings of the Strategy Review are known around Autumn time and we can point to specific actions to be undertaken either on our own, by other government departments or others.

The general approach for PSA target 1, approved by Ministers, will be to target key central government departments and local and regional government, in key areas of importance to the Sustainable Development agenda. This will ensure we are in a position to demonstrate specific changes.

In the meantime we have invited the following Departments to attend our Strategy Review Programme Board: Health, ODPM, Trade and Industry, Transport, Home Office, Treasury and Foreign and Commonwealth.

We have integrated all of the key work areas and key risk areas into our Sustainable Development Unit business plan. This forms the basis for taking forward PSA target 1, until the Strategy Review outcomes are available and we can produce and publish a revised delivery plan.

5. *Will the targets for Nitrogen Dioxide and particles be revised downwards to make them easier to achieve, or will they be maintained?*

The Government will soon be starting the next review of the Air Quality Strategy, which includes our Air Quality PSA targets. It would be inappropriate to pre-empt the results of the next review. Similarly, the European Commission is carrying out a review of air quality Directives. As many of the Air Quality Strategy objectives are consistent with or based on air quality European Directives, it would be improper to pre-empt the results of the European Commission review.

Q79—*Of the 63 local authorities that have action plans and 120 that have defined their own air quality management areas, can the Committee just be quite clear that your guidance notes are about meeting the targets and not getting close or redefining the targets?*

The statutory Local Air Quality Management policy and technical guidance notes, LAQM.PG(03) and LAQM.TG(03), provided to authorities are in line with the legislation under Part IV of the Environment Act 1995, which stipulates that authorities do not have a duty to meet the targets but instead have to work towards meeting them. This is because measures to meet the air quality objectives are required at a number of different levels:

- at local level—the local authority air quality action plans and involvement of stakeholders for example the Highways Agency, Environment Agency and County Councils to take action to improve the local air quality;
- at national level—the *Air Quality Strategy*, and Government policies, for example on fuel and emissions standards; and
- at European and international level—for example, EU Directives, such as National Emission Ceilings Directive and the Large Combustion Plant Directive.

The new guidance to local authorities for reporting progress with their air quality management duties was issued in December 2003. This complements existing guidance on policies and action plans and, together with the helplines we have established will help to ensure that local authorities have the tools they need to play their part in delivering the targets.

6. *The provision of data in the 7th update on fuel poverty (Q85)*

Energy efficiency in housing is vital if the UK is to meet climate change commitments. But it has equally important social and economic benefits for local people. It tackles fuel poverty, creates jobs and has important health benefits for people living in cold and damp homes. It is capable of generating real, significant, lasting financial savings through lower fuel bills—to the benefit of residents and landlords alike.

The Home Energy Conservation Act is a means to help local authorities make the most of these opportunities by acting as a facilitator of change and encouraging homeowners and landlords to adopt energy efficiency measures as a matter of course. Local authorities were identified as crucial to the success of the Act. The range of functions they perform enables them to motivate and influence, and they are best placed to respond directly to local views and wishes, placing a local emphasis to national policies, thus giving them practical effect in delivery.

The manner in which HECA is formulated encourages local authorities to build on existing programmes and initiatives, and to draw in partners from the public and private sectors to help take the proposals forward. In the legislation, the discretion was deliberately left to authorities to decide what measures were needed and appropriate in their local circumstances, rather than attempting to impose a prescriptive regime.

In April 2000 we introduced new arrangements for energy conservation authorities, asking them to report on their policies, strategies and achievements in tackling fuel poverty. In asking energy conservation authorities to report on what they are doing in their existing HECA progress reports, the Government hopes that they will want to play a full part helping to seek an end to the blight of fuel poverty.

We expect the latest Home Energy Conservation Act progress data (for the period 1 April 1996 to 31 March 2003), as reported by Energy Conservation Authorities in England, to be published by the end of July. Defra has been following up some missing returns and queries on some of the data provided.

In addition to this Defra's Fuel Poverty team issue reports monitoring the Government's progress in achieving our fuel poverty aims. The most recent report, *The UK Fuel Poverty Strategy 2nd Annual Progress Report: 2004*, was published in April 2004.<sup>1</sup>

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<sup>1</sup> The report is available at: [http://www.defra.gov.uk/environment/energy/fuelpov/pdf/fuelpov\\_2nocover.pdf](http://www.defra.gov.uk/environment/energy/fuelpov/pdf/fuelpov_2nocover.pdf).

7. *An update on the latest position in respect of hazardous waste, and in particular if, from July, demand for hazardous waste disposal sites will be met by supply, notwithstanding the plans to divert current hazardous waste streams.*

It would be wrong to suggest that capacity to landfill hazardous waste will somehow cease to be available in July. In reality, the situation is that when co-disposal ends, merchant landfills continuing to accept hazardous waste will have a capacity to accept over one million tonnes per annum (we expect there to be up to 15 merchant sites and 10 in-house sites). While this is less than the historic level of hazardous waste landfilled each year (around 2 million tonnes), there are strong indications that the annual capacity will be sufficient to meet need. This is because:

- in the course of the year, additional disposal sites will come on stream in the form of new hazardous waste sites and cells for stable non-reactive hazardous wastes in non-hazardous waste landfill sites (there are 37 applications for separate cells of which five have been approved by the Agency);
- there is evidence to show that development sites are clearing the contaminated soils prior to the ban on co-disposal. This will have a knock-on affect on demand post July 2004, as contaminated soil accounts for approximately 60% of all hazardous waste landfilled;
- the cost of on-site remediation, a sustainable alternative to landfill for dealing with contaminated soil, will fall relative to the cost of disposal to landfill. This will encourage a greater use of remediation techniques, so reducing the amount of contaminated soil going to landfill. (One major site in Derbyshire—Avenue Coking Works—is setting up on-site remediation capacity that will result in a significant reduction in landfill need in 2004–05);
- the Chemical Industry Association reports that the ending of co-disposal will cause few problems for their members; and
- waste oil, another major hazardous waste stream, will be used as a replacement fuel in power stations and cement kilns.

The majority of producers of landfilled hazardous wastes recognise that this disposal route has been exceedingly cheap in comparison to other disposal/treatment options and is far from sustainable. They have thus shown a willingness to move to more sustainable treatment technologies. The Department will work closely with producers in order to encourage the expansion of alternative technologies and will work with the Environment Agency to prioritise any risks in illegal disposal of hazardous waste.

#### QUESTIONS NOT REACHED DURING THE EFRA SELECT COMMITTEE HEARING ON 16 JUNE

1. *What progress has been made in preparing a response to the Haskins report?*

Modernising rural delivery is a complex area with many detailed issues to be addressed. This has inevitably taken some time. Ministers remain committed to modernising rural delivery and have wanted to ensure that their decisions will lead to workable and enduring arrangements for the future. Good progress is being made through working with stakeholders to develop the Government's full response to Lord Haskins' report. We hope to make an announcement soon.

*What representations have been made by English Nature and the Countryside Agency, in particular, about the proposed integrated agency?*

Defra has been working in partnership with a wide range of stakeholders, in particular English Nature and the Countryside Agency, in taking forward the Modernising Rural Delivery Programme. The programme team is in daily contact with English Nature and the Countryside Agency, including on plans for the establishment of the integrated agency.

*How easy has it been to develop policies in areas such as agri-environmental schemes, CAP reform, how Defra delivers services, and so on, whilst Lord Haskins proposals have been digested? To what extent has the Haskins report led to a hiatus in policy-making in these areas?*

The Haskins report, and the Department's subsequent work on improving our rural delivery arrangements, has certainly not prevented us from taking forward the development of policy. For example, we have developed detailed policy on the new Environmental Stewardship scheme. Success in securing CAP reform in 2003 came while Lord Haskins was carrying out his review; and his recommendations have not prevented Ministers from taking early decisions on implementation. The Department's delivery strategy—to which Haskins and the modernisation of rural delivery contributes—is helping us to focus more clearly on policy. We are increasingly concentrating on the outcomes which Ministers and the public want us to deliver, and working through other organisations to achieve those outcomes. That demands much greater clarity on what we are trying to achieve. Clearly, our policy work has had to take account of likely changes in delivery arrangements, but that has not delayed its development.

*How has the morale of staff in the agencies concerned been affected during this period of uncertainty about their futures? What have you done to alleviate any anxiety they might be feeling?*

Inevitably, staff are concerned about how changes to rural delivery arrangements will affect them. We have addressed these concerns by involving the agencies themselves very closely in the programme, so that they are able to brief their staff on progress; by holding frequent meetings with the Trade Unions to update them on progress and seek their input; and by informing staff directly through a regular "Programme Brief" and a Modernising Rural Delivery website.

*2. Why do the figures given for total public spending by the Department in the years 1998–99 to 2001–02 given in Table 1 of this year's Annual Report differ from those given in last year's Annual Report?*

*There are also differences between the estimated outturn expenditure for 2002–03 reported in the 2003 Departmental Report and the actual outturn reported in this Annual Report. For example, the 2003 report estimated the outturn on the total resource budget for 2002–03 at £4,392 million but the actual outturn was £4,021 million (p 233). Why are there such significant differences between the outturn for 2002–03 estimated in the 2003 Departmental Report compared to the actual outturn reported this year?*

We have built upon last year's restructured database to further improve the quality of data produced. Data for 2005–06 will be subject to re-distribution following the SR 2004 settlement.

Although the main headings (eg Environment Protection; Animal Health and Welfare) within Tables 2 and 3, in Chapter 7 of the Departmental Report, are similar to the previous year's headings, changes have been made to sub-headings to reflect current divisional splits and any high profile areas (the National Scrapie Plan) within the business areas. Restructuring the tables in this manner has meant that spend on specific programmes has been easier to identify by business areas. For example, monies spent on flood management are now reported within the Water line under Environment Protection, reflecting the current organisational structure.

We have also carried out further work on improving prior year information on the database. When Defra was established in 2001, data on the HM Treasury database relating to the ex-MAFF, ex-DETR and ex-Intervention Board parts of the Department were combined. However, due to the incompatibility between these systems, it had not been possible to accurately reflect the combined spend figures. This has been a focus of improvement this year and we have re-dressed this in 2004 Departmental Report, which explains the difference between the figures in the two reports.

The 2003 Departmental Report was based on our latest forecast for 2002–03. The 2002–03 figures in the core tables (Chapter 7) of the 2004 Departmental Report are based on our actual outturn. The difference between the two reports takes into account underspends against budget that were not forecast at the time of preparing the tables for 2003 Departmental Report.

The remaining difference for the 2002–03 figures in the two reports is attributable to £140 million CFERs (Consolidated Fund Extra Receipts) which has effectively reduced the 2002–03 outturn figure for the 2004 Departmental Report. The CFERs were due to EU receipts in excess of the Appropriations-in-Aid limit.

We have taken steps in 2003–04 to improve the quality of financial information which should improve our forecasting. These include in-year financial budgeting and reporting on a Resource Accounts basis and operating on monthly accruals—leading to improvements in the quality of information on which decisions are based; providing more financial advice within Defra by a team of accountants as well as raising awareness through financial training.

*Are you now satisfied with the Department's financial planning and control systems? In what areas might further improvements be made?*

We have come a long way in improving our financial planning and control—but we need to go further.

Over the last year, for instance, we have much improved in-year financial information, with a clear framework of responsibility and accruals based information each month. We have a much stronger single accounting system that is easier for users to access—a great improvement on the two systems that existed before. Through a programme of extensive financial training and specialist support to business units within Defra, we have raised levels of skills and understanding across the Department. We have moved from one-year internal budget allocations to two-year allocations and will move to a position of three-year allocations following the current Spending Review.

Whilst these and other changes in the past one or two years represent a step change improvement, we must go some way further. We would like to have still greater speed and accuracy for our financial information so that we can manage resources better. We need to work to ensure that the culture of good financial management becomes firmly embedded across Defra, and that we have good electronic systems to support it. We have projects delivering more electronic purchasing and tracking of costs from the point of orders, and we are looking at improving further the structures of our accounting system so that better information—for instance on project financials—is easier to access.

3. *Why is there a 75% increase in the National Scrapie Plan budget in 2004–05 compared to the 2003–04 outturn (p 234)? Once annual payments reach £28 million for how long is it expected that they will remain at that level?*

The National Scrapie Plan (NSP) was allocated £25 million in 2003–04 and £27.5 million in 2004–05. The reasons for the underspend in 2003–04 were:

- a delay in implementing the voluntary and compulsory scrapie flocks schemes;
- an overestimate in the number of animals likely to be genotyped during the year; and
- a decision not to undertake any additional ewe genotyping during 2003–04.

However, the Voluntary Scrapie Flocks scheme was launched on 5 April 2004 and a compulsory scheme for flocks reporting scrapie will be launched over the summer of 2004. Estimated spending on these schemes is over £9 million in 2004–05.

Levels of funding in future years will depend on the outcome of the Strategic Review of the NSP which is being carried out this year.

4. *Funding for Rural Policy increases from £72 million in 2002–03 to £164 million in 2003–04 (p 235). Is the increase in funding for rural policy wholly accounted for by agri-environmental and rural development schemes, resulting from the Curry Commission proposals?*

The two large items captured under this heading are payments made to Regional Development Agencies (RDA) and the Countryside Agency.

This line only partially reflects Countryside Agency costs prior to 2003–04. Further work is being carried out to reflect all costs associated with the Countryside Agency under this line. After transferring all Countryside Agency spend, the Rural Policy line will reflect the following:

<i>Rural Policy</i>	<i>1998–99</i>	<i>1999–2000</i>	<i>2000–01</i>	<i>2001–02</i>	<i>2002–03</i>	<i>2003–04</i>	<i>2004–05</i>	<i>2005–06</i>
	109	122	125	160	148	165	179	183

5. *In what ways do your financial plans take account of reforms to the Common Agricultural Policy?*

Our response covers the following areas:

- (i) administrative savings from the CAP reforms; and
- (ii) modulation.

(i) Administrative savings

CAP reform will lead to a short-term increase in expenditure, because of the additional work for Rural Payments Agency (RPA) in preparing for the introduction of the Single Farm Payment while running the existing systems.

In the longer term, it will lead to reductions in expenditure. RPA efficiency savings will be an important element in Defra's overall effort to secure efficiency savings.

Money saved is unlikely to be recycled into other Defra activity; but decisions on Defra's overall resources are for the Spending Review process.

(ii) Modulation

Under the CAP reform EU funding will be transferred from pillar 1 subsidies to rural development programme spending. This transfer process is known as "modulation". EU Modulation will apply at a rate of 3% in 2005, 4% in 2006, and 5% in 2007 and subsequent years.

We have secured a deal for the UK which will enable us to continue to operate an additional level of national modulation. In England, money raised through both EU and national modulation will have added to an equivalent amount from Defra's programme budget. It will then be used to fund our existing commitments on agri-environment expenditure, and to introduce the new Entry Level Environmental Stewardship scheme from 2005 onwards—a central plank of the Strategy for Sustainable Farming and Food. The exact rates of additional modulation have yet to be determined, since they depend on the details of the Commission's transitional rules which have not yet been agreed.

6. *For what reason does capital spending on water increase to approximately £130 million from 2004–05 onwards from £103 million in 2003–04 (p 237)?*

The water line in the tables includes spending on Flood Management. The increase reflects plans to increase capital spend on flood and coastal defences as part of Defra's 2002 Spending Review Settlement.

7. *What is the reason for the fall in NDPB net assets from £2,197 million in 2002–03 to £1,202 million in 2003–04 (p 239)?*

The decrease in NDPB net assets is attributable, primarily, to the creation of a Provision of £930 million to cover the estimated future liabilities associated with the former National Rivers Authority (NRA) pension scheme. This took place on the incorporation of NRA within the Environment Agency NDPB. Actuarial assessments of the amount of liability have been monitored closely over the years and a decision was taken to make a provision for the liabilities 2003–04. Parliament was informed of this contingent liability earlier in the year (29 March 2004) and reflected in the Department's Request for Resources in the spring supplementary Estimates.

*Customer Satisfaction—Are your customers two years on happier with the service that Defra is offering?*

All of Defra's major delivery bodies carry out customer satisfaction surveys.

Defra produced its first customer feedback report on how its customers rated our service in 2002–03.<sup>2</sup> Information was collated from all those internal and agency delivery bodies which had feedback systems in place. The initial aggregated customer satisfaction rating was found to be 85%. The figure dropped 2% in 2003–04 because a different method of calculation was employed. Had the same methodology been used as the previous year, the score for 2003–04 would have read 89%. However, this overstated the true position as a) it ranked small delivery bodies equally with large ones and b) there were concerns about the robustness of the data from some of the smaller surveys. The decision was taken to average the scores from the four largest surveys, which accounted for 87% of respondents.

The 2003–04 benchmark report showed that Defra had an aggregated 83% satisfaction score for its main delivery bodies. This is only slightly below the public sector mean score of 87.6%.

Department for Environment, Food and Rural Affairs

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<sup>2</sup> Reported in Defra's 2003 Departmental Report (Cm 5919, May 2003).



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