

# Departmental Report 2005



This is part of a series of departmental reports (Cm 6521 to Cm 6548) which, along with the Main Estimates, the document Public Expenditure: Statistical Analyses 2005, and the Supply Estimates 2005-06: Supplementary Budgetary Information, present the Government's expenditure plans for 2005-2008.

The complete series of Departmental Reports and Public Expenditure Statistical Analyses 2005 is also available as a set at a discounted price.



# Department for Environment, Food and Rural Affairs and the Forestry Commission

## **Departmental Report 2005**

Presented to Parliament by the Secretary of State  
for Environment, Food and Rural Affairs  
and the Chief Secretary to the Treasury  
by Command of Her Majesty  
June 2005

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# Foreword



This is my fourth Departmental Report since Defra was created in 2001. This has been a busy year for the Department, with us moving forward on our challenging agenda which will make a real difference to people's lives. Three significant events have set the context for the work of the Department over the next few years.

In July 2004, the Department's Spending Review settlement was announced, setting out the Department's resources up to 2008. This placed us on a firm footing for the unveiling in December of my *Five Year Strategy* for the Department's work, launched in conjunction with the Prime Minister. This builds on the foundations we have laid since 2001 and sets out a

new focus on environmental leadership, caring for rural England and delivering a sustainable future for farming. The strategy further clarifies the Department's purpose and priorities and sets out concrete measures to accelerate Britain's transformation from environmental laggard to environmental leader: globally, nationally and, most importantly, locally.

Alongside the Prime Minister, I also launched our new *UK Sustainable Development Strategy*, in March this year. This builds on our *Five Year Strategy* and for the Government as a whole represents a new level of commitment from and across different departments, placing a new emphasis on delivery, rather than on more ambitious aspirations, so this document is not just another Government report but a challenging programme of action.

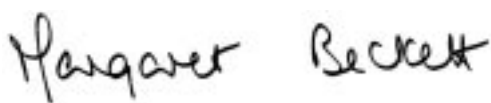
These strategies set out the challenges and choices which face us:

- climate change still remains the greatest environmental threat we face today. But we also recognise the threat it poses to energy security, social development and economic growth. This year the UK holds the Presidency of the G8 group of countries and, from July, it will also hold the Presidency of the European Union. Climate change – along with Africa, for the G8 – will be our top priority for these two Presidencies. 2005 offers us the opportunity to work with our other G8 and EU partners to demonstrate a common resolve. And we are anxious to seize the opportunity to generate a fresh and reinvigorated strategic vision for putting the world on a path to a sustainable low carbon future. For this reason I have been working with others across government and at an international level, to address the issue:

- in September 2004 we began our promised review of the UK *Climate Change Programme*. An open and extensive consultation on the review began in December 2004, and closed in March 2005. We are examining the responses and making a thorough analysis of possible new policies, with a view to publishing a new *Climate Change Programme* that will put us back on track to achieve a 20 per cent reduction in CO<sub>2</sub> emissions on 1990 levels by 2010;
  - in October 2004 Defra, the Foreign and Commonwealth Office and the Department of Trade and Industry launched an *International Energy Strategy* in acknowledgment of the links between energy security and climate change. The Strategy builds on the Energy White Paper, launched in 2003;
  - in March 2005, the first ever meeting of G8 Environment and Development Ministers was held in Derbyshire. Ministers agreed the urgent need to assist Africa to reduce vulnerability to the impact of climate change and recognised the need to build scientific capacity and to integrate measures to address the impact of climate change into development plans. This represented a significant step forward in tackling the growing problem of climate change and will help to save lives;
  - also, in March this year, the Energy and Environment Ministerial Roundtable in London set up a new collaborative dialogue between Energy and Environment Ministers from 20 countries with significant energy needs; and
  - during the UK's Presidency of the European Union an informal Agriculture and Environment Council meeting will be held on 9-12 September. Its focus will be on the impact of climate change on agriculture and how changes in agriculture and agricultural practice can either mitigate or exacerbate climate change.
- We have already taken steps to implement some of the key elements of my 2004 *Rural Strategy*. On 19 May the Natural Environment and Rural Communities Bill was introduced in the House of Commons and received its second reading on 6 June. This Bill will, among other things, create a new agency, Natural England, bringing together the functions of English Nature with parts of the Countryside Agency and Rural Development Service. This is a significant step forward, building on the world-class strengths and scientific and other expertise of the existing organisations.
  - For most people the environment starts on their doorstep and their initial concerns are with the quality of their immediate neighbourhood. The Clean Neighbourhoods and Environment Act 2005 provides local authorities and other service providers with the further powers they need to enable them to manage the local environment more efficiently, and to meet public expectations. For example, the powers in the Act address issues such as fly-posting, flytipping, abandoned and nuisance vehicles, and nuisance such as neighbourhood noise. These new powers will help authorities, which include parish and town councils, to tackle these local environmental problems as part of a continuum of issues including antisocial behaviour, minor disorder and crime.

- In March the Department launched the Environmental Stewardship Scheme. This is a new agri-environment scheme which provides funding to farmers and other land managers in England who deliver effective environmental management on their land. The scheme is intended to build on the recognised success of the Environmental Sensitive Areas scheme and the countryside Stewardship Scheme.
- I believe it essential to influence and change people's behaviour if we are to deliver a truly sustainable approach. That is why my *Five Year Strategy* announced, among others things, new initiatives such as:
  - the publication of an Energy Efficiency Action Plan. This set out how we will save over 12 million tonnes of carbon by 2010, saving consumers some £3 billion a year;
  - the Business Resource Efficiency and Waste Programme – which will help businesses to become more innovative and resource efficient;
  - Environment Direct – an advice service to provide consumers with authoritative facts about environmental choices;
  - work with retailers to promote recycling at supermarkets; and
  - further plans to continue our work with local authorities, for example to pilot household incentive schemes for recycling and waste reduction.

These are challenging times for the Department. Although more needs to be done, with businesses, the public sector, voluntary and community organisations, communities and families needing to make more sustainable choices, it is clear to me that we have achieved a lot since Defra was created. And I am confident that with the real progress we have made so far we will deliver our ambitious agenda.



**Rt Hon Margaret Beckett MP**  
**Secretary of State for Environment, Food and Rural Affairs**

# Introduction

Defra's Departmental Report (Cm 6537) sets out its progress against the Public Service Agreement objectives and targets reached under the 2002 Spending Review. It also reports on other areas of activity, which support the achievement of the Department's aim and strategic priorities.

## Chapter 1

In Chapter 1, the Department's key aim of sustainable development and its strategic priorities are set out, highlighting how they will achieve a range of outcomes which together will make a difference in key areas.

The report looks at Defra's vision for the future and how its values, structure and ability to work with others will enable Defra to achieve its aims and strategic priorities. In particular it highlights that the pursuit of sustainable development, environmental, economic and social, is vital to achieving this vision.

## Chapter 2

This chapter sets out Defra's progress<sup>1</sup> in delivering its aim and objectives and 2002 Spending Review Public Service Agreement targets by reference to the Department's strategic priorities. It also covers other key areas of the Department's work, which support its objectives, and sets out key achievements during 2004-05 and a forward look to 2005-06.

## Chapter 3

Chapter 3 focuses on Defra's Executive Agencies and how they work in partnership with the core Department to achieve its aims and objectives.

## Chapter 4

Chapter 4 focuses on three of Defra's largest non-departmental public bodies (the Environment Agency, the Countryside Agency, and English Nature) and its largest Public Corporation, (British Waterways) and sets out the relationship with Defra and how they work together to achieve their shared aims and objectives.

## Chapter 5

Chapter 5 focuses on the work of the Forestry Commission and contains details of its 2005 Annual Report.

<sup>1</sup> The Department also provides regular on line updates against its the 2002 Spending Review targets. These can be found on HM Treasury's website at: [www.hm-treasury.gov.uk/performance/](http://www.hm-treasury.gov.uk/performance/)

## Introduction

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### Chapter 6

Chapter 6 looks at the management of the Department and the progress of Defra's Departmental Reform Programme.

### Chapter 7

Chapter 7 sets out in detailed tables, Defra's staffing and expenditure plans for the remainder of the 2002 Spending Review and the 2004 Spending Review, in resource terms.





# Aim, strategic priorities and Departmental structure

## Aim

Defra's aim is sustainable development, which means a better quality of life for everyone, now and for generations to come, including:

- a better environment at home and internationally and sustainable use of natural resources;
- economic prosperity through sustainable farming, fishing, food, water and other industries that meet consumers' requirements; and
- thriving economies and communities in rural areas and a countryside for all to enjoy.

## Strategic Priorities

Defra has five strategic priorities which underpin its overarching aim of promoting sustainable development. Ministers have agreed that, to make progress against these strategic priorities, it will be necessary to secure a number of key outcomes<sup>2</sup>, the majority of which are expressed as Public Service Agreement targets.

- **Climate change and energy** – making a full contribution, domestically and internationally, to addressing the long-term threats presented by climate change and unsustainable energy use, and to ensure adequate mitigation of the consequences which are already unavoidable;
- **Sustainable consumption and production** – breaking the link between economic growth and environmental degradation and resource use through promoting and enabling more sustainable patterns of consumption and production;

<sup>2</sup> Outcomes sought under each strategic priority can be found in Annex B of the *Five Year Strategy*.

- **Protecting the countryside and natural resource protection** – creating a robust policy framework and evidence base in order to promote the sustainable use and enhancement of the country's natural heritage and ecosystems;
- **Sustainable rural communities** – encouraging sustainable regeneration in disadvantaged rural areas, promoting social inclusion and reducing deprivation, ensuring higher quality, more accessible public services to rural communities; and
- **A sustainable farming and food sector including animal health and welfare** – helping create a sustainable food and farming supply chain serving the market and the environment; putting in place systems to reduce risks of animal diseases, and being ready to control them when they occur.

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

### Five Year Strategy

Defra's *Five Year Strategy, Delivering the Essentials of Life*<sup>3</sup> builds on the work the Department has been doing for some time to progressively clarify the Department's purpose, and defining its priorities. The strategy identifies the priorities the Department will need to achieve over the next five years and beyond. Its themes and outcomes are in line with the Public Service Agreement<sup>4</sup> targets agreed in the 2004 Spending Review. The document sets out areas where additional emphasis is needed and where, if Defra is to make real progress, its need to go further than Public Service Agreement targets (an example is the sustainable balance between supply and demand for water, where the Department has clear objectives but no Public Service Agreement target).

Defra's new strategy will make a difference in two main ways: through environmental leadership and putting sustainable development into practice – in its key areas of supporting rural communities, and implementing the *Strategy for Sustainable Farming and Food* and in its role as the Government's champion of sustainable development. The Department will continue to take action and provide leadership locally, nationally and globally; not least by embedding the principles of sustainable development into all aspects of government, and by making it easier for individuals and businesses to behave more sustainably. The Department also recognises the importance of its role in emergency planning and protecting the nation from threats such as flooding and animal disease and also the key role it will play in taking forward the Government's better regulation agenda.

<sup>3</sup> The *Five Year Strategy* can be found on the Defra website at: <http://www.defra.gov.uk/corporate/5year-strategy/5year-strategy.pdf>

<sup>4</sup> Details of which can be found online at: [www.defra.gov.uk/corporate/busplan/busplan.htm](http://www.defra.gov.uk/corporate/busplan/busplan.htm)

### Vision

Defra's **vision** is of a world in which climate change and environmental degradation are recognised and addressed by all nations and where low carbon emissions and efficient use of environmental resources are at the heart of our whole way of life. Where here in the UK, rural communities are diverse, economically and environmentally viable, and socially inclusive with high quality public services and real opportunities for all. A country where the food, fishing and farming industries work closely together and with Government are not dependent on output-related subsidies to produce safe, nutritious food which contributes positively to consumer choice and the health of the whole nation. A place where the land is managed in such a way as to recognise its many functions, from production through to recreation; where we seek to promote biodiversity on land and in our seas; and where the promotion of animal welfare and protection against animal disease is at the core of the way in which we farm and live. The pursuit of sustainable development – environmental, economic and social – is vital to achieving this vision.

### 2004 Spending Review

Defra's spending settlement<sup>4</sup> sets the Department firmly on course to achieve its key aim – a sustainable future for everyone.

Energy efficiency and climate change policy will benefit significantly from Defra's 1.2 per cent real-terms increase, a sum representing £261 million per year by 2007-08 which will also enable the Department to continue to work towards sustainable waste management, through improving recycling and minimising waste.

This, together with efficiency gains of at least £610 million in 2007-08, including £300 million within local government expenditure on waste services, will allow Defra to move towards achieving its priorities.

Climate change is a key theme for the UK while it holds the presidency of the G8 and when it becomes president of the European Union in the second half of 2005. More resources for reducing carbon emissions and improving energy efficiency paves the way for the UK to continue leading by example on these issues.



### Values

Our values are:

- **DIVERSITY.** We treat everyone fairly and encourage, value and recognise everyone's views and contributions;
- **EMPOWERMENT.** We give information, authority and trust to people so that they can make decisions and manage risks. We take personal responsibility for what we do and work creatively, embrace change and learn from successes and mistakes, constantly striving for improvement. We invest in our people and develop their potential;
- **FOCUS.** Defra is focused on providing a high quality and efficient service to our customers. We plan our operations and policies carefully and base our policies on evidence;
- **RELATIONSHIPS.** We work with energy, enthusiasm, courtesy and consideration and value leadership and teamwork at all levels. We work together across the different parts of Defra, and we work in partnership with others, both within and outside Government, knowing that what we do makes a difference to people's lives; and
- **ACCESSIBILITY.** We work openly, honestly and with integrity and we share information with each other and our stakeholders.

### Departmental Reform Programme

Defra is developing a new fit for purpose Department which will be able to deliver its *Five Year Strategy*. This is also being informed by thinking across government on reform and professionalisation, including within the Professional Skills for Government work. The three programmes driving internal change are Defra's Delivery Strategy, the Policy Centre Review Programme (PCRP), and the Corporate Centre Programme. Defra's Delivery Strategy describes how Defra will achieve its outcomes through more effective partnerships between its policy and delivery functions. The Policy Centre Review Programme is looking radically at the kind of core Department Defra needs to deliver its *Five Year Strategy* and secure the efficient delivery of its strategic priorities in the future. PCRP is looking at the skills and expertise the Department needs to deliver effective policy, the role of specialists, how the Department organises policy support activity, and how Defra forms and disbands policy teams. The Corporate Centre Programme will make its corporate centre substantially more efficient and more joined up, and will examine how Information Technology, Human Resources, Finance and Estates can deliver high quality, professional support to the new Department. Further information on Defra's Departmental Reform programme is available in Chapter 6.

### Accountability

There are three main pillars of the Department's accountability arrangements:

- the Secretary of State has overall statutory and political accountability to Parliament for all matters associated with the Department. She determines the policy framework within which the Department operates, agrees the Department's role in meeting the Government's objectives and is accountable (with colleagues where appropriate) for delivery of the Department's Public Service Agreement;
- the Permanent Secretary as Head of the Department and Principal Accounting Officer has personal responsibility for the overall organisation, management and staffing of the Department and for Department-wide procedures in financial and other matters. The Accounting Officer has personal responsibility for the propriety and regularity of the public finances for which he is accountable; and
- the Management Board (chaired by the Permanent Secretary) is responsible for corporate strategic leadership of the Department. Managers and staff at all levels have the responsibility for delivering the Department's objectives.



# The Department's Ministers 2004-05



### **Rt Hon Margaret Beckett MP, Secretary of State for Environment, Food and Rural Affairs**

As Secretary of State, the Rt Hon Margaret Beckett MP has overall responsibility for all Departmental issues on the environment, food (including agriculture, horticulture and fisheries) and rural affairs. She leads for the UK in international negotiations on sustainable development and climate change. Mrs Beckett represents the UK at the EU Agriculture and Fisheries Council and at the EU Environment Council.



### **Rt Hon Alun Michael MP, Minister of State for Rural Affairs and Local Environmental Quality**

He is responsible for:

Rural Policy (Rural Economies and Communities, Rural Strategy Implementation; Chairs Rural Affairs Forum for England); Hunting with dogs; Inland Waterways, Countryside Agency, Rural Payments Agency; Access, Rights of Way and Commons, National Parks; Horse issues; General oversight of the England Rural Development Programme; Local Environment Quality issues; Environmental Liability; Pesticides policy (including the Pesticides Safety Directorate); Chemicals; and is the lead Defra Minister on Planning, Regional and Local Government issues.



### **Elliot Morley MP, Minister of State for Environment and Agri-Environment.**

He is responsible for:

Climate change; Global and Marine Biodiversity (including OSPAR); Genetically Modified Organisms; Policy on agri-environment, including relevant aspects of the England Rural Development Programme; Waste (including incineration issues); Radioactive Substances; Chair of Green Ministers (ENV(G)); Environment Agency; Water; Floods and Coastal Defence; Lead responsibility for Business Continuity and Resilience; and Horizontal Environmental Issues.



### **Lord Whitty of Camberwell, Minister for Farming, Food and Sustainable Energy**

He is responsible for:

Sustainable Farming (including horticulture); Common Agricultural Policy; Trade issues; Food industry; Science issues (including Central Science Laboratory); Transport and the Environment; Air Quality and Noise; Business and the Environment; Energy issues (including energy efficiency); Non-Food Crops; Kew, Horticulture Research International, Covent Garden Market Authority; Smart Regulation; and Departmental Green Minister.



### **Ben Bradshaw MP – Minister for Nature Conservation and Fisheries**

He is responsible for:

Biodiversity (including whales); Nature Conservation, Sites of Special Scientific Interest (SSSIs) and English Nature; Areas of Outstanding Natural Beauty; Forestry; Fisheries (including Centre for Environment, Fisheries and Aquaculture Science); Plant health, Plant Variety Rights and Seeds; Organic Food and Farming; and Animal Health and Welfare (including Veterinary Laboratory Agency and Veterinary Medicines Directorate).

# The Department's Ministers from May 2005



### **Rt Hon Margaret Beckett MP, Secretary of State for Environment, Food and Rural Affairs**

As Secretary of State, the Rt Hon Margaret Beckett MP has overall responsibility for all Departmental issues on the environment, food (including agriculture, horticulture and fisheries) and rural affairs. Mrs Beckett represents the UK at the EU Agriculture and Fisheries Council and at the EU Environment Council. She leads for the UK in international negotiations on sustainable development and climate change.



### **Elliot Morley MP, Minister of State for Climate Change and Environment.**

He is responsible for:

Business and the environment (including environmental industries); Business continuity/resilience; Chemical, Biological and Radionuclear incidents (CBRN); Climate Change Review and follow-up (including emissions trading); Climate change aspects of agriculture and land use; Energy issues (including energy efficiency); Environment Agency; Floods and coastal defence; Fuel poverty; GMs; Horizontal and international environmental issues; Radioactive substances; Transport and the environment; Sustainable Consumption and Production; Sustainable Development Strategy; Water issues; UK spokesperson at Environment Council during UK Presidency.



### **Jim Knight MP, Minister for Rural Affairs, Landscape and Biodiversity**

He is responsible for:

Sustainable Rural Communities; Commission for Rural Communities; Natural Environment and Rural Communities (NERC) Bill; Natural England; Rural Development Service (RDS); England Rural Development Programme (ERDP); Natural Resource Protection and Rural Service Delivery; Global and national biodiversity (including Convention on International Trade in Endangered Species (CITES) and Convention on Biological Diversity (CBD)); National Parks; Areas of Outstanding Natural Beauty (AONBs); Sites of Special Scientific Interest (SSSIs); Horse Issues; Forestry; Access; rights of way; Common land (incl. Commons Bill); Inland Waterways; British Waterways; UK spokesperson at Fisheries part of Agriculture and Fisheries Council during EU Presidency.



### **Lord Bach, Minister for Sustainable Farming and Food**

He is responsible for:

Sustainable farming and food strategy; Common Agriculture Policy (CAP); Rural Payments Agency (RPA); Agri-environment; Trade issues; Food industry; Levy bodies; Non-food crops (including biomass); Organics; Plant health; plant varieties and seeds; Departmental science (including Central Science Laboratory (CSL) and Centre for Environment; Fisheries and Aquaculture Science (CEFAS)); Chemicals; Pesticides; Pesticides Safety Directorate (PSD); Nano-technology; Kew; Covent Garden Market Authority; Regulation; Departmental administration/efficiency (Gershon)/e-business/Freedom of Information.



### **Ben Bradshaw MP – Minister for Local Environment, Marine and Animal Welfare**

He is responsible for:

Air quality and noise; Animal Health and Welfare Strategy; Animal Welfare Bill; Fisheries; Lead role on planning; regional and local government issues; Local environmental quality; Marine issues (including Marine Bill and OSPAR; marine nature conservation and whaling); State Veterinary Service; Veterinary Laboratories Agency; Veterinary Medicines Directorate; Waste; Departmental Green Minister; UK spokesperson at Agriculture Council and Chair of Fisheries part of Council during EU Presidency.

# The Department's Management Board



**Bill Stow**  
Director General,  
Environment



**Andy Lebrecht**  
Director General,  
Sustainable Farming,  
Food and Fisheries



**Ursula Brennan**  
Director General,  
Natural Resources and  
Rural Affairs



**Donald Macrae**  
Solicitor and Director General,  
Legal Services



**Mark Addison**  
Director General,  
Operations and Service Delivery



**Debby Reynolds**  
Chief Veterinary Officer and  
Director General,  
Animal Health and Welfare  
Veterinary Head of Profession



**Andrew Burchell**

Director Finance, Planning  
and Resources



**Prof. Howard Dalton**

Chief Scientific Adviser  
Director General  
Science, Economics and Statistics  
Science Head of Profession



**Francesca Okosi**

Director  
Improvement and Delivery Group



**Bill Griffiths**

Non-executive  
Director



**Elizabeth Ransom**

Non-executive  
Director



**Johnston McNeill<sup>5</sup>**

Non-executive  
Director with Skills in  
Operational Delivery

<sup>5</sup> Johnston McNeill's appointment to the Board is to strengthen the representation on the Board of people with skills in operational delivery, and process excellence. It is also in keeping with the proposals for Corporate Governance in central government departments, that recommend that the Board should consider appointing as members of the Departmental Board one or more senior officials from significant agencies or any non-departmental public bodies (NDPB) through which it conducts its business.





# Delivering our strategic priorities

This chapter sets out Defra's progress<sup>6</sup> in delivering its aim and objectives, by reference to its strategic priorities:

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

Sustainable development underpins all Defra's strategic priorities – contributing to achieving a just society that promotes social inclusion, sustainable communities and personal well-being, and a sustainable, innovative and productive economy that delivers high levels of employment. This will be done in ways that protect and enhance the physical and natural environment, and use resources and energy as efficiently as possible.

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

This year's Departmental Report reports against each target and area of activity as it relates to Defra's strategic priorities. Defra also reports progress, where appropriate, against its Service Delivery Agreement targets, which are internal targets developed to support the achievement of Public Service Agreement objectives<sup>7</sup>. In addition to this the report sets out progress against other areas of the Department's work which help it to achieve its aim and objectives. Defra has also included key financial data setting out the resources allocated during 2004-05 and over the subsequent two to three years in support of some of its key areas of activity.<sup>8</sup>

<sup>6</sup> The Department also provides regular on-line updates against its 2002 Spending Review targets. These can be found on HM Treasury's website at: [www.hm-treasury.gov.uk/performance/](http://www.hm-treasury.gov.uk/performance/)

<sup>7</sup> A full list of Defra's Service Delivery Agreement targets can be found on its website at: <http://www.defra.gov.uk/corporate/busplan/sda/sda0306.pdf>

<sup>8</sup> This is in addition to the financial information in the core tables which can be found in Chapter 7.

A short overview of progress against the Departments outstanding Public Service Agreement targets can be found in appendices 2-4. Details on how Defra measures performance for each of its 2002 Spending Review Public Service Agreement targets can be found at Appendix 5 and also in its Technical Note.<sup>9</sup>

### Promoting sustainable development

**Public Service Agreement target 1: *To promote sustainable development across Government and the country as a whole as measured by achieving positive trends in the Government's headline indicators of sustainable development.***

Defra is currently on course to achieve this target. For a short overview of progress please see Appendix 4<sup>10</sup>.

Much of this year has been dominated by the review of the *UK Sustainable Development Strategy* and publication of the new *UK Framework for Sustainable Development* and *UK Government Sustainable Development Strategy*.

These provide a UK strategic framework for sustainable development to 2020 and a strategy for delivery by the UK Government. These documents form the basis for Defra's approach to achieving its sustainable development target, which provide an effective strategic framework for delivery that:

- promotes the principles and practices of sustainable development across government;
- aligns with targets across government to achieve the commonly held outcomes contained in the new Strategy;
- encourages action to reverse unsustainable trends in the UK Framework and UK Government strategy indicators;
- helps build capacity and the skills required to deliver; and
- provides the necessary levels of challenge and accountability through clear governance arrangements.

The Government is introducing a new set of high-level indicators: the UK Framework Indicators to give an overview of sustainable development and the priority areas shared across the UK.

<sup>9</sup> <http://www.defra.gov.uk/corporate/busplans/sda/technotespsa0306.pdf>

<sup>10</sup> The Department has recently produced a revised and updated Delivery Plan for its sustainable development target, which resolves a comment made by the Defra select committee on the absence of an up-to-date plan for the previous 2002 Spending Review target. It is intended that the new Delivery Plan will be regularly updated as activities to implement strategy and international commitments become more defined. The plan includes details on how the Department will continue to deliver on its World Summit on Sustainable Development and international climate change commitments.

In addition to the shared UK Framework Indicators there will be a mix of indicators, targets and performance measures in the individual strategies for the UK Government, Scotland, Wales and Northern Ireland. These will underpin the shared framework priorities while reflecting the respective priorities of each administration.

Indicators for the UK Government Strategy include all 20 of the UK Framework Indicators and a further 48 indicators related to the priority areas.

Progress against the indicators will be assessed annually and this assessment, together with other evidence from monitoring and evaluation, will be used to determine whether the Government is succeeding in its goals or whether it needs to develop different policies and act accordingly.<sup>11</sup>

### *Funding*

The focus of activity for the sustainable development target is designed to identify and proactively engage with stakeholders and potential delivery partners. Defra's Sustainable Development Unit (SDU) works closely with the Sustainable Development Commission (SDC) to create a climate within Government and across the nation to achieve sustainable development. The SDC also engages with other government departments and agencies to facilitate positive change. In 2004-05, Defra provided £786,000 baseline funding to support the SDC's work.

Work within SDU's own budgeted resources of £2.28 million included:

- reviewing and developing the new *UK Sustainable Development Strategy*;
- developing and operating the sustainable development in government (SDiG) initiative;
- providing support to Ministers with responsibility for 'green' issues;
- developing the revised Environmental Information Regulations, which came into effect on 1 January 2005;
- funding the Sustainable Development Research Network (SDRN);
- promoting sustainable development in the English regions, via the government offices (GOs);
- building sustainable development capacity in Defra; and
- developing a system for offsetting the carbon used through Defra's official travel.

<sup>11</sup> More information the new Sustainable Development Indicators and future updates on progress can be found at: <http://www.sustainable-development.gov.uk/performance/indicators-home.htm>

### Future funding

Over the three years to 2005-08, Defra aims to allocate a total of around £18 million to delivery of the new Strategy. Specifically, it is intended that this additional funding will facilitate the enhanced role of the SDC in acting as advisor, advocate and watchdog over progress towards delivering strategy commitments by Government and help to ensure the effective delivery of specific commitments made in the new Strategy, such as Community Action 2020<sup>12</sup>. Defra has also allocated funding for the new Sustainable Procurement Task Force.

### Performance

#### Securing our Future – the new UK Government Sustainable Development Strategy

Defra led the review of the 1999 strategy, working with other government departments and the devolved administrations. In April 2004, Defra launched the UK-wide consultation, *Taking It On*. This included an innovative and widely applauded online consultation forum, where participants submitted their responses via a specially designed website. The electronic consultation closed at the end of July 2004 with over 800 responses. A summary of the consultation responses is available to view via Defra's website<sup>13</sup>.

A senior-level interdepartmental Government Programme Board and working groups were established to develop the new strategy in response to the comments made in the consultation, a series of working groups with local and regional government, community groups, and business. This aimed to ensure that the new strategy will have ownership across all sectors of society and also within Government departments. The Programme Board will also oversee its implementation.

The UK strategic framework is jointly owned by the UK Government and the devolved administrations. It provides the overview for its vision, principles and approaches and the roles different levels of Government will take. Each administration will produce its own separate strategy to set out the actions needed to deliver the Framework's vision.

The new UK Government strategy reflects the full range of responsibilities which fall to the UK Parliament. Defra worked in partnership with others to achieve this, at regional and local levels as well as in other sectors (for example, business, voluntary and community sectors).

A summary report of the consultation was published in October 2004. The Framework and Strategy were launched on 7 March 2005 at an event attended by the Prime Minister. The Strategy has increased the focus on delivery and is intended to strengthen capacity to deliver the sustainable development target.

<sup>12</sup> [www.sustainable-development.gov.uk/delivery/global-local/community.htm](http://www.sustainable-development.gov.uk/delivery/global-local/community.htm)

<sup>13</sup> Information on the consultation responses can be seen at: [www.sustainable-development.gov.uk/taking-it-on/index.htm](http://www.sustainable-development.gov.uk/taking-it-on/index.htm)



The Strategy has identified four themes which are priority areas for immediate action, and are shared across the UK. These are: Sustainable Consumption and Production; Climate Change and Energy; Natural Resource Protection and Environmental Enhancement; and Sustainable Communities.

Commenting on the new Framework and Strategy Jonathon Porritt, Chair of the Sustainable Development Commission wrote: "This strategy is a vast improvement on the 1999 Strategy and demonstrates a new determination on the part of government to make sustainable development a real priority. It offers timetabled plans for action and seeks to engage us all in driving change. If the Government keeps its promises, and does so visibly leading from the centre, we will finally begin to see the kind of action we now so urgently need."

### *Looking forward to 2005-06*

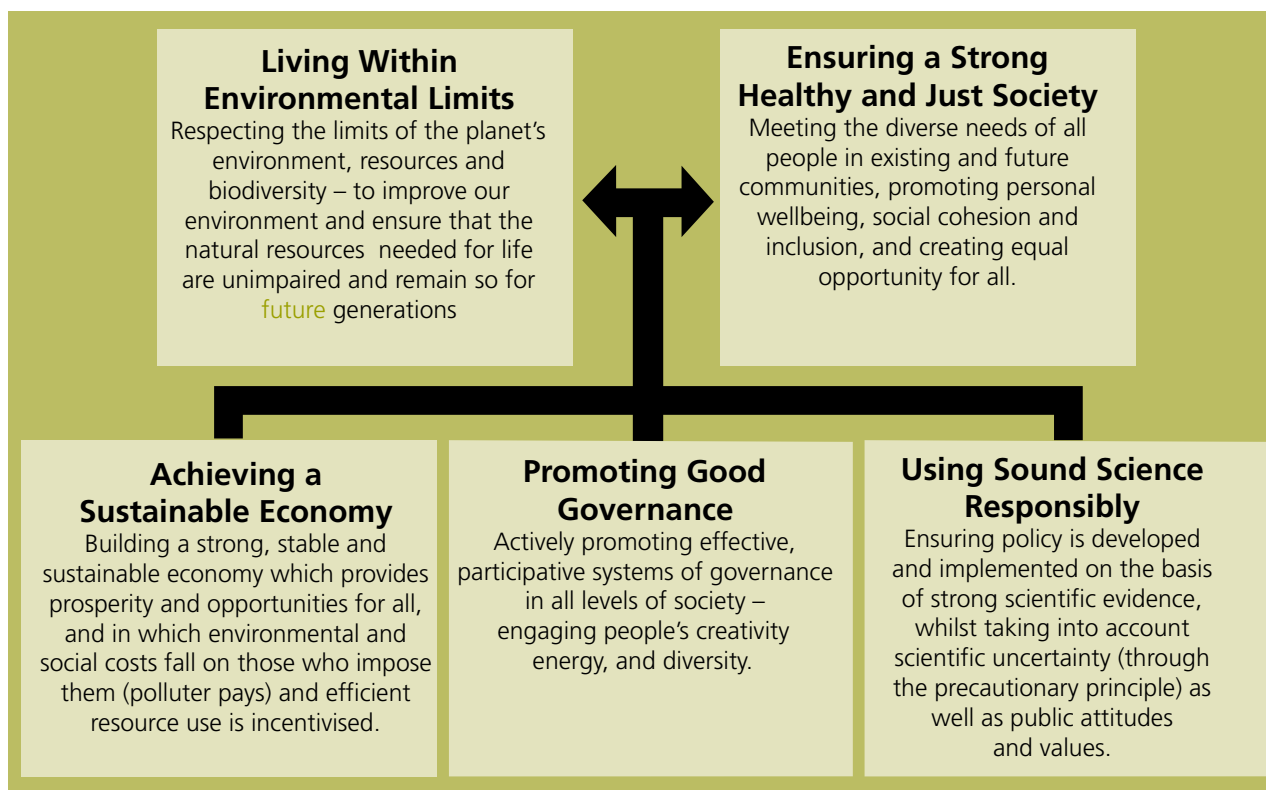
The new strategy sets out a goal of sustainable development to enable people throughout the world to satisfy their basic needs and enjoy a better quality of life, without compromising the quality of life for future generations.

For the UK Government and devolved administrations that goal will be pursued in an integrated way through a sustainable, innovative and productive economy that delivers high levels of employment; and a just society that promotes social inclusion, sustainable communities and personal well being. This will be done in ways that protect and enhance the physical and natural environment, and use resources and energy as efficiently as possible.



## Chapter 2

That objective is underpinned by five principles:



The strategy focuses on:

- Government showing it is serious about delivery of sustainable development;
- Government providing leadership on sustainable development; and
- empowering communities to make a difference.

The new Strategy contains many commitments for future action – five key announcements which will be taken forward during 2005-06 are:

- **Carbon offsetting** – All government departments will offset official, civilian air travel by April 2006 (leadership);
- **Sustainable Procurement Taskforce** – This taskforce will be set up for one year to draw up an action plan to put the UK among the leaders in the EU on sustainable public procurement (leadership);
- **Community Action 2020** – There will be a programme of support and training to enable communities and voluntary groups to do more for sustainable development locally (community empowerment);

- **Tackling environmental inequalities** – There will be a stronger focus on the worst environments, where people suffer multiple disadvantage and more information on local environments (community empowerment); and
- **A stronger Sustainable Development Commission** – Work to progress this commitment will be undertaken in 2005-06 in partnership with the SDC and in consultation with other stakeholders such as the devolved administrations, other Government departments, the National Audit Office and the Environmental Audit Committee (serious about delivery).

### *Quality of life barometer*

Defra's current performance against its 2002 Spending Review sustainable development target is illustrated by the latest assessments of the 15 headline indicators<sup>14</sup>. These are a broad measure of progress and make up a quality of life barometer. To reflect separate trends within the 15 indicators there are 19 assessments of progress. The current set of indicators has been updated and a new set to measure progress against the new UK Framework has been outlined within the revised *UK Government Strategy*. It is intended that assessments of progress will be made against these revised indicators in due course.

<sup>14</sup> More detailed information on some of these indicators can be found later in this chapter.

**Figure 1: Quality of life barometer assessment for indicator against objective (March 2005)**

			Changes since:		
Ref No	Indicator		1970	1990	Strategy <sup>15</sup>
H1	Economic Output: GDP and GDP per head		✔	✔	✔
H2	Investment: Total and social investment relative to GDP		≈	≈	≈
H3	Employment: Proportion of people of working age who are in work		≈	≈	✔
H4	Poverty: Indicators of success in tackling poverty and social exclusion		✖	≈	✔
H5	Education: Qualifications at age 19		...	✔	✔
H6	Health: Expected years of healthy life		✔	≈	≈
H7	Housing: Households living in non-decent housing		...	✔	✔
H8	Vehicles and burglary Robbery	Vehicles and burglary	✖	✔	✔
		Robbery	✖	✖	✖
H9	Climate change: Emissions of greenhouse gases		✔	✔	✔
H10	Air quality: Days when air pollution is moderate or higher		...	✔	≈
H11	Traffic volume	Traffic volume	✖	✖	✖
	Traffic intensity	Traffic intensity	✖	✔	✔
H12	River water quality: Chemical and biological river quality		✔	✔	✔
H13	Woodland birds Farmland birds	Woodland birds	✖	✖	≈
		Farmland birds	✖	✖	≈
H14	Land use: New homes built on previously developed land		...	✔	✔
H15	Waste	Household waste	...	≈	✔
		Waste arisings and management	...	...	≈
Key					
✔ Significant change, in direction of meeting objective					
≈ No significant change					
✖ Significant change, in direction away from meeting objective					
... Insufficient or no comparable data					

<sup>15</sup> Change since the Strategy assesses progress from the position of the data available at the time of the Strategy in 1999.

The latest update of the indicators shows 11 of the 19 assessments with positive trends since the strategy was published in 1999. In particular, the latest figures for household waste show that in both 2002-03 and 2003-04 the amount not recycled or composted fell, and is now below the level in 1997-98, and warrants a green 'traffic light' assessment. The household waste recycling target for 2003-04, that 17 per cent of household waste should be recycled or composted has also been met.

Of the remaining assessments, two assessments (robbery and road traffic volumes) show negative trends. Six assessments (investment, health, air quality, farmland birds, woodland birds and all waste arisings<sup>16</sup> and management) are showing no significant change.

The current set of indicators, however, provides only a broad measure of direction of travel, which can take a long time to show the results of changed approaches to policy. Although on balance the Department is making progress across the three pillars (economic, social and environmental) of sustainable development, the Department recognises that there is still much more to be done<sup>17</sup>.

### Looking forward to 2005-06

The Headline indicators in their current form will not be updated. A revised set of indicators has been prepared to support the new framework and strategy. To allow the Department to measure future progress, Defra's statisticians will produce a baseline assessment of the revised indicator set during 2005-06.

### *Embedding sustainable development across government*

Sustainable development was one of the cross-cutting themes running through the 2004 Spending Review process<sup>18</sup>. One of the positive results of this exercise, and the review of the *UK Sustainable Development Strategy*, has been to demonstrate the extent to which sustainable development indicators can be linked to specific Public Service Agreements and targets in national strategies across a wide range of government departments. Formally linking indicators to Public Service Agreements and targets will help ensure that sustainable development is given full consideration when departments are developing their policies.

Defra continues to work with other government departments in order to:

- mainstream sustainable development through key Government decision-taking processes; and
- improve the Government's performance in managing its procurement, land and buildings.

<sup>16</sup> Which is defined as the 'Total household, industrial and commercial waste production'.

<sup>17</sup> Detailed information is available at [www.sustainable-development.gov.uk/publications/publications.htm](http://www.sustainable-development.gov.uk/publications/publications.htm)

<sup>18</sup> <http://www.defra.gov.uk/corporate/busplan/busplan.htm>

This past year Defra has contributed to a number of major initiatives which will embed sustainable development more effectively within Government departments:

- from April 2004, the mandatory Regulatory Impact Assessment which covers all major policies and proposals now requires an assessment of the economic, environmental and social costs and benefits. Defra has also provided detailed guidance on environmental issues in support of central Cabinet Office guidance;
- the Centre for Management Policy and Studies (CMPS) is working on training provision for sustainable development and has piloted a new workshop for senior civil servants on how sustainable development can help to deliver better policy;
- in the *UK Sustainable Development Strategy* published in March, all Government departments have committed to produce a sustainable development action plan by December 2005; and
- the Department has also stated its goal for the UK to be recognised as among the leaders in sustainable procurement across EU member states by 2009.

### Sustainable Development Task Force

The Secretary of State's Sustainable Development Task Force was established in 2003 to increase capacity and drive commitment to sustainable development.

It is chaired by Secretary of State for Environment, Food and Rural Affairs. The Task Force brings together Ministers from across Whitehall with colleagues from Wales, Scotland and Northern Ireland, and some key stakeholders. It has been agreed that the Task Force should continue for a further two years and this has been written into the new Strategy. All papers and minutes from the meetings are available online<sup>19</sup>.

Defra has published the remaining sections of the *Framework for Sustainable Development on the Government Estate*<sup>20</sup> (on waste, energy, estates management and construction, procurement, and on social impacts). These set targets that all departments and their executive agencies must meet in managing their land and buildings. During 2005-06, the Government will review the success of the Framework in improving departmental performance.

Defra has also been considering how best to report on sustainable development across Government. For the first time, the *Sustainable Development in Government Annual Report*<sup>21</sup> (published in November 2004) which monitors performance against targets in the Framework, was based on an independent analysis by external consultants (PricewaterhouseCoopers). This report contains detailed comparative analysis and

<sup>19</sup> <http://www.sustainable-development.gov.uk/taking-it-on/taskforce/index.htm>

<sup>20</sup> <http://www.sustainable-development.gov.uk/sdig/improving/index.htm>

<sup>21</sup> <http://www.sustainable-development.gov.uk/sdig/reports/ar2004/index.htm>

incorporates the recommendations of the Environmental Audit Committee in its *Greening Government* 2003 and 2004 reports.

### Sustainable procurement

In addition to the new Sustainable Procurement Task-Force, Defra has taken a lead in two significant areas:

- the Public Sector Food Procurement Initiative is designed to encourage public sector bodies to procure food in a manner that promotes sustainable development and encourages more small and local farmers, producers and suppliers to compete to supply them with food. To encourage this Defra has contributed funds towards regional pilot projects; and
- Defra has taken forward the Government's commitment to seek to procure products made from timber that have been legally harvested and grown in a sustainably managed forest or plantation. Defra is developing the Central Point of Expertise on Timber (CPET) which should accelerate progress and encourage others to follow central government's lead.

### Looking forward to 2005-06

By April 2006 a business-led Task Force, appointed by Defra, will develop a national action plan for sustainable procurement across the public sector in the UK. The Taskforce will be headed by Sir Neville Simms, Chairman of International Power plc and will report to the Secretary of State and the Chief Secretary to the Treasury. It will look not only at the direct impacts of public sector procurement but at how the £125 billion annual public sector spend can be used to drive innovation and create markets for new more sustainable products.

### Regional and local government

During 2004-05, Defra has been working with other government departments and a range of stakeholders, including local government, government offices and Regional Development Agencies (RDAs), to embed sustainable development at regional and local levels.

Key successes have included:

- inclusion of the sustainable development target as an overarching target in the RDA Tasking Framework. This will mean that the majority of RDA activities will be considered from a sustainable development standpoint and in particular in relation to development and implementation of Regional Sustainable Development Frameworks (RSDFs). RDAs will report their progress via the government offices for the regions network;

- the government offices have also agreed that Defra's sustainable development target related outcomes should form part of their performance management arrangements from 2005-06; and
- the local authority Comprehensive Performance Assessment (CPA) produced by the Audit Commission will now contain key lines of enquiry on issues related to sustainable development. Defra has also undertaken to provide training on sustainable development for CPA Inspectors.

As part of the review of the *UK Sustainable Development Strategy* a Ministerial working group, jointly sponsored by Defra, the Office of the Deputy Prime Minister and the Local Government Association, was established. This group developed a wide ranging action plan to improve delivery of sustainable development at local level.

The *Rural Strategy 2004*<sup>22</sup> set out further measures to embed sustainable development at the regional and local level. As discussed in the section on modernising delivery arrangements (later in this chapter), Defra is devolving greater decision-making and delivery to the RDAs, and will hold them accountable for delivery of Defra's sustainable development target on rural productivity and services within a clear sustainable development context.

At the local level, Defra announced, on the 13 October 2004, a pathfinder<sup>23</sup> joint venture in each region to look at the best mechanisms for devolving delivery even closer to the customer. These pathfinders will consider how to join up services and funding in innovative ways. One of the tests of success will be the extent to which such joining up achieves better sustainable development outcomes.

Government offices work with Rural Development Services and Regional Assemblies to keep RSDFs up to date and to ensure that they are implemented effectively.

<sup>22</sup> <http://www.defra.gov.uk/rural/strategy/default.htm>

<sup>23</sup> Pathfinders (or pilot project) bring together local authorities, Regional Development Agencies, the voluntary and community sectors and others to develop and test more joined up, flexible and effective approaches to service delivery at a local level.

### Improving the quality of the local environment: The Clean Neighbourhoods and Environment Act 2005

Defra continues to play its part in the Whitehall-wide initiative to create cleaner, safer, greener communities. This programme is led by the Office of the Deputy Prime Minister (ODPM), and brings together officials and Ministers for all departments with responsibility for improving people's quality of life. Within this programme Defra will work closely with ODPM to help deliver its new Public Service Agreement target (Public Service Agreement 8: Improving Air Quality) for improving public space.

The Clean Neighbourhoods and Environment Act, which received Royal Assent on 7 April 2005, plays a key role in the cleaner, safer, greener communities programme. The Act provides local authorities and other service providers with the further powers they need to improve the local environment and reduce anti-social behaviour. The specific powers in the Act address many of the issues which blight our neighbourhoods including litter, fly posting, fly tipping, abandoned and nuisance vehicles and statutory nuisances such as neighbourhood noise. The Act was preceded by an extensive consultation exercise.

During the year, Defra also launched a code of practice and issued a consultation document on a draft code of practice and local authority guide on Odour Nuisance from Sewage Treatment Works.

In developing policy on local environmental quality, Defra works very closely with Encams, an environmental charity. Encams plays a crucial part in researching, campaigning and monitoring local environmental quality issues. On Defra's behalf, they carry out the annual local environmental policy survey of England, which provides valuable data on the quality environment and allows government to identify issues which require action.

### Looking forward to 2005-06

Defra plans to update guidance on RSDFs and to work with government offices to launch elements of the new *UK Sustainable Development Strategy* and to raise awareness. This will help to embed sustainable development at regional, local and community levels in accordance with the Defra *Five Year Strategy*.

### *Sustainable development in Defra*

Defra aspires to set an example to the rest of government on sustainable development and champion it across government, the EU and internationally.

This is indicated by the positive results that have been achieved in managing the impacts of energy, water use and waste management (see box).



### Our Operational Performance

**Water.** The cross-government target for water consumption that was published in July 2002 required departments to reduce to 7.7 m<sup>3</sup> per person per year by 31 March 2004. Water saving measures adopted over a number of years have succeeded in reducing consumption to an average of 7.49 m<sup>3</sup> per person per year in 2003-04. It is expected that water efficiency measures will have reduced this even further during 2004-05<sup>24</sup>.

**Waste.** The target set in the first Green Ministers report in 1999 was for recovery of a minimum of 40 per cent of total office waste, of which at least 25 per cent should be recycled or composted. These were very challenging targets for all departments. Systems for collecting waste data across Defra improved enormously during 2003-04, enabling the Department to show that 55 per cent of waste was recovered. New targets were published in July 2004 and Defra is developing action plans to ensure that it can meet them. Results for 2004-05 will be published in the 2006 Departmental Report.

**Biodiversity.** Following short listing of Defra properties, surveys were carried out at 17 sites. Of these, 5 were identified as being significant for biodiversity and management plans are being developed for these sites. A second tranche of surveys has been carried out during 2004-05. Where there is scope for improving the biodiversity of other Defra sites, management regimes have been introduced to do so, for example by planting and by establishing bird and bat boxes and feeding and nesting sites.

**Environmental management systems (EMS).** At 31 March 2005 about 55 per cent of people working in Defra and Executive Agency buildings benefited from an EMS, which is independently certified to ISO14001 standard. Systems are being developed at further Defra sites throughout the country and the figure is expected to rise to over 75 per cent during 2005.

Work in setting up data collection systems to collate information on all operational impacts from over 200 sites has been invaluable in preparing action plans for addressing targets on energy and waste that were published in the first half of 2004. Further targets on estate management and construction, procurement and social impacts were published under the *Framework for Sustainable Development on the Government Estate* in October 2004. Action plans for addressing these targets are being drawn up and detailed strategies will be published by the respective target dates, following internal consultation.

A report on Defra's key sustainable development impacts was published on the Internet in March 2005. It shows how Defra is performing against targets set in the *Framework for Sustainable Development on the Government Estate*, while developing strategies for sustainable development in Defra operations to help the Department to reach these targets.

<sup>24</sup> Figures will be available late summer 2005.

In Defra's *Five Year Strategy*, the Department committed to producing a full sustainable development action plan. This commitment was also made in the new *UK Sustainable Development Strategy*, which requires all departments to produce action plans based on the strategy by December 2005. Defra's action plan will detail how the Department plans to become 'best in class' on key operational elements and how it will meet its strategy commitments.

Alongside operating in a more sustainable way, the Department has been raising awareness of sustainable development among Defra's staff, and how it can be incorporated into their everyday work. A package of interactive tools, called **thinksustainable**, was launched internally in April 2005. **thinksustainable** aims to encourage people in Defra to integrate sustainable development into all they do.

For policymakers, a tool based on the Regulatory Impact Assessment (RIA) has been produced. The RIA, including a sustainable development checklist, is mandatory for all policy development in Defra, and **thinksustainable** will help policymakers to appreciate the sustainable development impacts of their policies. They will learn that sustainable development is an opportunity to enhance the effectiveness of a policy – it is not an add-on at the end of the policy process.

### Looking forward to 2005-06

The Department will continue its work on helping Defra people to integrate sustainable development into their everyday work. The **thinksustainable** tools will be rolled out across the Department during 2005-06 and plans will be drawn up for taking the campaign further.

For operations in Defra, the Department is working to achieve the *Five Year Strategy* aim of being 'best in class' on key elements of the *Framework for Sustainable Development of the Government Estate*. Defra will be working with the Carbon Trust's Carbon Management scheme in order to demonstrate the potential gains from an invest to save approach, involving ring-fencing funds for energy efficiency and recycling savings back into further cost effective measures.

### *World Summit on Sustainable Development*

In 2002, Margaret Beckett led for the UK Government at the World Summit on Sustainable Development (WSSD). World leaders underlined their commitment to global sustainable development and called for a step change from words to action.

International momentum has continued, with Defra Ministers taking a leading role in a number of United Nations meetings. The Twelfth Meeting of the Commission on Sustainable Development (CSD12) in April and the United Nations Environment Programme (UNEP) Governing Council/Global Ministerial Environment Forum in March both maintained a clear focus on implementation.

In May 2004, Defra published delivery plans for the six main WSSD commitments on which it leads: Agriculture, Chemicals, Fisheries, International Biodiversity, Oceans and Sustainable Consumption and Production. These plans set out the intermediate steps needed to achieve the UK's long-term aims<sup>25</sup>.

The Government's recently completed 2004 Spending Review raised the profile of sustainable development across all departments, with a number of WSSD-related targets set for the period up to 2008. Defra's new 2004 Spending Review sustainable development target now measures the UK's progress towards delivering WSSD commitments. More detailed information of progress is set out in the Second Anniversary Report on the WSSD<sup>26</sup>.

The *UK Sustainable Development Strategy* will be a key mechanism for embedding the strategic direction resulting from WSSD. Within the Strategy is a table of the UK's international priorities for sustainable development primarily arising from WSSD, Doha, Monterrey and the Millennium Development Goals. This includes aims, lead departments, and sources of information. The table will also be published on the Government's Sustainable Development website as a live document. It will be developed and updated as the Strategy is implemented and used as a monitoring and reporting tool.

Defra, working with other government departments, is establishing bilateral sustainable development dialogues with key rapidly developing countries (India and China in the first instance). These will build on, and provide a framework for, existing country-level activities as well as identify new areas of collaboration. Such dialogues are expected to further UK progress towards meeting its WSSD commitments.

### *Sustainable development – international and European Union*

The global challenges of sustainability require action at European Union (EU) and international level. Defra has led an energetic UK input on both these fronts. Defra has supported the development and implementation of the EU's *Sustainable Development Strategy*<sup>27</sup>, which considers both internal and global impacts of EU policy. This year, for example, the Department commissioned research into the first year of operation of a new impact assessment system introduced by the European Commission to ensure that better account is taken of the economic, social and environmental impacts of all major policy proposals. The results of the research, which included recommendations for strengthening the contribution of the new system to sustainable development, were shared with the Commission and other Member States.

Defra also coordinated the preparation of the UK Government's submission in October to the European Commission's review of the *EU Sustainable Development Strategy*. The UK Presidency of the EU in the second half of 2005 is likely to play a major role in finalising the revised strategy.

<sup>25</sup> <http://www.defra.gov.uk/corporate/busplan/dis/dis0508.pdf>

<sup>26</sup> <http://www.sustainable-development.gov.uk/eac-wssd/progress.htm>

<sup>27</sup> <http://europa.eu.int/comm/environment/eussd/>

Defra continues to play a leading role in promoting sustainable development in other international organisations such as the World Trade Organisation (WTO) and the Organisation for Economic Co-operation and Development (OECD). At the latter Defra secured a robust sustainable development work programme for the two years and will be providing additional funding for this work.

### Looking forward to 2005-06

Defra will:

- take forward the review of the *EU Sustainable Development Strategy*;
- promote the Cardiff process of environmental integration during the UK Presidency;
- launch multi-stakeholder partnerships, aimed at protecting and improving the environment and promoting sustainable development in Eastern Europe, Caucasus and Central Asia; and
- support EU enlargement through further environmental twinning projects.

### *Access to information, public participation in decision-making and access to justice in environmental matters*

One key principle of sustainable development is 'transparency' or 'openness', and an effective system of governance which is achieved by linking government accountability with the greater involvement of stakeholders in decision-making. These ideas are reflected in the United Nations Economic Commission for Europe (UNECE) *Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters* (the Aarhus Convention). The Department plays a key role in the work of the Convention and worked together with the devolved administrations to complete UK ratification of the Convention in February 2005.

Revised Environmental Information Regulations (EIR), which take on board the requirements of the Aarhus Convention and those of the 2003 Directive 2003/4/EC on public access to environmental information, came into force on 1 January 2005, to coincide with the provisions of the Freedom of Information Act 2000. Defra has consulted on a Code of Practice and guidance to accompany EIR 2004, and has issued a revised Code of Practice.

Defra has worked with the Department for Constitutional Affairs and other government departments to raise awareness of the access to information legislation, and to advise public authorities on all aspects of EIR.

The European Community has also adopted Directive (2003/35/EC) on providing for public participation in respect of the drawing up of certain plans and programmes relating to the environment. The Directive is a technical measure aimed at bringing Environmental Impact Assessment (EIA) and Integrated Pollution Prevention and Control (IPPC) Directives, together with seven other EU Directives, into line with the public participation requirements of the Aarhus Convention. The UK is in the process of finalising the changes necessary to transpose this Directive. Defra is also leading on a proposed EU Directive on access to justice in environmental matters.

On 30 November 2004, Defra held a conference on access to justice in environmental matters. This brought together a broad range of stakeholders, including business, government and regulators, environmental non-government organisations (NGOs), the legal profession, and the judiciary, who came together to discuss the outcomes of a number of Defra funded research initiatives. Notes of the conference will be published as part of further work which is being planned in this area.

### Climate change and energy

Defra's objective 1 recognises that effective protection of the environment requires activity on many different fronts – for example, from acting to limit global environmental threats (such as climate change) to safeguarding individuals from the effects of poor air quality. This section of the Report looks at Defra's work to:

- improve the environment, particularly with regard to climate change;
- improve energy efficiency;
- reduce fuel poverty;
- improve air quality; and
- manage the risk of flooding.

### Improving the environment

**Public Service Agreement target 2: *Improve the environment and the sustainable use of natural resources, including through the use of energy saving technologies, to help reduce greenhouse gas emissions by 12.5 per cent from 1990 levels and moving towards a 20 per cent reduction in carbon dioxide emissions by 2010.***

**Joint target with the Department of Trade and Industry.**

Defra is on course to reduce greenhouse gas emissions by 12.5 per cent but more needs to be done to meet the 20 per cent reduction in carbon dioxide emissions by 2010. For a short overview of progress please see Appendix 4.

Defra has the lead responsibility for the UK's policy on climate change and for co-ordinating UK action. Some of the policies and measures within the UK's Climate Change Programme are also the responsibility of Defra – such as emissions trading and energy efficiency. Defra works closely with other Departments, notably the Department of Trade and Industry and the Department for Transport, through the shared climate change target,<sup>28</sup> to put in place policies in specific sectors that contribute to emission reductions.

In addition other government departments, including the Office of the Deputy Prime Minister, HM Treasury and the devolved administrations also have responsibility for delivery of aspects of the Climate Change Programme. Policies and measures, such as the European Union Emissions Trading Scheme, are also being developed at EU level under the European Climate Change Programme, to complement measures being taken at a national level and reduce emissions across all Member States.

The Climate Change Programme is currently being reviewed to consider what additional policies are needed to put government on track to meet emission reduction targets. The high level cross-government project board which is managing the process will continue to function after the review to help drive forward policies to reduce emissions in all policy areas.

There are three main aspects to Defra's work on climate change:

- international negotiations covering both mitigation and adaptation;
- domestic policy on mitigation and adaptation; and
- scientific and technical advice on climate change and its impacts.

Defra's 2002 Spending Review target refers directly to the domestic agenda to reduce emissions, but this chapter of the Departmental Report also reviews Defra's wider work on climate change.

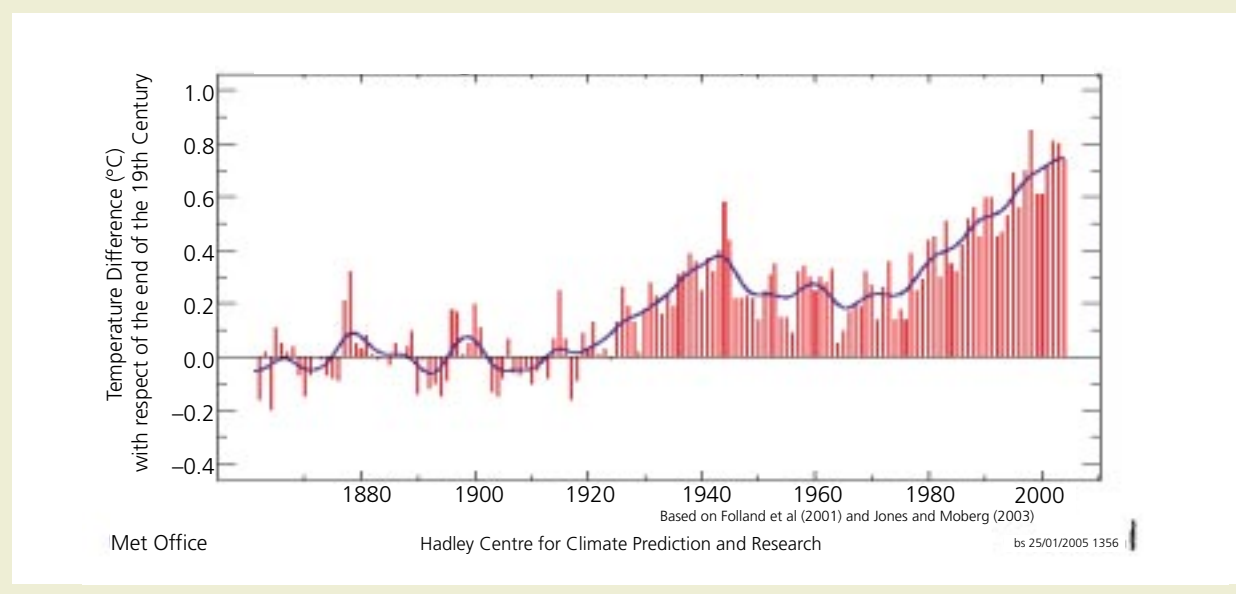
<sup>28</sup> Following the 2004 Spending Review the Department for Transport now shares the responsibility for the delivery of Public Service Agreement target 2.

### Recent observed warming

The scientific evidence is growing that man-made greenhouse gas emissions are having a noticeable effect on the Earth's climate.

Global temperatures have increased by  $0.7^{\circ}\text{C}$  over the last century. All of the 10 warmest years on record have occurred since 1990, and the last 10 years have seen 9 of the 10 warmest years on record with only 1996 not making the top ten. 2004 was the fourth warmest year globally and 2003 was the third warmest year globally since records began in 1861. The UK record temperature was broken on 10 August 2003 when a temperature of  $38.5^{\circ}\text{C}$  was recorded in Kent.

**Figure 2: Global average near-surface temperatures 1861-2004**



Countries around the world are responding to the challenge of climate change by taking action under the United Nations Framework Convention on Climate Change (UNFCCC), which was agreed at the Earth Summit in Rio de Janeiro in 1992. Under the Kyoto Protocol, agreed in 1997, developed countries agreed targets to reduce their overall emissions of greenhouse gases<sup>29</sup>. The UK agreed to reduce its emissions by 12.5 per cent below base year levels by 2008-12.

The Government, believing that the UK can and should go further than its Kyoto target, has also set a national goal to reduce the UK's carbon dioxide emissions by 20 per cent below 1990 levels by 2010. Building on this, the *Energy White Paper*, published in 2003, set out a longer-term goal for reducing carbon dioxide emissions by some 60 per cent by about 2050, with real progress by 2020.

<sup>29</sup> The greenhouse gases covered by the Kyoto Protocol are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.



But no matter how effective policies are in reducing emissions of greenhouse gases, a significant degree of climate change is already unavoidable. This is likely to have far-reaching effects on all aspects of the world's environment, economy and society, and so alongside mitigation policies, Defra is also responsible for UK policy on adaptation to climate change.

### Climate Prediction Programme

The Department funds a significant programme of research into climate change, including approximately £11 million a year at the world-renowned Hadley Centre (part of the UK Met Office). Defra's contribution funds about 70 scientists, as well as substantial use of the Met Office's supercomputer.

The Hadley Centre has developed models of the global climate system which are used both to gain physical insight into major features of the behaviour of the climate system, and to produce climate projections for a range of assumptions about emissions of carbon dioxide and other greenhouse gases. The results from this research inform Defra and the scientific community on many areas of climate prediction and attribution.

The Hadley Centre has used detection and attribution methods to study the causes of historical climate change, and there has been much progress in this field over recent years. Research published in 2004-05 presented strong evidence that the warming over the past 100 years is very unlikely to be due to natural variability alone. In November 2004, the Hadley Centre published research showing that the likelihood of a hot European summer, like the record-breaking one of 2003, has probably already been increased 4-fold due to human-caused emissions of greenhouse gases.

The Hadley Centre Regional Climate Model (RCM), developed over the past 13 years with government funding, gives improved predictions of climate change at the regional level, especially for changes in extremes. It can be used over any part of the world to generate detailed climate change scenarios. Through funding from Defra, the Foreign and Commonwealth Office and the Department for International Development, the model has already been made available to scientists in China, India, Africa, South America and Central America. In November 2004, the Hadley Centre held a RCM workshop in Brazil, which was attended by scientists from 9 South American countries.

### Climate observations

Defra has recognised the need for observations to support climate change research, and the Department continues to fund the Advanced Along Track Scanning Radiometer (AATSR) instrument on board the European Space Agency's ENVISAT satellite. The AATSR will provide long-term sea surface temperature measurements, which will be used by Hadley Centre scientists, and others, to identify climate trends and inform modelling studies. This type of funding is unusual, this is the first time that a European government department has directly funded a satellite project to meet the needs of data users and ultimately of policy-makers.

Defra also contributes to the funding of ARGO, a global array of free-drifting profiling floats, which when complete will number 3,000. In mid 2004 the array was over 40 per cent complete. They will measure the temperature and salinity of the upper 2,000 metres of the ocean. This will allow, for the first time, continuous monitoring of the temperature, salinity, and velocity of the upper ocean, with all data being relayed and made publicly available within hours after collection.

### Funding

Defra supports a number of programmes that contribute to reducing greenhouse gas emissions, including:

- the **UK Emissions Trading Scheme** – a voluntary trading scheme, with incentive payments made to participating companies depending on the emissions reductions made;
- the **Carbon Trust** – funded to take the lead on business and public sector energy efficiency and encourage the development of a low carbon sector in the UK;
- the **Energy Saving Trust** – promoting the sustainable and efficient use of energy through advertising programmes, advice centres, the endorsement of energy efficient products and encouraging local authorities to develop energy efficient strategies;
- the **Warm Front programme** – details of which can be found later in this chapter which deals with Defra's efforts to reduce fuel poverty; and
- **Community Energy** – a UK grant programme increasing the development and installation of community heating schemes, mainly using Combined Heat and Power (CHP), delivering carbon savings and affordable warmth among other benefits.

On 16 May 2005, Defra announced it has awarded new funding of more than £3.5 million over the next five years to Oxford University's Environmental Change Institute for the world-leading UK Climate Impacts Programme (UKCIP). The funding will allow UKCIP to develop strategic research on the impacts of climate change across the UK, but also strengthen the role that the Programme plays in equipping organisations, such as local authorities, businesses, services and utilities, and regional government, to prepare themselves for climate change.

**Figure 3: Examples of funding to support climate change mitigation**

Area	2004-05	2005-06	2006-07	2007-08
UK Emissions Trading Scheme incentive payments <sup>30</sup>	£40.5 million	Up to £40.5 million – though savings may be made due to closures and divestments of companies taking part in the scheme.	£30.6 million – scheme ends.	0
Carbon Trust Grant Payment <sup>31,32</sup>	~£57 million	~£61 million	£76 million	£86 million
Energy Saving Trust Grant Payment <sup>33,34</sup>	~£28 million	~£27 million	£27 million	£29 million
Community Energy <sup>35</sup>	~£5 million	~£12 million	~£37 million	

<sup>30</sup> The UK Emissions Trading Scheme is a voluntary trading scheme, with incentive payments made to participating companies depending on the emissions reductions made.

<sup>31</sup> Funded from the Climate Change Levy (including end Year Flexibility carried forward from previous years), the remainder from the Energy Efficiency Best Practice Programme, and from 2005-06 onwards, the Business Resource Efficiency and Waste Programme.

<sup>32</sup> Carbon Trust figures for 2006-07 and 2007-08 are indicative only.

<sup>33</sup> Funding to promote the sustainable and efficient use of energy through advertising programmes, advice centres, the endorsement of energy efficient products and encouraging local authorities to develop energy efficient strategies.

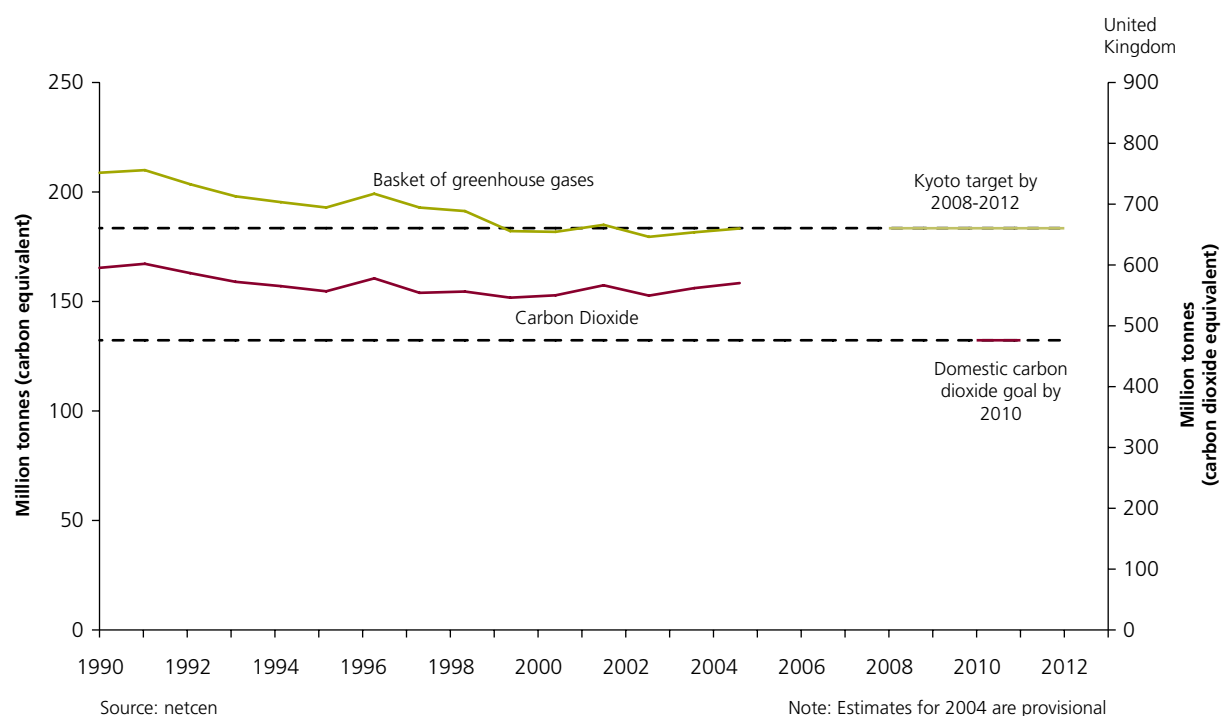
<sup>34</sup> Energy Saving Trust figures for 2006-07 and 2007-08 are indicative only.

<sup>35</sup> Funding for this programme comes from the Capital Modernisation Fund.

### Performance

Taking the effect of measures to reduce emissions into account, Defra remains on course to meet the UK's commitment under the Kyoto Protocol. Provisional estimates suggest that in 2004 UK greenhouse gas emissions were about 12.5 per cent below base year levels. However, more needs to be done to achieve the more difficult national goal of reducing carbon dioxide (CO<sub>2</sub>) emissions by 20 per cent below 1990 levels by 2010. Provisional estimates show that emissions of CO<sub>2</sub>, the main greenhouse gas, were about 4.2 per cent below the 1990 level in 2004.

**Figure 4: UK emissions of greenhouse gases and carbon dioxide 1990-2004**



### Factors affecting Performance

Some annual variation in emissions, of carbon dioxide in particular, is expected, not least because of changes in the fuel mix in the electricity supply industry.

Emissions increased by about 1.5 per cent between 2003 and 2004, mainly due to estimated increases in industrial and transport sector emissions. However Defra remains on course to achieve the UK's Kyoto target. Defra estimate that the more detailed final 2003 emissions figures published recently suggest that on the basis of policies currently in the Climate Change Programme, CO<sub>2</sub> emissions will be about 13 per cent below 1990 level in 2010, and that emissions of all greenhouse gases will be around 20 per cent below. The latest provisional figures will be fully taken into account when updated projections are produced for the review of the Climate Change Programme later in 2005-06.

## International negotiations

The Kyoto Protocol came into effect on 16 February 2005. It provides the first ever framework for international action with binding emissions limitation or reduction targets to begin to tackle this global problem. Under the first commitment period of the Kyoto Protocol, the UK must reduce its greenhouse gas emissions by 12.5 per cent below base year<sup>36</sup> levels by 2008-12.

The first commitment period under the Kyoto Protocol may only reduce global emissions by 1 to 2 per cent below the business as usual scenario without the United States on board. However, the first commitment period is only a first step. Ultimately, a wider, more comprehensive approach is needed.

Global participation is the most effective way to reduce the cost of action, such as the development of new technologies and increase the likelihood of avoiding dangerous interference with the climate. The United States and the major developing country emitters must be involved, consistent with the UN Framework Convention on Climate Change (UNFCCC) principles of equity and the common but differentiated responsibilities of countries, and any future framework for action is likely to need greater flexibility to recognise the diverse circumstances of the nations involved.

The 10th Conference of the Parties (COP) in Buenos Aires in December 2004 provided a first step to delivering these objectives by agreeing both to hold a seminar of government experts in May 2005 to discuss future action and also to implement an action plan on adaptation, particularly for more vulnerable countries.

The overall EU and UK objective for the seminar of government experts was to build confidence between parties by sharing information on possible long-term climate change policies, to create mutual understanding and build confidence to continue discussions on further action, with a view to laying the groundwork for a post 2012 regime under UNFCCC. The UK presented one of 6 papers given on behalf of the EU. Overall, both the atmosphere of the event and the substantive discussion were positive, with a significant number of countries in addition to the EU being willing to talk constructively about the future and the way forward post 2012.

Defra and the Department for International Development jointly commissioned a study to review African climate science, policy and options for action in June 2004, and this reported in December 2004 during the COP. The report identified that there are gaps in the basic understanding required to plan for the immediate effects of climate variability and longer-term climate change in Africa. It also set out options to address African resource and capacity gaps in the areas of observations, research and model development, prediction activities, and of the delivery of climate services.

<sup>36</sup> The base year used to determine progress towards the UK's Kyoto Protocol target is made up of 1990 data for carbon dioxide, methane and nitrous oxide, and in accordance with Article 3.8 of the Protocol, parties can use either 1990 or 1995 data for the fluorinated gases (hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride).

In 2005, the UK holds the Presidency of G8, which the Prime Minister has made clear that climate change will be a major theme. The Prime Minister, in his speech to the World Economic Forum in Davos, Switzerland, stated three broad aims for the UK's presidency to tackle climate change:

- to set a direction of travel. Whether because of the risks associated with climate change or related issues of security of energy supply, there is a need to send a clear signal that whilst we continue to analyse the science we are united in moving in the direction of greenhouse gas reductions;
- to develop a package of practical measures, largely focused on technology, to cut emissions of greenhouse gases; and
- to engage countries outside the G8, like China and India, on how their growing energy needs can be met sustainably and how they can adapt to the impacts of climate change.

### Avoiding dangerous climate change – Stabilisation Conference 2005

The UK hosted an international conference to consider the scientific issues associated with stabilising greenhouse gas concentrations in the atmosphere. The conference took place, at the invitation of the Prime Minister, and under the sponsorship of Defra, at the Met Office, Exeter, in February 2005. The aim of the conference was to advance scientific understanding of the long-term implications of climate change, the relevance of stabilisation goals, and options to reach such goals; and to encourage research on these issues. The outcomes of the Exeter conference provide a sound foundation for the UK's G8 Agenda.

The conference brought together over 200 participants from some 30 countries, including scientists of international calibre. The conference offered a unique opportunity for scientists to exchange views on the consequences and risks presented to natural and human systems as a result of changes in the world's climate.

The message of the meeting was clear and came with authority – that climate change looks to be worse than expected, that there is a need to act urgently to avoid considerable risks and that the long-term costs of mitigation are small and less than previously stated. In the light of the scientific evidence presented at the conference, the term 'global warming' seemed to be inadequate to describe the changes that can be expected in the earth system. Temperature is not the only parameter but rainfall and increasing climate variability, such as increase in the frequency and severity of extreme events should be considered too.

The International Scientific Steering Committee of the conference produced a report that summarises the scientific findings presented. The report concluded that:

- compared to the Third Assessment Report (TAR) produced by the Intergovernmental Panel on Climate Change (IPCC) in 2001, there was greater clarity and reduced uncertainty about the impacts of climate change across a wide range of systems, sectors and societies. In many cases the risks identified were more serious than previously thought;
- a number of new and disturbing impacts were identified. A study on the ocean showed that extensive changes in marine ecosystems were likely to occur as a result of the marked acidification due to CO<sub>2</sub> emission and uptake by oceans since the industrial revolution;
- in spite of an incomplete understanding of the earth system and need to improve modelling, our present knowledge indicates the possibility of tipping points that should be avoided. These include the melting of the ice sheets in Antarctic and Greenland and the stability of the North-Atlantic Thermo-haline Circulation (THC);
- the sensitivity of the climate system to greenhouse forcing was likely to be greater than quoted in the TAR. Delaying action, even by 5 years, would require greater action later to meet the same temperature target. In the absence of urgent and strenuous mitigation actions in the next 20 years, the world will be almost certainly committed to a temperature rise of between 0.5 and 2°C by 2050; and
- technological options for reducing emissions over long-term already exist and significant reductions can be attained using a portfolio of options at a cost smaller than previously thought.

The conference report and other outcomes have been placed on the conference website<sup>37</sup>.

The UK will use its Presidency of the European Union in the second half of 2005 to continue to engage with key international partners, for example through the country summits with India, China, Russia and Canada. The UK will also continue the development of an EU medium-term and long-term strategy for tackling climate change. This will support discussions at the 11th Conference of the Parties to the UN Framework Convention in 2005 on further international action to combat climate change.

All countries need to adapt to the expected impacts of climate change, but developing countries are likely to suffer most. This is because they are heavily reliant on climate-sensitive sectors such as agriculture and fisheries, but also because they are less able to anticipate climate change or cope with its effects. Defra and other government departments, notably Department for International Development and the Foreign and Commonwealth Office, support work to improve understanding of the expected impacts of climate change and to assist in the development of adaptation options in developing countries.

<sup>37</sup> <http://www.stabilisation2005.com/outcomes.html>



Defra's work with China and India (see box) and the developing work with Africa reinforced by the G8 Environment and Development Ministers discussions of these issues in March 2005, are examples of these approaches.

### Defra's work with China and India

#### *China-UK bilateral project on climate change impacts*

A Defra-funded UK-China collaborative study on the impacts of climate change on Chinese agriculture came to a successful conclusion in May 2004. The project has enhanced the Chinese capability considerably through the development of regional climate and socio-economic scenarios, improved impact modelling, and the generation of high resolution soil and land use data sets. During the project, five Chinese scientists each spent between two months and a year working with UK researchers on various models.

A second phase of the project is likely to start in 2005–06. It will explore the impact of climate change on water availability and consequent impacts on projected crop yields. Pilot work on a specific region in central China particularly sensitive to climate change will also be carried out.

#### *India-UK bilateral project on climate change impacts*

Defra is funding a collaborative project with the Indian Ministry of Environment and Forests (MOEF). The project involves eight Indian institutes that are working to assess the impacts of climate change on sea level variability, water resources, forests, agriculture, health, energy, industry and transport infrastructure. The research programme includes the sharing of knowledge through technology transfer and capacity building. Final reports have been sent out for peer review and summary publications will be published during 2005-06.

The project found that climate change is likely to have significant impacts on different sectors of the Indian economy. For example, warmer regions can expect greater crop losses. Climate change could increase the incidence of malaria in areas that are already malaria-prone, and also introduce malaria into new areas. Climate change is likely to affect the availability of water resources. The intensity of daily rainfall is also predicted to increase.

## Domestic policy

The *UK Climate Change Programme*, published in 2000, set out a package of policies and measures to ensure that the UK achieves its Kyoto target and to move the Department towards its domestic carbon dioxide goal. The Programme is currently being reviewed and a revised programme will be published later in 2005-06.

The review was launched on 15 September 2004<sup>38</sup>, to look at how existing policies are performing and the range of policies that might be put in place in future. Defra is leading the review, but is working closely with other government departments and the devolved administrations.

In addition to assessing progress towards the Kyoto target and national 2010 goal, the review is also considering the action that the UK will need to take to ensure it is on course to make the “real progress by 2020” towards the longer-term goal of reducing carbon dioxide emissions by some 60 per cent. The review is assessing not only the original programme, but also developments since it was published, including the *Energy White Paper*, the *Energy Efficiency Action Plan* and the *Future of Transport White Paper*. Alongside its assessment of mitigation policies, the Climate Change Programme review is also considering the UK's response to climate change through adaptation. A formal consultation to seek views on key aspects of the review closed in March. The responses to this will help inform the revised programme.

A summary of some of the Defra-owned climate change policies is given below. Energy efficiency is dealt with separately in the energy section.

## European Union Emissions Trading Scheme

The European Union Emissions Trading Scheme (EU ETS) is one of the policies in the European Climate Change Programme. The scheme began on 1 January 2005, with the first phase running from 2005-07 and the second phase running from 2008-12 to coincide with the first Kyoto commitment period.

The scheme works on a ‘cap and trade’ basis. EU Member State governments are required to set an emission cap for all installations covered by the scheme. Each installation covered by the Scheme will then be allocated allowances for the particular period in question. The EU ETS is central to Defra's work to move towards a low carbon economy. It is a key measure in helping Defra to meet its domestic and international targets. Emissions trading is the most cost-effective way of achieving emissions reductions. Participants can choose either to reduce their own emissions or to buy allowances from other participants in Europe, who are reducing their emissions, whichever is the cheaper.

The UK has been a leading advocate of the EU ETS as it will provide incentives for industry to invest in emissions reduction and innovation.

<sup>38</sup> [www.defra.gov.uk/news/2004/040915b.htm](http://www.defra.gov.uk/news/2004/040915b.htm)

The UK National Allocation Plan (NAP) was approved by the European Commission on 7 July (subject to certain conditions). This set out the UK's provisional allocation levels for installations covered in the first phase of the EU ETS, based on interim projections of emissions over the period. It proposed a provisional allocation of 736 million allowances. The NAP made clear that the allocation was provisional and subject to change in the light of final emission projections. Following the finalisation of emission projections, the UK Government submitted proposed amendments to the NAP to the Commission in November 2004, increasing the total number of allowances to 756 million to account for increases to the emissions projections. In the interest of allowing operators of UK installations covered by the Scheme to commence trading as soon as possible, Defra allocated the approved 736 million allowances in May, and has taken forward legal proceedings which seek to require the Commission to consider the substance of the proposed amendment.

### *UK Emissions Trading Scheme*

The UK Emissions Trading Scheme (UK ETS) was launched in April 2002 as part of the UK Climate Change Programme and runs for 5 years from 2002 to 2006. It has 31 direct participants who have committed to reduce their baseline greenhouse gas emissions by 11.88 million tonnes of carbon dioxide equivalent (t CO<sub>2</sub>e) over the life of the scheme.

In the first two years the Scheme has achieved significant emissions reductions against baselines, 4.6 million (t CO<sub>2</sub>e) in 2002 and 5.2 million (t CO<sub>2</sub>e) in 2003. Recently six participants have offered additional voluntary emissions reductions totalling 8.9 million (t CO<sub>2</sub>e).

The experience gained from the Scheme has placed the UK at the forefront of emissions trading. Participants now have a better understanding of the benefits that emissions trading can bring to them and are gaining experience in monitoring, reporting and verification processes as well as trading. Defra has gained valuable knowledge of administering the Scheme. The Scheme has also provided experience in developing and running an emissions trading registry, which led directly to the development of an EU/UN registry. Twelve other countries have bought the license to use the Defra software.

### *Climate Change Agreements*

Climate Change Agreements are arrangements with energy intensive industry to meet challenging energy efficiency targets in return for an 80 per cent reduction in the Climate Change Levy. In the first target period in 2002, the total absolute savings in carbon emissions from all sectors was around 4.5 MtC, though a large proportion of this was due to substantial falls in output in the steel industry, which are now being reversed. Industry reported on the second target period early in 2005, and the results should be available later in 2005-06.

During 2004, the targets for 2006 to 2010 were reviewed, resulting in an overall tightening of targets around 2.5 per cent, ranging up to 13 per cent. The criteria for eligibility to enter agreements have also been extended and negotiations with new sectors have begun.

## Adaptation to climate change in the UK

Defra's *Five Year Strategy* highlighted the strategic importance that the Department will place on adapting to climate change over the next five years. In particular, it announced the Department's intention to launch a *UK Adaptation Policy Framework* in 2005 to draw together efforts on adaptation to climate change across Government. While climate change has considerable implications for policy development in central Government, the implementation of adaptation action is frequently carried out at local, regional or national levels by public and private sector organisations. Co-ordination of effort on adaptation is now required – not only to avoid duplication or gaps, but also to provide some strategic direction for a consistent response to climate change across the UK. The *Adaptation Policy Framework* is expected to set out a rational structure for the roles and activities of different departments and organisations to ensure a comprehensive and coherent approach to adaptation in priority sectors.

### Assessing the impacts of climate change in the UK

The UK Climate Impacts Programme (UKCIP) was set up by Government in 1997 to co-ordinate a stakeholder-led assessment of the impacts of climate change at regional and national level and to help organisations prepare for the impacts. From an initial focus on the assessment of impacts, UKCIP has had an increasing role in helping organisations to move towards adaptation action.

In June 2004, a new addition to the UKCIP toolkit was published. *Costing the impacts of climate change in the UK* provides a method for putting a value on climate change impacts and shows how to compare these to the costs of adaptation, so that organisations can work out where their spending on adaptation should be targeted. The method can be applied to a local activity or individual site, through to a regional or national scale. The UKCIP toolkit already includes climate change scenarios, socio-economic scenarios, and a risk and decision-making framework; the toolkit is designed to enable stakeholder organisations to carry out assessments of climate impacts and start to plan adaptation responses. All tools are available free of charge, and an interactive web-based application drawing on these extensive resources has been developed to provide a guide from impacts assessment through to adaptation decisions.

In July 2004, Defra commissioned a review to provide an independent assessment of the work of UKCIP, addressing the quality and relevance of the scientific and technical outputs, and identifying priorities for future phases of the programme. The review concluded that the UKCIP was a unique programme that is widely acknowledged to be a world-leading example of engagement between Government and stakeholders in adapting to the risks presented by a changing climate. It also noted that UKCIP represents good value for the current level of investment, and that stakeholders were particularly pleased with UKCIP's catalytic role in establishing studies and the support it provides to associated activities once underway. More information is available on the Defra website<sup>39</sup>. A new 5-year contract for the UKCIP is now in place.

With the completion of reports in the East of England and the West Midlands in 2004, stakeholder-led scoping studies investigating the impacts of climate change have now been produced for all of the English regions and the devolved administrations. These studies have been facilitated by UKCIP and carried out by partnerships comprising both public and private sector organisations. The reports have highlighted impacts in areas and sectors of particular importance for the region in focus.

More detailed research is underway in a number of priority sectors, particularly in the water resources and flood/coastal management sectors, but also including biodiversity, agriculture, tourism/recreation/leisure, health, spatial planning and the built environment, and business. The publication of the Office of Science and Technology's Foresight *Future Flooding* report in April 2004, gained a high profile, as it provided a vision for the future of flood and coastal defence across the UK over the next 30–100 years, explicitly taking climate change into account. Defra launched a new programme of cross-regional research on impacts and adaptation in September 2004. This programme is supporting six new projects, together with an ongoing pilot project, focusing on a number of priority sectors and issues for adaptation.

### Looking forward to 2005-06

In 2005-06:

- climate change is a top priority for the UK's presidencies of the G8 and EU in 2005;
- Defra will be looking to use both formal and informal fora to address the additional action needed globally to combat climate change, both in terms of mitigation and adaptation;
- Defra will continue to pursue the inclusion of intra-EU aviation in the EU emissions trading scheme;

<sup>39</sup> <http://www.defra.gov.uk/environment/climatechange/ukcip/index.htm>

- the revised *UK Climate Change Programme* will be published;
- Defra will be looking to ensure the smooth implementation of the EU emissions trading scheme;
- Defra, the Department of Trade and Industry and the Department for Transport will continue to develop delivery arrangements for the new 2004 Spending Review target<sup>40</sup>;
- The *UK Climate Impacts Programme (UKCIP)* will publish a report integrating findings from all UKCIP studies to provide a national picture of the impacts of climate change and emerging adaptation options as currently known; and
- the Government will launch an *Adaptation Policy Framework*.

### Climate Change Communications

Defra announced on 16 February 2005 a £12 million package of funding over the next three years (with £4 million in 2005-06) as the first part of a new climate change communications initiative to change public attitudes.

The announcement follows a report from consultants Futerra, available on the Defra website<sup>41</sup>, who were asked to develop an evidence-based strategy, addressing public attitudes as a key step towards achieving the UK's climate change targets.

Defra accepted their key recommendations, such as the focus on public attitudes and on communicating at a local and regional level, where the evidence suggests it can be most effective, but there are further decisions to take on the detail before a new strategy can be agreed. Other key parts of the initiative include a toolkit for communicators – a resource designed to help anyone who wants to communicate better to the public about climate change – and a new website. There will also be national events, but not advertising or information through national-level media. Details are currently being developed by a Defra-led cross-government group and, following a high level stakeholder workshop, which will announce further details of the new initiative, including objectives and eligibility for the new fund, later in 2005-06.

The communications initiative is designed to complement the work of Defra's key climate change delivery partners, such as the Carbon Trust, Energy Saving Trust, Environment Agency and UK Climate Impacts Programme.

<sup>40</sup> See Appendix 1 for details of Defra's 2004 Spending Review targets.

<sup>41</sup> <http://www.defra.gov.uk/news/2005/050216d.htm>



### Carbon offsetting

Some carbon dioxide emissions, for example from business air travel, are often unavoidable. To compensate for carbon dioxide released from air travel, an equivalent reduction in carbon dioxide emissions can be made by other activities. This reduction can be brought about by investment in technology projects, such as renewable energy and energy efficiency, and these projects may be based in developing countries which are highly dependent on fossil fuels and inefficient energy technology. And there is an added benefit: projects can be carefully selected to provide ancillary benefits, such as improved air quality, access to energy and technology.

In its *Five Year Strategy*, Defra committed that carbon dioxide emissions from official travel would be offset, beginning with air travel. The principle of carbon offsetting was subsequently adopted during the development of the *UK Sustainable Development Strategy*, in which Defra, the Department for International Development and the Foreign and Commonwealth Office jointly committed to develop an approach to carbon offsetting of air travel emissions. This commitment was subsequently widened to include all Government travel by April 2006 and announced by the Prime Minister at the launch of the UK Strategy.

### Energy

#### *Energy White Paper*

The February 2003 Energy White Paper *Our Energy future – Creating a Low Carbon Economy* was published jointly by Defra, the Department of Trade and Industry (DTI), and the Department for Transport (DfT). The White Paper is available in electronic form from the DTI website<sup>42</sup>.

The White Paper set four goals for Defra's energy policy:

- to put ourselves on a path to cut the UK's carbon dioxide emissions – the main contributor to climate change – by some 60 per cent by about 2050, with real progress by 2020;
- to maintain the reliability of energy supplies;
- to promote competitive markets in the UK and beyond, helping to raise the rate of sustainable economic growth and to improve productivity; and
- to ensure that every home is adequately and affordably heated.

<sup>42</sup> [www.dti.gov.uk/energy/whitepaper/wp\\_text.pdf](http://www.dti.gov.uk/energy/whitepaper/wp_text.pdf)

On 26 April 2004, the Government published *Creating a Low Carbon Economy – First Annual Report on Implementation of the Energy White Paper*<sup>43</sup>. This sets out the progress made to date and summarises the practical steps already taken in pursuit of the White Paper's long-term goals.

### *Energy efficiency*

The Energy White Paper identified energy efficiency as the safest, most cost-effective way to meet all of the energy policy goals and set out a strategy for energy efficiency up to 2010 and beyond. If government is to achieve the emission reduction goals, particularly the national goal to reduce carbon dioxide emissions by 2010, a step change in the rate of improvement in energy efficiency will be needed.

*Energy Efficiency: The Government's Plan for Action*<sup>44</sup>, published by Defra in April 2004, fulfils the commitment made in the White Paper to produce an Action Plan setting out how the Government will deliver this step change.

The Action Plan sets out in detail how Defra will save 12 million tonnes of carbon annually through policies and measures that encourage energy efficiency. This is a 20 per cent increase over the level of savings anticipated at the time of the White Paper and will save UK households and businesses over £3 billion a year on their energy bills.

Key measures in the Action Plan are:

- a new aim to secure annual carbon savings from the household sector in the UK of around 4.2 million tonnes by 2010;
- to double the level of the Energy Efficiency Commitment (EEC) activity from 2005, and to extend it to 2011 subject to a review in 2007. This is expected to lead to investment of over £2 billion, saving customers £4 billion from their bills to 2020;
- new fiscal measures announced in Budget 2004, including a tax allowance to encourage private sector landlords to invest in their properties;
- changes to the Building Regulations, which will raise the energy performance standards of new and refurbished buildings by 25 per cent from 2005, including the introduction of high efficiency condensing boilers;
- new energy services pilots, through which energy suppliers will be able to offer innovative new energy efficiency packages to their customers;
- the new EU Emissions Trading Scheme and Climate Change Agreements will ensure that energy intensive industries and power generators continue to use energy more efficiently;

<sup>43</sup> [www.dti.gov.uk/energy/sepn/firstannualreport.shtml](http://www.dti.gov.uk/energy/sepn/firstannualreport.shtml)

<sup>44</sup> [www.defra.gov.uk/environment/energy/review/index.htm](http://www.defra.gov.uk/environment/energy/review/index.htm)

- commitment to leadership by government, including a new commitment for central government to use only the best energy performance buildings;
- a stronger emphasis on communicating about climate change;
- fuel poverty programmes will continue to tackle heating and insulation standards in the homes of those least able to afford to keep warm; and
- the Decent Homes programme, which will continue to improve energy standards in social housing.

On 17 November 2004, the Government accepted an amendment to the Housing Bill, now the Housing Act 2004, which places an obligation on the Secretary of State to take reasonable steps to ensure an increase of at least 20 per cent in residential energy efficiency in England by 2010 from a 2,000 baseline to publicly underline the Department's already strong commitment to energy efficiency.

Defra is working with business and stakeholders to deliver the measures in the Action Plan. The Action Plan has been reinforced by the commitments set out in Defra's *Five Year Strategy*. This includes:

- ongoing work to encourage innovation in building design and construction through a voluntary Code for Sustainable Buildings. The Office of the Deputy Prime Minister (ODPM) is leading this process in close co-ordination with Defra, other government departments, industry and key stakeholders. The Code will set out clearly specified minimum performance requirements for energy, water and resource efficiency. A first draft of the Code was issued around the time of Sustainable Communities Summit in January and a full draft of the Code will be issued for informal consultation in 2005-06. The Government aims to complete the Code by the end of 2005, in order to take action on national rollout by early 2006;
- as detailed earlier, a £12 million Climate Change Communications initiative was announced to raise awareness and change public attitudes towards climate change;
- a £20 million fund to support technological innovation in energy efficient technology, announced by the Chancellor. The new fund will provide a focus for public and private investment in energy efficiency, and will help to build new partnerships between experts from business, research and policy-making; and
- work to take forward the new powers provided by the Sustainable and Secure Buildings Act which will help reinforce delivery of Building Regulation standards.

To help inform the Climate Change Programme Review, the Chancellor announced in December's Pre-Budget Report a joint Defra/HM Treasury Energy Efficiency Innovation Review. This Review is examining how technological, policy, financial and behavioural innovation could best contribute to the long-term step change in energy efficiency to which Defra is

committed. More recently, energy efficiency's contribution to its climate change commitments was supported by the Government's new *UK Sustainable Development Strategy*, while Budget 2005 announced new fiscal measures to support energy efficiency:

- a reduced rate for the installation of micro-combined heat and power (micro-CHP) and also extends the reduced rates to air source heat pumps;
- the extension of the Landlords Energy Saving Allowance scheme – which provides landlords a clear incentive to improve the energy efficiency of their houses – to cover solid wall insulation;
- an energy efficiency theme under the 2005-06 round of the Invest to Save Budget<sup>45</sup>; and
- a commitment by HM Treasury to host a summit in 2005-06 to explore the development of energy services markets in the UK.

The Government is continuing to look for ways to further strengthen the contribution from energy efficiency as part of the review of the Climate Change Programme, which commenced last September.

Concurrent to the Action Plan, Defra also published the *Combined Heat and Power (CHP) Strategy* in April 2004, which sets out a framework of measures introduced by the Government to support the growth of CHP capacity in the UK, including exemption of Good Quality CHP from the Climate Change Levy, and reiterates the Government's commitment to its target of at least 10,000 megawatts of installed Good Quality CHP capacity by 2010. Defra is working to maximize the delivery of existing CHP measures with the CHP Industry. Some post-Strategy measures have already been delivered, including securing the future of the Community Energy programme with further funding of £10 million; and extending the micro-CHP VAT reduction in Budget 2005.

### *Looking forward to 2005-06*

In 2005-06, Defra will be looking towards the:

- launch of Energy Efficiency Commitment 2005-2008;
- launch of the new Building Regulations;
- launch of the Code for Sustainable Buildings;
- launch of the new climate change communications fund; and
- conclusion of the energy efficiency innovation review and launch of the new climate change programme.

<sup>45</sup> Invest to Save Budget provides funds to encourage two or more public bodies to jointly initiate new processes to provide streamlined, or simply better modes of service.

### Reducing fuel poverty

**Public Service Agreement target 7: *Reduce fuel poverty among vulnerable households by improving the energy efficiency of 600,000 homes between 2001 and 2004.***

The target to reduce fuel poverty among vulnerable households by improving the energy efficiency of 600,000 households between 2001 and 2004 was met. This section will outline Defra's continuing work to reduce fuel poverty and how its new 2004 Spending Review target will be managed.

Defra's new fuel poverty target is to:

*Eliminate fuel poverty in vulnerable households in England by 2010 in line with the Government's Fuel Poverty Strategy objectives.*

This outcome based target will ensure a clear focus on the Department's target of eradicating fuel poverty which is further discussed later.

Further details of the new target, which is shared with the Department of Trade and Industry (DTI), are on the Defra website<sup>46</sup> and in Appendix 1.

#### *The UK Fuel Poverty Strategy<sup>47</sup>*

Published in 2001, the Strategy was produced following a requirement enacted under the Warm Homes and Energy Conservation Act 2000. The Act requires the Government to prepare and publish a Strategy to ensure that, as far as reasonably practicable, persons do not live in fuel poverty. The Strategy must specify a target date for achieving that objective, the target date being no more than 15 years after publication of the Strategy.

Hence, the Government has a legal duty to ensure that as far as reasonably practicable persons in England do not live in fuel poverty after November 2016. Fuel poverty is a devolved matter and the devolved administrations are responsible for the achievement of targets in their own countries.

The Strategy also sets an initial goal of ending fuel poverty for vulnerable households in England by 2010. Vulnerable being older people, families with children and those who are disabled or have a long-term illness. The most widely accepted definition of a fuel poor household is one which needs to spend more than 10 per cent of its income on all fuel use and to heat its home to an adequate standard of warmth.

The Government's main programme for tackling fuel poverty in the private sector in England is Warm Front. The Scheme was launched in June 2000 and is managed by Defra. Warm

<sup>46</sup> <http://www.defra.gov.uk/corporate/busplan/busplan.htm>

<sup>47</sup> [http://www.dti.gov.uk/energy/consumers/fuel\\_poverty/strategy.shtml](http://www.dti.gov.uk/energy/consumers/fuel_poverty/strategy.shtml)

Front provides packages of insulation and heating measures to private sector households in receipt of certain benefits.

The measures chosen for installation depend on the type of property and the heating and insulation already in place. Measures offered can include cavity and loft insulation, draught proofing, electric and gas wall heaters, boiler repair and replacements. The Scheme has also provided central-heating systems to those householders over 60 eligible for Warm Front Plus.

### Funding

Figure 5 shows the funding allocated to help to reduce fuel poverty over the period 2004-08. To ensure that there are sufficient sources available to achieve the Department's fuel poverty targets, an additional £140 million was allocated to Warm Front in the 2004 Spending Review.

**Figure 5: Funding to support the reduction of fuel poverty<sup>48</sup>**

Year	2004-05	2005-06	2006-07	2007-08
Amount (£ millions)	169	172	201	251

### Performance

The Department met its 2002 Spending Review target. Since the start of the Scheme in June 2000 to March 2005, over one million households have received measures to improve the comfort of their home.

### Factors affecting performance

The degree of challenge in achieving Defra's new fuel poverty targets is affected by a number of issues; including the availability of adequate funding for the Warm Front Scheme. The funding which has previously been made available to the Scheme has enabled good progress to be made to date with continued interest in the Scheme. Other challenges include general economic and benefit levels, fuel price and the performance of a number of other initiatives to improve the energy efficiency and comfort of households.

### Looking forward to 2005-06

As noted above, following the 2004 Spending Review, a new fuel poverty target has been set. Success will be measured through monitoring the number of households taken out of fuel poverty against the course required to meet the statutory target for the eradication of fuel poverty as far as reasonably practicable for vulnerable households in England by 2010. This target is shared with Department of Trade and Industry (DTI) and will work together with Defra to assess progress. Government will report on progress through the *UK Fuel Poverty Strategy Annual Progress Reports* and in Defra's and DTI's Autumn Performance and Departmental Reports.

<sup>48</sup> Includes contributions from the Department for Work and Pensions.

On 30 November 2004 Defra published *Fuel Poverty in England: the Government's Plan for Action*<sup>49</sup> which outlines the wide range of policies and programmes that will help Defra tackle fuel poverty. This includes a range of activity across Government to increase energy efficiency, improve housing, regenerate communities, tackle poverty and improve health. The Plan also sets out how Defra intends to meet its target of eradicating fuel poverty in vulnerable households by 2010.

In this document Defra announced some important changes to maximise the impact of Warm Front in ensuring that the most vulnerable in society can affordably heat their home. Some detailed changes to the Scheme, which will help to ensure that as many households as possible are taken out of fuel poverty, include providing all eligible households with central heating under the revised Scheme.

A further proposal announced in the Plan is the establishment of Warm Front accounts where households would be able to receive assistance over a period of time for different measures under Warm Front, subject to the maximum amount of grant that can be paid.

During 2004-05, Defra went out to tender for the roles of Warm Front Scheme Manager and suppliers of heating materials for the new contracts starting in June and July 2005. Subject to contract, Eaga Partnership has been awarded the Scheme Manager contract in all four lots in England. Also subject to contract Wolseley UK Limited have been awarded the contract for the supply of oil and gas heating materials and Graham Group for the supply of electrical materials.

### Improving air quality

**Public Service Agreement target 8: *Improve air quality by meeting our national Air Quality Strategy objectives for carbon monoxide, lead, nitrogen dioxide, particles, sulphur dioxide, benzene and 1,3-butadiene.***

**Joint target with the Department for Transport.**

Objectives for four of the seven pollutants in the air quality target have been met. However, more needs to be done if the targets are to be met for the other three. For a short overview of progress please see Appendix 4.

The main aim of the Government's air quality policies is to protect people's health and the environment from air pollution, without imposing unacceptable social or economic costs. The air breathed now is much cleaner than it was ten or twenty years ago, particularly in urban areas. Emissions and concentrations of most pollutants have been cut significantly as a result of national and local measures.

<sup>49</sup> <http://www.defra.gov.uk/environment/energy/fuelpov/index.htm>



The sources of air pollution are many and varied, ranging from industrial and road transport emissions to domestic and natural sources. The Government's *Air Quality Strategy*<sup>50</sup> contains policies for tackling air pollution and sets objectives for eight key air pollutants and their achievement in the UK. Stricter objectives for three of the pollutants, and a new objective for an additional pollutant, were incorporated into the Strategy by an Addendum<sup>51</sup> in 2003.

The Strategy gives information on the sources of each pollutant, together with an estimate of the extent each is responsible for overall emissions. Road transport is responsible for a significant percentage of emissions of many (although not all) of the pollutants. The Department for Transport (DfT), has responsibility for the main policy levers to reduce emissions of pollutants from the transport sector, and therefore has joint ownership with Defra for the air quality target and its delivery. Defra and DfT have established joint governance arrangements at senior and working levels to help drive progress in all policy areas in the departments which can contribute to the delivery of the air quality target.

The air pollutants covered by the air quality target are:

- benzene;
- nitrogen dioxide (NO<sub>2</sub>);
- 1,3-butadiene;
- particles (PM<sub>10</sub>)<sup>52</sup>;
- carbon monoxide;
- sulphur dioxide; and
- lead.

<sup>50</sup> *The Air Quality Strategy for England, Scotland, Wales and Northern Ireland* (Cm4548: January 2000).

<sup>51</sup> *The Air Quality Strategy for England, Scotland, Wales and Northern Ireland: Addendum* (February 2003).

<sup>52</sup> PM<sub>10</sub> means particulate matter which passes through a size-selection inlet with a 50 per cent efficiency cut-off at 10 µm aerodynamic diameter.

### Funding

The resources in Figure 6 are estimates of expenditure associated with the air quality target. The figures do not include expenditure by the Department for Transport (DfT). More detail on DfT's activities to improve air quality can be found in its Departmental Report<sup>53</sup>.

**Figure 6: Expenditure on Air Quality Public Service Agreement target 2004-08**

Area	2004-05 £ millions	2005-06 £ millions	2006-07 £ millions	2007-08 £ millions
<b>Programme:</b>	4.99	5.35	5.35	5.35
Air quality monitoring network	4.45	4.80	4.80	4.80
National Atmospheric Emission Inventory	0.30	0.30	0.30	0.30
Support for Local Air Quality Management system: local authority helplines, assessment of reviews and action plans	0.24	0.25	0.25	0.25
<b>Capital SCE Programme:<sup>54</sup></b>	4.50	2.37	2.37	2.37
Monitoring equipment	3.21	–	–	–
Emission Inventory	0.05	–	–	–
Air Pollution Dispersion modelling	0.29	–	–	–
Action Plans	0.95	–	–	–
<b>Administration</b>	0.62	0.63	0.65	0.67

The programme expenditure funds the Department's air quality monitoring networks, assessment of the results, development of the new policies, the evidence base for the impact of policies and research on the links between emissions and the effects on air pollution. The Department supports local authority capital expenditure on air quality management through the annual Supported Capital Expenditure (Revenue) (SCE(R)) scheme which assist the purchase of air pollution monitoring equipment, emission inventory and pollution dispersion projects. In 2004-05, the budget of £2.4 million was increased to £4.5 million through savings in Defra's other SCE(R) programmes. The additional provision has helped to support new work identified by local authorities during the course of the year, following updated screening and assessment of air quality in their areas, and the development of their air quality action plans with measures to work towards achievement of the objectives in the *Air Quality Strategy* and the air quality target.

<sup>53</sup> <http://www.dft.gov.uk/>

<sup>54</sup> Local authorities are now considering their applications to the 2005-06 supported capital expenditure programme.

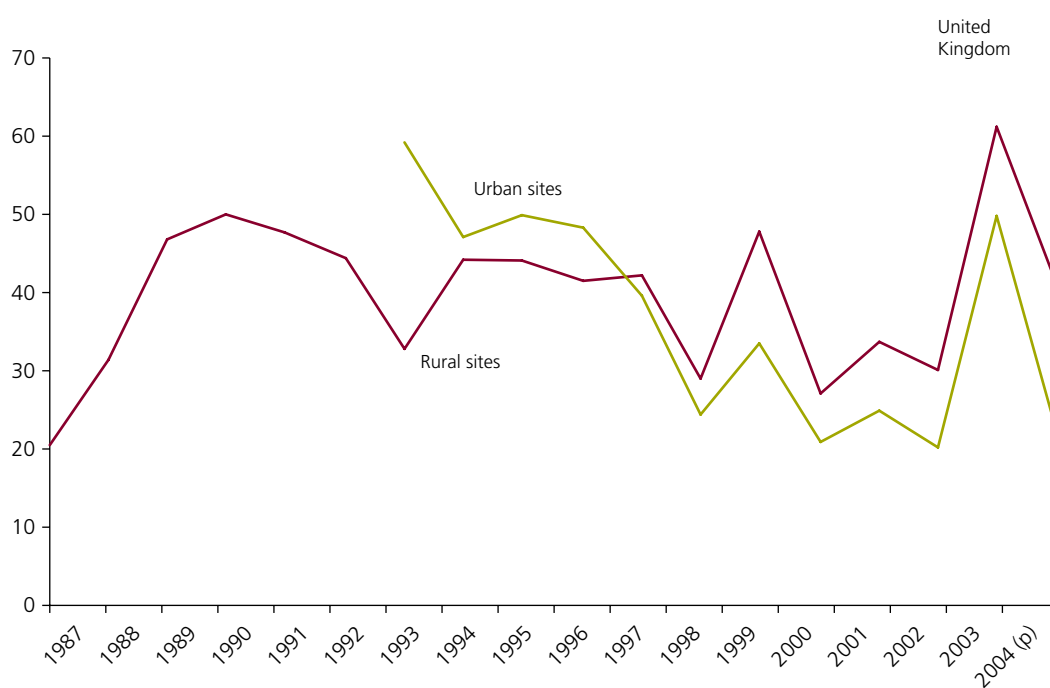
## Performance

One of the ways Defra monitors trends in air quality is through the sustainable development headline indicator for air quality. This records the average number of days when any one of five air pollutants is moderate or higher and gives a broad view of air quality in the UK. Fluctuations in the indicators from one year to the next can occur. For example, the summer heat wave in 2003 resulted in twice as many days of moderate or higher air pollution that year than in the previous year.

The headline indicator provisional results for 2004 shows that last year air quality returned to the low-pollution levels of recent years, consistent with the long-term downward trend in urban areas. In 2004, there were an average of 22 days of moderate or higher air pollution in urban areas and 41 days in rural areas compared to 50 and 61 in 2003. See Figure 7.

This indicator, which reflects short-term pollution episodes, is being supplemented in the new *UK Sustainable Development Strategy* with an indicator of long-term exposure to air pollution, since this is increasingly recognised as having more important health impacts.

**Figure 7: Number of days of moderate or higher air pollution at urban and rural sites**



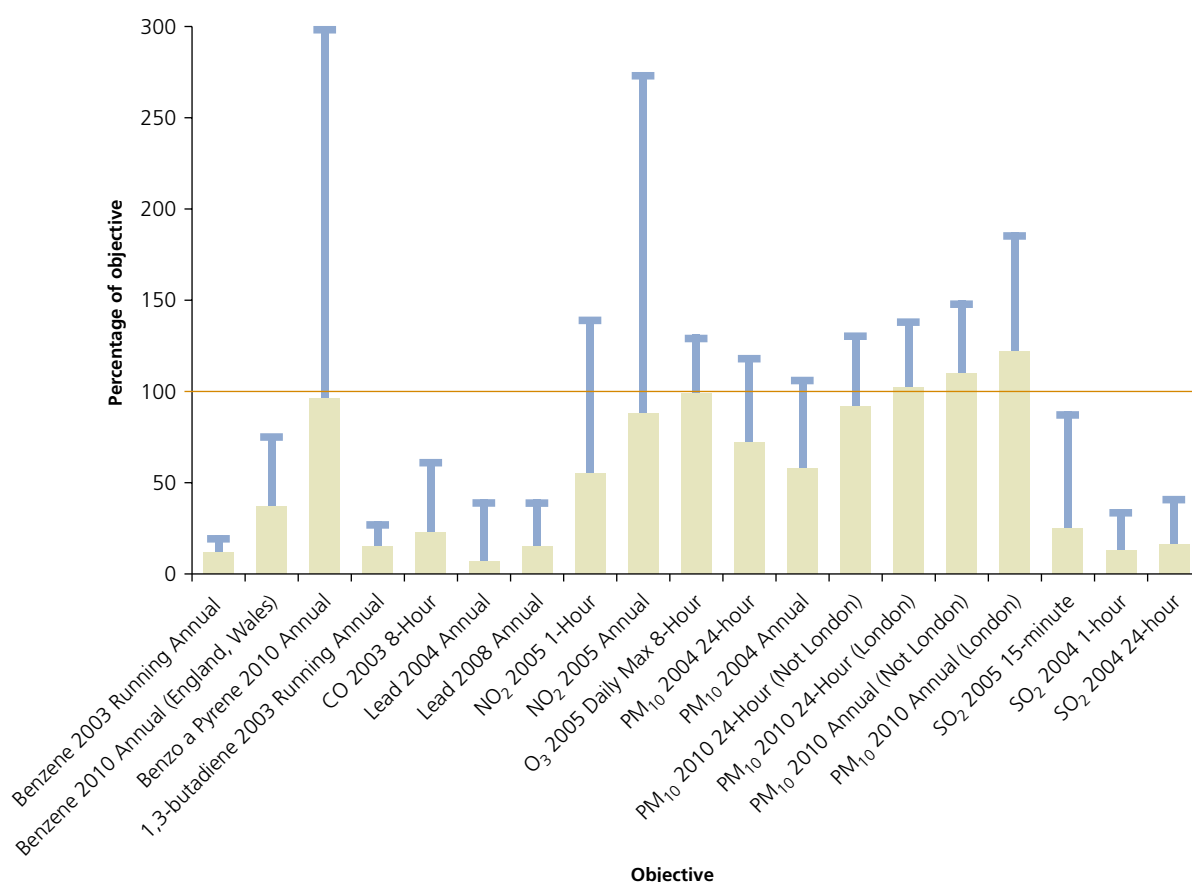
Source: Netcen, Defra

The air quality standards and objectives are concentrations of the pollutant in ambient air at levels where there is little or no significant effect on people's health. In order to measure performance against its objectives Defra makes use of data of measured concentrations of pollutants taken from the national automated monitoring network sites across the UK to assess the achievement and progress towards the objectives.

Defra's preliminary national assessment of results in 2004 indicate that last year the Department continued to meet the 2003 objectives for carbon monoxide, benzene and 1,3-butadiene and that the Department also achieved the objectives for lead which had compliance dates of 31 December 2004. However, a number of local authorities have declared Air Quality Management Areas for 2004 objectives for sulphur dioxide ( $\text{SO}_2$ ) and particles ( $\text{PM}_{10}$ ). Those authorities are currently developing Air Quality Action Plans to tackle the problems identified. More detail on this is found later in this section.

Figure 8 shows measured concentrations of pollutants in the *Air Quality Strategy* and the seven pollutants in the air quality target. Pollutants below the red line met the relevant objective in 2003; the blue line represents the range of measurements; the yellow bar is the average of all measures.

**Figure 8: Measured concentration of pollutants in England in 2004 as a percentage of the relevant Air Quality Strategy objective**



Source: Netcen, Defra

\*for lead and PAHs only 2002 data currently available

Although emissions of most pollutants are falling, concentrations of nitrogen dioxide (NO<sub>2</sub>) and particles (PM<sub>10</sub>) are not falling as fast as the Department would like. Defra's modelling shows that, although the vast majority of the country will meet those objectives, there will be some areas (mostly urban and busy roadside locations) where, with present policies and technologies, it is questionable whether the targets will be achieved by the relevant dates.

Defra is working with DfT, other key departments and stakeholders to identify possible additional measures to generate health and ecosystem benefits and move closer to Defra's air quality objectives. This includes the review of the *Air Quality Strategy*, review of the *Climate Change Programme* and negotiation of air quality directives and protocols at European and international level. DfT is taking forward implementation of the Government's strategy for transport set out in the *Future of Transport* White Paper, published in July 2004, and also working with its European partners to develop tighter standards for both vehicles and fuels, and ensuring that local authorities' Air Quality Action Plans are integrated into their Local Transport Plans in areas where transport has a significant impact on local air quality.

As part of the review of the *Air Quality Strategy*, the Department is working to refine a baseline (i.e. business as usual) air quality scenario for the UK up to 2020, to take account of current policies and measures. At the same time a short list of possible measures in the transport, industry and business/domestic heating sectors is being developed to take forward for full assessment of the impact up to 2020 and the associated costs and benefits. The aim is to issue a consultation document on the review of the *Air Quality Strategy* during summer 2005-06. To ensure joined up policy making, the *Air Quality Strategy* review will take a holistic view by considering the impact of policies and measures on a number of other important areas of Defra's work such as climate change.

Defra and DfT continue to work closely with local authorities to progress action on, and improve the delivery of, the targets at the local level. Local authorities have a statutory duty to check air quality against the national objectives prescribed in regulations and to work towards their achievement. Where there is a likelihood that the objectives may not be met, authorities must designate Air Quality Management Areas (AQMAs) and draw up action plans. Around 120 local authorities in England have so far designated AQMAs and over 90 authorities have drawn up their action plans setting out proposals to tackle the problems. Many authorities have completed detailed assessments. As a result, the Department estimates that more than 30 new authorities will be declaring AQMAs.

DfT has recently published Guidance for the second round of Local Transport Plans (LTPs). Due to the large impact of transport planning policies, air quality was set as one of the key priority areas for the LTPs. This is expected to generate improved transport and air quality policies at local level.

DfT with the support of Defra is working on engaging with local authorities to improve the quality of the second generation of LTPs and the delivery of those plans.

Defra updated its statutory Policy Guidance LAQM.PG(03), issued in February 2003 by producing a draft Addendum, issued for consultation in November 2004, which will provide further assistance to local authorities on the integration of air quality action plans into LTPs. The final Addendum was published in March 2005<sup>55</sup>.

The Government has set in place a system for giving more 'Freedoms and Flexibilities' to local government and this includes reducing the burden on authorities of having to produce and submit plans. 'Excellent' authorities as classified under the Comprehensive Performance Assessment are not required any longer to produce certain plans, including air quality action plans and LTPs. All other local authorities, apart from those classified as excellent, will, in future, have the choice to integrate their action plans into the LTPs, where local road transport is the largest single contributor to the local air pollution problem.

### *Factors affecting performance*

A huge range of international, national and local policies can affect air quality at any given location. Improving the quality of our air requires action at all levels of governance:

- internationally, through standards and agreements, particularly within the EU, as air pollutants do not respect territorial boundaries;
- nationally, where government departments have the greatest role to play;
- locally, where pollution can have the greatest impact and where local authorities are the key delivery partners; and
- at the individual level, where the travel and consumption decisions of individuals and private businesses can have a significant impact on the environment, including air quality.

There are therefore a large number of partners responsible for delivering the Government's air quality objectives. These include:

- the European Union and other international bodies, which are responsible for, among other things, international product standards (including vehicle and fuel standards) and other relevant treaties and conventions, aimed at reducing emissions of harmful air pollutants;
- government departments, including Defra, the Department for Transport, the Office of the Deputy Prime Minister, the Department of Trade and Industry, Department of Health and HM Treasury, all of which are responsible for national policies (for example, decisions on fuel duties, energy policies, national land-use planning policies) which can impact on air quality;

<sup>55</sup> [www.defra.gov.uk/environment/airquality/laqm/guidance/](http://www.defra.gov.uk/environment/airquality/laqm/guidance/)

- the Environment Agency and local authorities, which are responsible for the regulation of emissions from industrial installations and processes;
- the Highways Agency, which is responsible for managing the country's motorways and trunk roads;
- local authorities, who are responsible for local air quality management, including reviewing and assessing air quality, and preparing action plans to remedy any local pollution hotspots. Local authorities are also responsible for land-use planning policies, such as the location of new developments, which can have a significant impact on air quality. Upper-tier local authorities in England (outside London) are also responsible for developing and implementing integrated transport policies for their areas and submitting these as a Local Transport Plan;
- the Mayor for London, who is responsible for preparing an air quality strategy and a transport strategy for London; and
- public transport operators, haulers, motor manufacturers, the oil industry and individual consumers, through their production, consumption, home heating and individual travel decisions.

### *Looking forward to 2005-06*

Defra and the Department for Transport (DfT), together with other government departments, are considering what additional measures may be practicable to generate health and ecosystem benefits and move closer to the *Air Quality Strategy* and air quality targets through a number of processes, including:

- the Review of the *Air Quality Strategy* – public consultation planned for 2005-06;
- proposals due to emerge in 2005-06 from the European Commission, following their current review of EU air quality legislation;
- implementation of measures and initiatives in the *Future of Transport* White Paper, led by DfT;
- the review of the *Climate Change Programme*; and
- negotiation of air quality Directives and Protocol at European and international level.



### Flood risk management

Defra's *Five Year Strategy: Delivering the Essentials of Life* has identified flood and coastal erosion risk management in a way which furthers sustainable development as one of the Department's Strategic Outcomes within the Strategic Priority to meet the challenge of climate change.

Defra consulted on *Making space for water*, which sought views on a wide range of proposals for a new Government strategy for flood and coastal erosion risk management in England. A First Government Response to the consultation was published in March 2005. The new strategy, to be underpinned by the principles of sustainable development and taking account of the Office of Science and Technology's *Foresight Report*<sup>56</sup> will steer the direction of policy over the next 20 years. The strategy will be developed during 2005-06 and progress can be followed on the Defra website.<sup>57</sup>

Defra's policy is to manage the risks from flooding and coastal erosion by employing a range of approaches which reflect both national and local priorities, so as to reduce the threat to people and their property; and to deliver the greatest environmental, social and economic benefit, consistent with the Government's sustainable development principles.

Defra funds the great majority of the Environment Agency's expenditure on flood risk management and gives financial support to improvement projects undertaken by local authorities and internal drainage boards.

Defra has three Service Delivery Agreement (SDA) targets relating to flood defence. One relates to having no loss of life through flooding and is linked to the second target of delivering an enhanced flood and coastal defence capital programme over the 2002 Spending Review period (2003-04 to 2005-06), reducing the risk to life, to major infrastructure, environment assets and to some 80,000 houses. The other target is to implement the outcomes of the flood and coastal defence funding review to improve the way that the service is funded and delivered.<sup>58</sup>

### Funding

The effective management of flood and coastal erosion risk is a priority for Government. This is demonstrated by the substantial increase in funding in recent years which were maintained in the 2004 Spending Review, as shown in Figure 9.

<sup>56</sup> <http://www.foresight.gov.uk/>

<sup>57</sup> <http://www.defra.gov.uk/enviro/fcd/policy/strategy.htm>

<sup>58</sup> Details of Defra's flood management SDA targets can be found at: <http://www.defra.gov.uk/enviro/fcd/policy/aim.htm>

**Figure 9: Flood management, Government spend, 2005-08**

Area	2004-05 £ millions	2005-06 £ millions	2006-07 <sup>(1)</sup> £ millions	2007-08 <sup>(1)</sup> £ millions
<b>Defra</b>				
Grant to the Environment Agency	356.6	445.2	443.9	410.6
Grant and SCA/SCE(R) <sup>59</sup> to local authorities/internal drainage boards	48.4	54.0	55.3	43.4
Other, (for example, consultancies, research and development, contribution to Ministry of Defence for Storm Tide Forecasting Service, running costs)	9.9	9.3	9.6	7.0 <sup>(2)</sup>
Funding still to be allocated between operating authorities	–	–	–	28.6
<b>Office of the Deputy Prime Minister</b>				
Local authority levies to Environment Agency	12.6	10.0	10.0	10.0
Local authority own spend/levies to IDBs:	51.9	52.4	52.4	52.4

<sup>(1)</sup> Indicative allocations.

<sup>(2)</sup> Defra will no longer bid for funding for the National Meteorological Programme.

From 2004-05, Defra has paid for the great majority of the Environment Agency's flood defence expenditure through grant-in-aid. This replaced Defra grants for individual capital projects and in large part the previous levy funding by local authorities, which was supported by the Office of the Deputy Prime Minister (ODPM). The resulting funding transfer, and the accelerating overall expenditure, is reflected in the above table. Further changes to the profile of funding between Defra and ODPM is expected in 2006-07 to reflect the transfer of responsibility for rivers creating greatest flood risk from local authorities and internal drainage boards to the Environment Agency.

Figure 9 takes no account of income raised locally by the Environment Agency and others, including through continuing levy arrangements. Those levies are expected to raise £25.3 million in 2005-06 (£15.3 million net of Office of the Deputy Prime Minister support of £10 million).

The outcome of 2004 Spending Review was to roll forward the 2005-06 allocations to the following two years with Defra allocating the £20 million that 2002 Spending Review

<sup>59</sup> Supplementary Credit Approvals/Supported Capital Expenditure (Revenue)

anticipated would be derived from new funding streams. Defra has agreed efficiency targets with the Environment Agency which will at least maintain outputs over this period against a flat expenditure profile.

### *Performance*

Very sadly two people drowned in Carlisle during serious flooding in January 2005 which resulted from a truly exceptional storm in which 23 centimetres of rain fell in 26 hours. This in addition to the serious and sudden flooding in Boscastle in August 2004, demonstrate that flooding cannot always be prevented, or predicted with any accuracy. In both events there was a superb response of the emergency services and others who gave practical help to those affected.

Works expected to be completed by the end of 2004-05 will provide improved and sustained protection to an estimated 34,000 houses. This builds on the improved protection delivered to 20,000 houses in 2003-04.

In relation to the Funding Review outcomes, flood defence grant-in-aid for the Environment Agency was successfully introduced from 1 April 2004. Payment of grant is underpinned by robust targets, including for efficiency gains, included in the Agency's Corporate Plan, and from 2006-07 will be linked to output and performance measures which are currently being developed. In the interim, Defra has published a revised set of High Level Targets<sup>60</sup> for the flood and coastal defence operating authorities to follow from 1 April 2005.

On 1 April 2005, Defra introduced changes to the flood defence committee structures by abolishing the local tier of committees where these operated, i.e. in the Environment Agency's Anglian, Southern and Wessex regions and by splitting the previous Anglian region into three. This measure will improve the efficiency, accountability and strategic focus of flood management delivery.

Also by 1 April 2005, Defra had transferred responsibility for some 689 rivers creating the greatest flood risk from local authorities and Internal Drainage Boards (IDBs) to the Environment Agency. A further and final 1,062 rivers are expected to transfer on 1 April 2006.

<sup>60</sup> <http://www.defra.gov.uk/enviro/fcd/hltarget/default.htm>

### A new target for flood and coastal erosion risk management

Defra's existing targets for managing the risk of flooding and coastal erosion cover the period of the 2002 Spending Review. In March 2005, Defra's Ministers agreed a new target for the period covered by the 2004 Spending Review (2005-08), where the Department:

"...will manage flood and coastal erosion risk so as to contribute to sustainable development, including minimising loss of life and improving the standard of protection for at least 100,000 households using efficiency savings to maintain outputs at equivalent levels to 2005-06."

The new target came into effect on 1 April 2005. The Department will report its progress against the new target in its 2006 Departmental Report.

Defra has introduced changes to the funding arrangements for both local authorities and IDBs to help achieve Government objectives. Local authorities can apply for increased rates of Defra grant where they can show that the cost of borrowing to fund the balance of costs will have a serious impact on their council tax. IDBs will be eligible for 100 per cent grant rate for implementing water level management plans for priority Sites of Special Scientific Interest, i.e. where English Nature has advised that water level management is a key reason for unfavourable condition.

With other partners, Defra participated in the Environment Agency-led Exercise Triton in June and July 2004. This was the first ever national flood emergency exercise and was designed to test EA's and other partners' preparedness for such an event, including a test of Defra's Lead Department Plan for flooding. A lessons learned report from the exercise is due to be published at the end of June 2005.

### Looking forward to 2005-06

During 2005-06 Defra will:

- begin implementing its new 2004 Spending Review flood and coastal erosion risk management target shown in the above box;
- continue work on developing the new Government strategy for flood and coastal erosion risk management, referred to above. In connection with this;
- separately put in place an action plan for change to ensure that the respective roles and responsibilities of the Department and operating authorities are fit for purpose and in line with Defra's Policy Centre Review Programme<sup>61</sup>;

<sup>61</sup> More detail on this can be found in Chapter 6.

- work with the operating authorities in delivering the improvement programme to reduce the risk to an estimated 40,000 houses, and in so doing achieving the target of 80,000 for the period 2003-06 and contributing to the new 2004 Spending Review target; and
- also complete work on new Output and Performance Measures for flood and coastal erosion risk management to take effect in 2006-07. These will seek to capture the Department's new Strategy as is the response to *Making space for water* and will provide a more robust means of setting targets, assessing performance and informing funding decisions.

### Sustainable consumption and production

In September 2003, Defra and the Department of Trade and Industry jointly published *Changing Patterns, the UK Government framework for sustainable consumption and production*. This set out how the UK was taking forward commitments on sustainable consumption and production (SCP) agreed at the World Summit on Sustainable Development (WSSD) in 2002.

SCP is essentially looking to achieve more with less. For example more efficient and profitable production using less raw material. The Government's goal is to decouple economic growth from environmental degradation – i.e. ensuring that it does not automatically grow with the economy. It is a theme that cuts across several of the Department's activities in areas such as sustainable energy, food, waste, and the protection of natural resources. This chapter addresses some key developments on Defra's SCP programme, then goes on to look at its work on waste and recycling and chemicals.

*Changing Patterns* explained that it was a start not an end point to Defra's plans and policy. During 2004-05 Defra has continued to develop and strengthen its SCP programme. Both the Department's *Five Year Strategy* and the new *Sustainable Development Strategy: Securing the Future* set out the measures Defra is taking to build on the framework. Sustainable Consumption and Production is now one of Defra's five strategic priorities. It is also one of the priority areas for immediate action around which the *Sustainable Development Strategy* has been developed. The Department's approach to the SCP policy has been developed around action to promote:

- better products and services, which reduce the environmental impacts from the use of energy, resources, or hazardous substances;
- cleaner, more efficient production processes, which strengthen competitiveness; and
- shifts in consumption towards goods and services with lower impacts.

Both the *Five Year Strategy* and *Securing the Future* set out a range of commitments. These will help develop and deliver the policies to promote sustainable development in line with Defra's sustainable development target, and also to fulfil the Government's WSSD Commitments on SCP.

The Government has also published a paper setting out the 'basket' of indicators which will be used to monitor progress in decoupling alongside the earlier indicators<sup>62</sup>.

### Sustainable consumption and production key developments

During 2004, Defra announced plans to help both consumers and business in delivering SCP. The Department has begun work on an environmental information service for consumers, Environment Direct, to help them understand the environmental impact of different goods and services and to enable them to make more sustainable consumption choices.

Defra has also announced that it will be increasing help to business to help them become more resource efficient. Via its new Business Resource Efficiency and Waste programme (BREW), £284 million of funding will be targeted at business over the next three years. The Department has secured resources under the BREW programme, which will, for example, enable the Market Transformation Programme to expand both the range of products covered and the number of environmental impacts including waste and water. The Envirowise programme will also be greatly increasing its capacity for resource efficiency advice to business.

Other key activities during 2004-05 include:

- developing plans to set up a Business Task Force on Sustainable Consumption and Production. This will work with Government on furthering SCP by providing a business view on practical actions that can help deliver in priority policy areas;
- the establishment of a Roundtable on Sustainable Consumption, jointly led by the National Consumer Council and the Sustainable Development Commission. The Roundtable is helping Defra to develop policy on sustainable consumption issues and a vision for how Defra might aim to shift UK consumption patterns by business and consumers;
- the awarding of £6.75 million in grants for 2005-08 to thirty-six community level projects via its Environmental Action Fund. The fund has been refocused on the new priority area of influencing and delivering sustainable consumption and production; and
- successful UK input, via the Market Transformation Programme, into EU negotiations on the Framework Directive for the Eco-design of Energy Using Products. This will establish a framework for the development of eco-design requirements for energy-consuming products.

<sup>62</sup> <http://www.defra.gov.uk/environment/statistics/scp/index.htm>

### Looking forward to key challenges and activities for 2005-06

Over the next year Defra will be continuing to develop its policy and build on the commitments outlined in its *Five Year Strategy* and *Securing the Future*. There are a number of key challenges:

- future policy-making on sustainable consumption and production will require a robust evidence base covering a diverse range of issues, for example relating to resource use, product manufacture, environmental impacts and consumer behaviour. Some of these are addressed in more detail in the bullet points below. A key activity will be to improve the evidence base for SCP by working in partnership with stakeholders, including the research community, business, consumer bodies and environmental organisations;
- Defra's work to develop Environment Direct will mean a need to understand the best ways of conveying complex information to a wide range of consumers and other stakeholders. There are also gaps in knowledge about the varying impacts of products and services, including those incurred in their purchase, use and disposal, that Defra will need to fill. The Department will consult on proposals during 2005 and, depending on the outcome, aim to further develop and launch a service in 2006;
- managing the increased funding for Defra's Market Transformation and Envirowise programmes. Defra will need to work closely with the programmes concerned to ensure that they 'gear-up' quickly and successfully to deliver the improvements and outcomes the Department envisages;
- developing work to reduce the environmental impact of products throughout their life cycle. The Advisory Committee on Consumer Products and the Environment have put forward suggestions for drawing together product activity and driving the agenda forward which Defra will be examining further during the year; and
- helping the Government to lead by example in sustainable public procurement and fulfilling our aims to make the UK an EU leader. For example, SCP will have an important role to play in the work of the Sustainable Procurement Task Force.



## Waste and recycling

**Public Service Agreement target 6: *Enable at least 25 per cent of household waste to be recycled or composted by 2005-06.***

The Department is currently on course to meet this target. For a short overview of progress please see Appendix 4.

The 2000 Spending Review target of 17 per cent household waste recycling and composting by 2003-04 was increased in the 2002 Spending Review to 25 per cent by 2005-06, and further updated during 2004 Spending Review. These targets apply to England only. This section reports performance on the 2002 Spending Review target.

Statutory recycling and composting targets for each local authority in England back up the national waste and recycling target. These targets have been set at a level to ensure that each authority contributes proportionately to the achievement of the national targets in 2003-04 and 2005-06. In December 2004, the Government announced that individual local authority recycling targets for 2005-06 would be held at 30 per cent. This will reduce budget pressure for over 100 high performers without compromising achievement of the 25 per cent national recycling rate.

The EU Landfill Directive requires the UK to reduce the volume of biodegradable municipal waste sent to landfill to 75 per cent of the 1995 level produced by 2010; 50 per cent by 2013; and 35 per cent by 2020. Increases in recycling and composting, consistent with Defra's waste and recycling target and the statutory local authority targets mentioned above, will be required in order to reduce the amount of residual municipal waste that is finally sent to landfill.

The measures that Defra is taking to meet these obligations and targets are based on the integrated waste management strategy set out in *Waste Strategy 2000*, and the review of actions needed to deliver more sustainable waste management undertaken by the Cabinet Office Strategy Unit (SU) during 2002. The SU Report *Waste Not, Want Not* was published in November 2002, and the Government published its response in May 2003. This set out Defra's contribution to the challenge of meeting the Landfill Directive requirements on biodegradable municipal waste, and delivering more environmentally sustainable waste management practices – including the launch of the Waste Implementation Programme to increase government support for local authority recycling.

Defra is currently undertaking a review of *Waste Strategy 2000*. This will provide the opportunity to consider its existing policies and delivery mechanisms, evaluate progress and reassess assumptions that have been made about costs, waste growth and potentially achievable recovery and recycling rates. Government aims to consult formally on a revised Strategy during the second half of 2005-06.

## Chapter 2

### Funding

Defra along with others support a range of initiatives to achieve greater waste and recycling. Figure 10 sets out examples of funding to support increased waste and recycling 2004-08.

**Figure 10: Examples of funding to support improved waste management and recycling 2004-08**

Area	2004-05 £ million	2005-06 £ million	2006-07 £ million	2007-08 £ million
Waste Implementation Programme/Waste and Resources Action Programme	92.0	92.0	65.0	65.0
Challenge Fund	90.0	45.0	n/a	n/a
Waste Performance and Efficiency Grant (from 2005)	n/a	45.0	105.0	110.0
Private Finance Initiative	125.0	130.0	255.0	280.0
Waste and Resources Action Programme recycle market development work <sup>63</sup>	9.7	10.2	12.2	12.2

### Performance

Measurement of performance against the waste and recycling target is based on data from the Municipal Waste Management Survey. This is published approximately 12 months after the end of the relevant financial year. There is a dedicated work-stream under the Waste Implementation Programme to improve the frequency and timeliness of data collection. This includes the introduction of a web-based intranet and central database for the provision of quarterly data on municipal waste. The WasteDataFlow system (described in more detail in Appendix 5) will replace the current Municipal Waste Management Survey for 2004-05 data, see Figure 11.

**Figure 11: Household waste recycling rates in 1996-97 to 2003-04**

Financial year	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
England household waste recycling	7.5%	8.2%	9.0%	10.3%	11.2%	12.5%	14.5%	17.7%
Household waste recycled (thousand tonnes)	1,682	1,915	2,126	2,547	2,809	3,197	3,740	4,507
Increase in weight of household waste recycling from 1996-97 level	–	14%	27%	51%	67%	89%	122%	168%

Source: Municipal Waste Management Survey 2002-03.

<sup>63</sup> Figures for 2006-07 and 2007-08 are provisional.

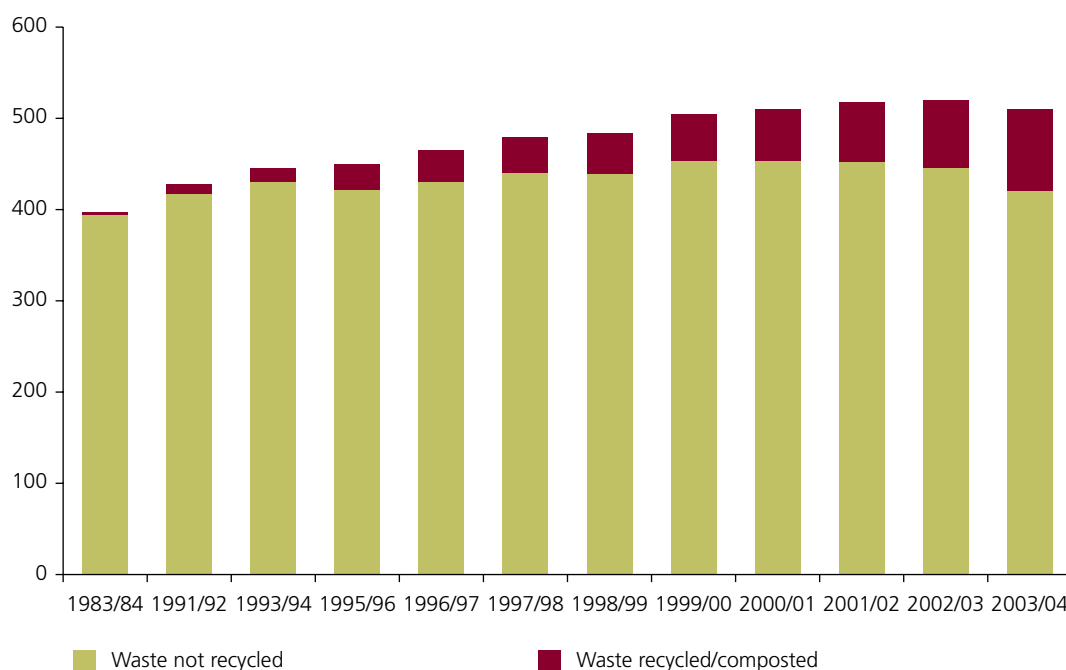
**Figure 12: Household waste and recycling, England: 1983-84 – 2002-03**

Figure 11 shows first results for England from the Municipal Waste Management Survey 2003-04, which were published on 8 March 2005<sup>64</sup> (a more detailed report on the survey is planned for later in 2005-06). This contains the provisional results from the 2003-04 survey of waste management by local authorities together with the most up-to-date information for 2001-02 and 2002-03. Data reveals that in 2003-04 household recycling and composting had increased to its highest level ever. The rate of household waste recycling and composting for England has risen to 17.7 per cent from 7.5 per cent in 1996-97. This increase of 3.2 percentage points in the recycling rate is the greater than the growth rate of 1 or 2 percentage points achieved in previous years.

These statistics show that England has successfully met and exceeded its target to recycle and compost 17 per cent of household waste during 2003-04, the first time such a target has ever been achieved.

As well as presenting the national picture, these figures show that there are significant variations in household recycling rates between different regions. The highest recycling regions were the East (23.2 per cent) and the South East (22.7 per cent). Despite recording the lowest rate at 11.9 per cent, recycling of household waste in the North East is growing faster than anywhere else in England. Householders in the North East are recycling 80 per cent more waste during 2003-04 than they did in 2002-03.

<sup>64</sup> <http://www.defra.gov.uk/news/2005/index.htm>

Further information on the local authority picture can be found on the Audit Commission website<sup>65</sup>, including Best Value Performance Indicators (BVPIs). For example, BVPI data for 2003-04 show that Lichfield District Council in Staffordshire recycles more waste than anywhere else in England, recycling or composting over 46 per cent of household waste. Fylde Borough Council made the biggest leap. Nearly 30 per cent of household waste was recycled or composted, 19 per cent more than in 2002-03, mainly as a result of increased composting.

### Envirowise

The joint Defra/Department of Trade and Industry Envirowise programme is the main government initiative promoting the resource efficiency message to business, with an emphasis on prevention (avoidance and minimisation of production of waste), rather than cure (for example managing existing wastes by recycling and disposal). As such the Programme is an important delivery mechanism for the Sustainable Consumption and Production aims and objectives, as set out in the Government Framework *Changing Patterns*.

The Programme offers business a range of free services, including: a telephone Help line and website; best practice guides and case studies; free on-site waste review visits; and workshops. Since it was established in 1994, the Programme has helped UK business to save over £1 billion and benefit the environment by, among other things, helping industry to divert 1.9 million tonnes per year of its solid waste away from landfill, to reduce gaseous emissions by 0.04 million tonnes per year, and to reduce water consumption and effluent production by 61 million m<sup>3</sup> per year.

### Factors affecting performance

#### Funding

Delivery of Defra's waste and recycling target is through local authorities, with the bulk of the funding coming from the local authority Environment, Protective and Cultural Services (EPCS) block. The proportion of this to be spent on waste management is up to each local authority to determine.

Local authority waste management costs are rising steadily in the light of continuing year-on-year increases in waste arisings and to fund the infrastructure needed to divert more waste from landfill to meet challenging EU targets. These additional costs were factored in to the 2004 Spending Review, which is injecting an additional £800 million by 2007-08 into the EPCS block which provides core funding for local authority services, including waste, as well as an additional £275 million in Private Finance Initiative (PFI) credits for investment in value for money waste disposal facilities.

<sup>65</sup> <http://www.audit-commission.gov.uk/performance/index.asp>

As announced in Budget 2003, Defra's Waste Minimisation and Recycling Fund is being reformed into a new three-year Waste Performance and Efficiency Grant of £260 million to support new and more efficient ways to deliver waste reduction, increase recycling and diversion from landfill. In 2005-06, the Grant will run in parallel with the Waste Minimisation and Recycling Fund and will have £45 million available to reward good waste management performance, rising to £105 million in 2006-07 and £110 million in subsequent years.

### Tax

To provide greater incentives to move away from landfill, Budget 2003 announced that the standard rate of landfill tax would be increased by £3 per tonne in 2005-06 and by at least £3 per tonne in the years thereafter, on the way to a medium to long-term rate of £35 per tonne. These increases will be revenue neutral to local authorities as a whole in 2006-07 and 2007-08. Arrangements for redistribution of the revenues to local authorities in 2005-06 were established in the autumn, as part of the local government finance settlement.

### Waste Implementation Programme

The Waste Implementation Programme (WIP) was set up in response to the package of strategic investment measures recommended by the Strategy Unit in *Waste Not, Want Not*. The objective of WIP is to divert biodegradable municipal waste away from landfill, to help meet the requirements of Article 5 of the Landfill Directive. The programme therefore has a broader focus than recycling and composting, although it has a strong positive impact on the achievement of Defra's waste and recycling target.

Seven preferred bidders were announced in September 2004 in the first round of a set of WIP measures which aim to fund pilot schemes of cutting-edge waste technologies to treat and divert biodegradable municipal waste away from landfill. The pilot schemes, which will be run in partnership with local authorities and industry, will help to establish the technical and commercial viability of emerging and near-market waste technologies. Five demonstration plants will be operational or at an advanced stage of planning by the end of 2005, with a further five by the end of 2006. Ultimately, the facilities will be made available to local authorities and industry to help inform waste management decision making. This is one of the ways that industry and the public sector can work together to produce a wide range of waste facilities to rival those on the continent and to ensure that the waste we produce is dealt with in the most sustainable way possible.

Defra's strategy for improving local authority performance is based on empowerment and support. WIP's Local Authority Support Unit has provided a range of targeted support measures, which can be found on the Defra website<sup>66</sup>. Issues covered on the website include procurement; strategy making; kerbside, including a recyclables capture toolkit; estates; civic amenity sites and bulky goods collections. In 2004-05, the Local Authority Support Unit also offered all local authorities up to £20,000 of direct consultancy support, including assistance in planning for the introduction of the Landfill Allowance Trading Scheme. A second round of funding for specialist support was announced by Ministers in February 2005.

<sup>66</sup> <http://lasupport.defra.gov.uk/>

Following the publication in September 2004 of its strategy for a three-year £15 million waste and resources research programme, WIP has now launched its first call for research proposals. This is part of a strategy to provide better quality data and research on waste, which is vital to underpin sound management of all waste streams. WIP has also consulted on arrangements needed to improve the data available to government, local authorities and the waste industry for the next three years, in conjunction with the Environment Agency.

In November 2004, WIP also launched a new £4 million programme of support for the voluntary and community waste sector, including help for the sector to develop meaningful partnerships with local authorities. This will support ongoing work to: educate householders in minimising waste and reusing and recycling goods; help promote and deliver recycling services; and continue innovating on service delivery. In April 2005, a total of £3 million was awarded to 36 community groups working with waste in England through a new Waste Partnership Fund, which is a key part of this support programme.

### **Landfill Allowance Trading Scheme**

The Landfill Allowance Trading Scheme (LATS), introduced in April 2005, is a further step in the drive to move to more sustainable waste management practices. The scheme has been developed by Government to help local authorities meet targets under the EU Landfill Directive to reduce the amount of biodegradable municipal waste going to landfill.

Under the scheme, authorities are set allowances for the amount of biodegradable municipal waste they can landfill. Waste disposal authorities can trade their allowances with other disposal authorities; selling allowances if their waste has been diverted to other disposal routes (e.g. recycling), or buying allowances if they exceed their set allowances. Waste disposal authorities can also save unused allowances (bank) or bring forward part of their future allocation (borrow). The system of tradable allowances should help to ensure that the targets in Article 5 of the Landfill Directive are met in the most cost efficient and effective way for England as a whole.

While the scheme will not affect the waste and recycling target directly, LATS should provide local authorities with an additional incentive to increase recycling and composting as they have to divert increasing tonnages of biodegradable municipal waste away from landfill.

### **The Waste and Resources Action Programme**

The achievement of the statutory targets for local authority recycling and composting will result in a significant increase in material extracted from the waste stream. This will need to be reprocessed and incorporated into products.

The Waste and Resources Action Programme (WRAP) is a major UK programme established to promote resource efficiency. Its main focus is on creating stable and efficient markets for recycled materials and products, and removing the barriers to waste minimisation, re-use and recycling. WRAP, a not-for-profit organisation in the private sector, is backed by substantial Government funding from Defra, the Department of Trade and Industry and the devolved administrations in Scotland, Wales and Northern Ireland.

WRAP's activities include the development of standards to help generate greater confidence in recycled materials, business advice and the provision of a range of financial support mechanisms including capital grants to the recycling sector to directly increase recycling capacity. These programmes are on track to deliver a further 1.25 million tonnes of new recycling capacity by 2006, the majority of which will be able to process material drawn from the municipal waste stream.

Through funding from the Waste Implementation Programme, WRAP launched a £10 million multi-media advertising campaign in September 2004 – *Recycle Now* – the biggest ever to raise public awareness and help to push recycling efforts to a higher level. Led by a series of television adverts, the aim is to generate a minimum increase of 10 per cent in the public perception of recycling as a 'must or should do' activity by March 2006, based on a benchmarking survey. The first set of research results for the campaign (published in April 2005) show that within six months it is already half way to achieving its target, with:

- an increase in the number of people who are classified as committed recyclers (up from 45 per cent to 50 per cent);
- 9 out of 10 people regarding recycling as an important thing to do; and
- 34 per cent of respondents aware of the new recycling promotion on television.

Further funding has been allocated to support English local authorities in the delivery of local communications and awareness campaigns focused directly on increasing participation in recycling and waste minimisation initiatives. This provides grants for over 100 campaigns which were, or will be, delivered in 2004 and 2005. WRAP has developed a toolkit that local authorities should use to monitor and evaluate the success of their communications campaigns. And authorities that are in receipt of WRAP funding are required to submit quarterly monitoring data against specified Key Performance Indicators.

### *Intervention in cases of poor local authority performance*

In view of the significant challenge ahead to meet recycling targets in 2005-06 and fulfil the obligations under the Landfill Directive, it is vital that the waste management performance of all authorities should continue to improve.

Defra Ministers have already contacted all local authorities with waste responsibilities. Those authorities which are meeting their targets have received Ministers' congratulations and encouragement to share best practice with others. The worst performers which are missing low targets have been challenged to explain how they plan to meet their 2005-06 targets, and confirm that they are making use of the Waste Implementation Programme and other support on offer.

Ministers have been personally engaging with some of the very poorest performers to ensure they receive the right support or, if they continue to demonstrate no commitment to improvement, to take stronger action. A further group of poorly performing local authorities is being invited to join official-level discussions with Defra.



### *Looking forward to 2005-06*

2005-06 will be a crucial year for joint working between Defra and local authorities in the household waste area. The waste and recycling target for 2005-06 is a major challenge, and Defra will be stepping up the range of support services it offers to local authorities. But the acceleration of the Department's rate of progress confirms that the 25 per cent target is within reach.

In December 2004, Defra and the Office of the Deputy Prime Minister (ODPM) issued consultation documents dealing with draft guidance on Municipal Waste Management Strategies and Planning Policy Statement 10 for the delivery of sustainable waste management, aimed at providing a more integrated, simpler and more effective framework for making sure communities are supported by modern waste facilities. In updating planning guidance, the aim is to deliver sustainable development and a better match between the waste communities generate and the facilities needed to manage this waste. The waste hierarchy will be at the heart of the new policy and there will be greater emphasis on waste as a resource. Clear policies will be required regionally and locally, with sites to be identified in local plans, so as to increase certainty for both local communities and industry. Supporting good practice guidance will be published later this year to help speed up delivery.

In revising existing guidance on the preparation of Municipal Waste Management Strategies, the aim is to provide greater clarity on government's waste management objectives and decision making principles, the role of the strategies and the key requirements for developing and reviewing them. Advice will emphasise the need for achieving 'Best Value' through partnership working with other local authorities and the private and community sectors.

As part of Defra's *Five Year Strategy*, Defra and WRAP will be working with local authorities and retailers to pilot and roll out new ways to get people recycling more. WRAP is leading a £1.2 million project to help retailers pilot new ways of encouraging householders to recycle their waste at supermarkets. The project will look at whether these new approaches, including the use of new technology and financial incentives, such as discount vouchers, could help boost recycling rates and attract new recyclers.

Defra is also working up a major new recycling initiative with retailers and local authorities to improve supermarket 'bring' sites. In addition, £5 million has been earmarked for 2005-06<sup>67</sup> to help local authorities carry out pilot programmes of novel incentives to encourage household recycling and waste reduction. Research into existing schemes in England is nearing completion, and is helping to inform the pilots.

In July, the 2004 Spending Review announced that Defra will help local authorities to deliver around £300 million worth of efficiency gains on waste services, by 2007-08. Developing more effective joint working, promoting best practice and standardisation of procurement operations will form a key part of realising these savings and Defra's Waste Implementation Programme will assist in bringing this about. Help will also be available through new

<sup>67</sup> This funding is being drawn from the £45 million available under the Waste Performance and Efficiency Grant in 2005-06.

initiatives such as an Innovation Forum project, launched in December 2004, and supported by Defra, ODPM and the Local Government Association, to identify and propose solutions to barriers to joint working between local authorities. More information on Defra's efficiency targets is provided in Chapter 6.

## Hazardous Waste Regulations

New Regulations for hazardous waste will come into force on 16 July 2005. The Regulations will implement the requirements of the Hazardous Waste Directive, including the changes to the European Waste Catalogue that were applied in the European Union on 1 January 2002. The new Regulations will replace the Special Waste Regulations 1996.

The new European Waste Catalogue lists more waste as hazardous than was previously the case. Applying the controls in the Special Waste Regulations to the new list of hazardous waste would have greatly increased the burden on industry. The new Regulations will remove the existing requirement for individual movements of hazardous waste to be pre-notified to the Environment Agency and the requirement on consignees to send the Agency copies of individual consignment notes. New streamlined requirements to notify premises producing hazardous waste to the Environment Agency and for waste management facilities to send quarterly returns to the agency summarising consignments received, will ensure that the requirements of the hazardous Waste Directive are met, while minimising the additional burdens on industry.

## Chemical regulation

The main aim of the Government's chemicals policy is to promote the sustainable use of chemicals by identifying the industrial chemicals in use that pose unacceptable risks to the environment or to human health through the environment and taking suitable action to eliminate those risks. In pursuit of this aim the Government acts at a national, European and global level, working with stakeholders and other governments as appropriate. The identification of hazards and risks to the environment from chemicals needs to be done with a minimum of testing on animals and without unnecessary negative impact on industry. Defra works with the Interdepartmental Group on the 3Rs (Replacement, Refinement and Reduction) to reduce the use of animals in scientific experimentation and supported the setting up of the National Centre for the 3Rs in May 2004.

## Performance

Main highlights in 2004-05 include:

- establishment of an industry voluntary agreement to reduce the risks from nonylphenol, octylphenol and their ethoxylates;
- establishment of an industry voluntary agreement to label medium chain-length chlorinated paraffin's (MCCPs) as 'dangerous for the environment';

- following risk assessment and risk reduction work by the UK, introduction of an EU-wide ban on the brominated flame retardants pentabromodiphenyl ether and octabromodiphenyl ether and restrictions on the use of short-chain chlorinated paraffins and nonylphenol and its ethoxylates;
- adoption of Europe-wide rules on persistent organic pollutants (POPs) that will enable UK to ratify the Aarhus POPs Protocol and to achieve the WSSD chemicals target of ratifying the Stockholm Convention on POPs during 2004;
- consultation on proposed national action to restrict the use of perfluorooctane sulphonate (PFOS) and substances that degrade to PFOS which has led to the EU Commission deciding to draft EU legislation;
- a three-month public consultation on the future of the UK Government's Chemicals Strategy and the UK Chemicals Stakeholder Forum. This led to the re-launch of the Forum in October 2004 with a refocused mandate to engage with industry on chemicals of concern, and to provide its opinions to the Government on the ongoing negotiations for a new European chemicals strategy;
- consultations with stakeholders, and negotiations with other Member States and the European Commission on the new European chemicals strategy known as REACH. A number of changes advocated by the UK have been incorporated into the emerging legislation;
- launch of a new, £0.5 million programme to address research priorities on endocrine disruption in aquatic environments (EDAQ) as identified with stakeholders;
- the first meeting of the preparatory committee for a new international initiative on chemicals, known as the Strategic Approach to International Chemicals Management (SAICM); and
- the UK and Japanese Governments have agreed to extend their current agreement to co-operate on research into endocrine (hormone) disruption in the aquatic environment. The extension was signed in January 2005 during the annual UK-Japan technical workshop, held this year at Glasgow Caledonian University.

### Radioactive waste

Defra has responsibility, along with the devolved administrations, for UK radioactive waste management policy.

Defra's *Departmental Report 2004* explained that a review of policy for the long-term management of the UK's higher activity radioactive wastes was ongoing under the *Managing Radioactive Waste Safely* programme. Under this programme, the independent Committee on Radioactive Waste Management (CoRWM) was established, from November 2003, to carry out an assessment of the best option, or combination of options, for the management of this waste, providing protection for people and the environment. Ministers have now

agreed a programme of work for this assessment with CoRWM which will lead to delivery of its recommendations by July 2006.

In contrast to the situation for higher activity radioactive wastes, there are various existing routes available for the disposal of low-level radioactive waste (LLW). But with the creation on 1 April 2005 of the Nuclear Decommissioning Authority (NDA), which will have responsibility for the decommissioning and clean-up of the UK's older publicly-owned civil nuclear sites, it has been recognised that future arisings of LLW will be in excess of currently available disposal capacity. To address this issue, a review of UK policy for long-term management of LLW was commenced during 2004. This is a parallel and complementary programme to the work of CoRWM on higher activity wastes. The aim is, following discussion of the issues with stakeholders and subsequent public consultation, to issue a policy statement around mid-2006.

Defra and the Department of Trade and Industry (DTI) acquired joint ownership of the radioactive waste disposal company United Kingdom Nirex Ltd (Nirex), from 1 April 2005, from its previous nuclear industry owners. This honoured statements made to Parliament in July 2003, that Nirex would be made independent of the nuclear industry and under greater Government control, and in July 2004, that a Company Limited by Guarantee (CLG), jointly-owned by Defra and DTI would be set up to hold the company's shares. Nirex undertakes important work on standards for the conditioning and packaging of radioactive waste, compiling the UK Radioactive Waste Inventory jointly with Defra, and acting as the UK's main source of knowledge and expertise on the underground disposal of radioactive waste. A decision on the company's longer-term future will be taken in light of the outcome of the CoRWM programme and the policy decisions taken in light of it.

## Protecting the countryside and natural resource protection

Natural resources protection covers a cross section of the Department's policy responsibilities covered by a range of objectives and Public Service Agreement targets. These include those under objective 1: to protect and improve the rural, urban, marine and global environment and Public Service Agreement 3: reversing the long term decline in farmland birds, the management of Sites of Special Scientific Interest and enhancing access to mountain, moor, heath and down and registered common land. This section of the report specifically addresses:

- halting the loss of biodiversity;
  - the *England Biodiversity Strategy*:
    - reversing the decline of farmland birds; and
    - protecting sites of special scientific interest.
- conserving global biodiversity;
- sustainable use and protection of soils;
- protecting landscapes;

- improving water quality and achieving a sustainable use of water resources;
- protecting the marine environment;
- enhancing access to mountain, moor, heath and down and registered common land; and
- implementing the *Rural Strategy 2004*.<sup>68</sup>

The Department is currently working with stakeholders to develop a clear vision and coherent approach to natural resources protection. Defra will also further develop its evidence base to explore the synergies across the range of natural resource protection policies to provide a robust basis for future policy development.

### Halting the loss of biodiversity

Defra's work on protecting the variety and diversity of wildlife contributes to the EU Gothenburg objective to halt the loss of biodiversity by 2010. This was given further impetus by the EU stakeholder conference in Malahide, Ireland: *Biodiversity and the EU – Sustaining Life, Sustaining Livelihoods* in May 2004, in which Defra participated.

Nationally work is being taken forward under the England Biodiversity Strategy, *Working with the Grain of Nature*.<sup>69</sup> This includes work on the Department's Public Service Agreement 3 targets: to reverse the long-term decline in the number of farmland birds by 2020; and to bring into favourable condition by 2010 95 per cent of all nationally important wildlife sites.

### Measuring performance

Measuring progress against national and international commitments is essential if Defra is to identify key challenges and assess how well they are being addressed. In 2004 Defra published *Measuring progress: baseline assessment*.<sup>70</sup> During the last year, the Department has also made progress with developing indicators where gaps were shown (e.g. T1: UK populations of birds in towns and gardens and P3: Membership of biodiversity organisations) and Defra is updating the headline indicators on populations of wild birds (H1) and condition of Sites of Special Scientific Interest (H2). Both of these indicators show some encouraging signs.

### Reversing the decline in farmland birds

**Public Service Agreement target 3: Care for our natural heritage... [by] preserving biological diversity by reversing the long-term decline in the number of farmland birds by 2020, as measured annually against underlying trends...**

Defra is currently on course to meet this target. For a short overview of progress see Appendix 4.

<sup>68</sup> *Rural Strategy*, July 2004. This is available at [www.defra.gov.uk/rural/strategy/default.htm](http://www.defra.gov.uk/rural/strategy/default.htm)

<sup>69</sup> <http://www.defra.gov.uk/wildlife-countryside/biodiversity/biostrat/index.htm>

<sup>70</sup> [www.defra.gov.uk/wildlife-countryside/biodiversity/biostrat/indicators/index.htm](http://www.defra.gov.uk/wildlife-countryside/biodiversity/biostrat/indicators/index.htm)

As set out in previous Departmental Reports, this element of Defra's Public Service Agreement target reinforces Government's adoption, in 1999, of wild bird populations as one of 15 'headline indicators' of sustainable development in the UK.

Reversing the decline in farmland birds is viewed as a measurable surrogate for conserving wildlife in the so-called wider countryside, for example the vast bulk of the countryside that lies outside of designated nature conservation sites such as Sites of Special Scientific Interest (SSSIs) and nature reserves.

### Funding

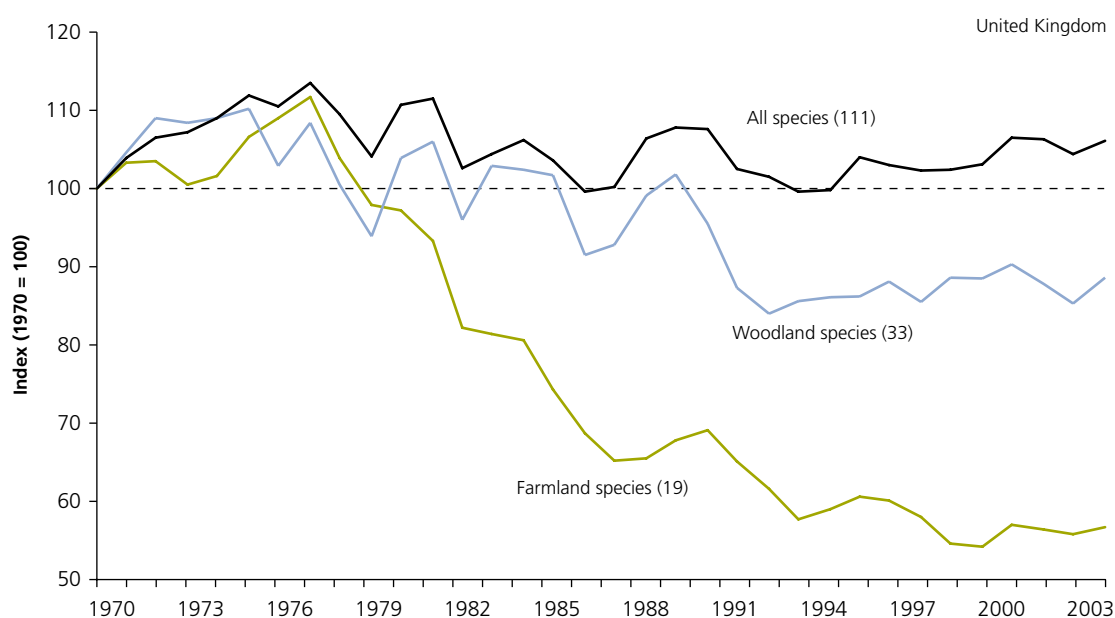
The farmland birds Public Service Agreement target work programme is integral to much of the Department's work and so it is not possible to separate the funding of specific measures that support farmland birds as these measures are also designed to benefit other species, such as farmland insects and plants.

Financial information which is relevant to the farmland birds work programme can be found in this chapter in the sections dealing with sustainable farming and food, the England Rural Development Programme and reform of the Common Agricultural Policy.

### Performance

The Public Service Agreement target relates to the long-term trend in farmland bird populations.

**Figure 13: Population of wild birds (United Kingdom): 1970-2003**

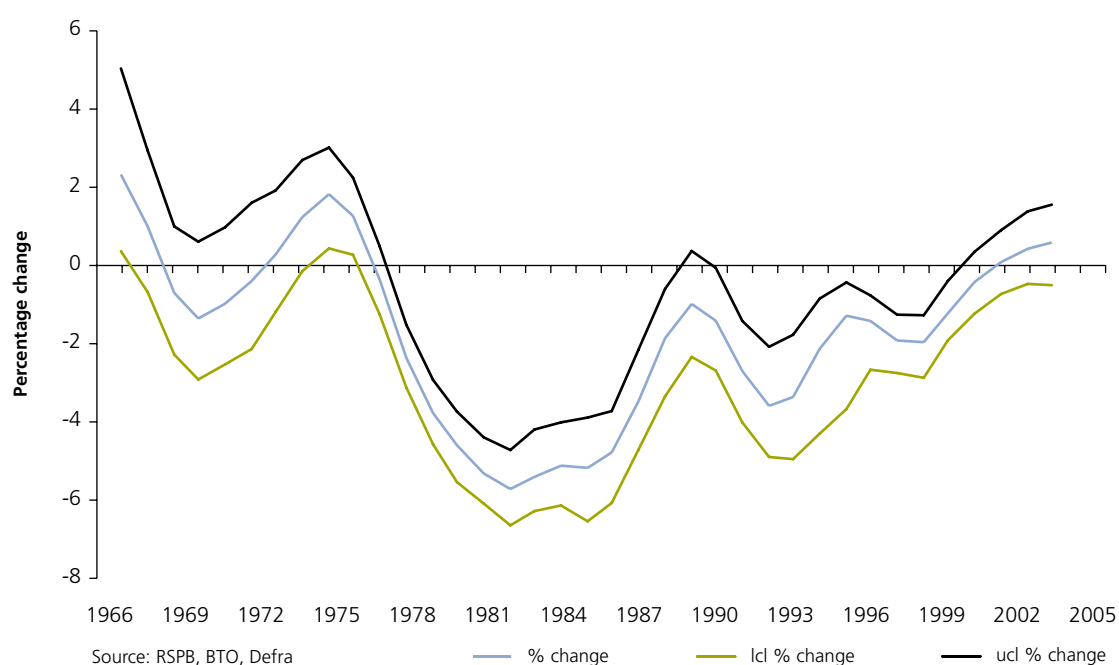


Source: RSPB, BTO, Defra

Figures in brackets show the number of species included in each category

Figure 13 shows changes in the wild bird population index for the UK, with the indices of farmland and woodland birds shown separately. Figure 13 also shows that while the UK's breeding bird populations have, on the whole, been stable since the mid 1970s, those species associated with woodland declined by over twenty per cent and those with farmland declined by about fifty per cent between the mid 1970s and the mid 1990s, but have been more stable since then.

**Figure 14: Year on year changes in the farmland bird index for England: long-term trend**



The lines labelled ucl and lcl are the upper and lower 95 per cent confidence limits. The new chart uses the revised Public Service Agreement data and includes 19 species, instead of the previous 18.

The middle line of Figure 14 shows the smoothed index of year-on-year percentage changes in farmland bird populations in England (population estimates are smoothed to remove short term variability). The upper and lower confidence limits (using a 95 per cent confidence interval) are also marked. The chart shows that the rate of decline in the index has continued to slow though it is still too soon to state that the index has become stable. This would indicate that Defra is on course to meet the farmland birds target, as assessed against the milestones laid out in the delivery plan. The milestones are as follows:

- the rate of decline of Farmland Bird Index will slow in the period 2004 to 2009;
- the Farmland Bird Index will become stable during the period 2009 to 2014; and
- the Farmland Bird Index will start to increase in 2014 to 2020.



### *Factors affecting performance*

A Steering Group has been established for the achievement of Defra's farmland birds target. The group is made up of key partners, many of whom act as delivery agents for the work programme, (particularly in relation to agri-environment schemes), and includes statutory, voluntary and private bodies. The aim of the Steering Group is to ensure that both policy, and action by the various delivery bodies is co-ordinated so as to maximise the likelihood of successful delivery of this target.

Two projects which are critical to the success of the programme are:

- the national rollout of Environmental Stewardship; and
- reform of the Common Agricultural Policy.

### Sites of Special Scientific Interest

**Public Service Agreement target 3: *Care for our natural heritage, make the countryside attractive and enjoyable for all, and preserve biological diversity by...bringing into favourable condition by 2010 95 per cent of all nationally important wildlife sites.***

Defra is currently on course to meet this target. For a short overview of progress please see Appendix 4. In addition the percentage of the area of the SSSI series in target condition is reported monthly, on the basis of the latest information available, on English Nature's website<sup>71</sup>.

A coherent network of designated sites is a vital component of the Government's overall nature conservation strategy. Sites of Special Scientific Interest (SSSIs) are at the heart of its system of designated sites. The relationship between SSSIs and its wider biodiversity goals is explained in the *Biodiversity Strategy for England*<sup>72</sup>.

SSSIs safeguard, for present and future generations, the diversity and geographic range of habitats, species, and geological and physiographical features in England. The series of SSSIs is intended to comprise the full range of these features and to include the most valuable nature conservation and earth heritage sites, selected on the basis of well-established and publicly available scientific criteria.

European sites (the Natura 2000 network required by the EC Wild Bird and Habitats Directives), are underpinned by SSSIs. In England, more than 75 per cent by area of SSSIs are European sites. On 7 December 2004, the European Commission adopted 236 English candidate Special Areas of Conservation as European Sites of Community Importance (608 UK sites form part of the EU's Atlantic biogeographical list). Confirmation of areas as SSSI and European sites complement each other to achieve the highest level of protection.

<sup>71</sup> [www.english-nature.org.uk](http://www.english-nature.org.uk)

<sup>72</sup> *Working with the Grain of Nature – A Biodiversity Strategy for England*. This is available at [www.defra.gov.uk/wildlife-countryside/biodiversity/biostrat](http://www.defra.gov.uk/wildlife-countryside/biodiversity/biostrat)

The condition of SSSIs is a key indicator of the success of Defra's biodiversity strategy, and a wider indicator of environmental sustainability. As such, the condition of SSSIs is an indicator for the *UK Sustainable Development Strategy*<sup>73</sup>, Defra's *Sustainable Development Strategy*<sup>74</sup> and the *Strategy for Sustainable Food and Farming*<sup>75</sup>, as well as the *England Biodiversity Strategy*.

There are over 4,000 SSSIs in England covering over 1 million hectares of land<sup>76</sup>. SSSIs are notified under section 28 of the Wildlife and Countryside Act 1981, as amended by the Countryside and Rights of Way Act 2000, and range in size from less than half a hectare to over 63,000 hectares. Owners of SSSIs include private individuals, private companies, and public bodies.

English Nature has powers and duties to protect and enhance the natural heritage of England. As well as owning a significant area of SSSI land itself, (over 50,000 hectares), it is also responsible for the day-to-day implementation of the SSSI legislation and for assessing and monitoring the condition of all SSSIs. English Nature works in partnership with the many owners and occupiers of SSSIs and has Corporate Plan targets<sup>77</sup> for 72 per cent of the SSSI area to be in target condition<sup>78</sup> by 2006.

Public bodies and statutory undertakers own or manage over 25 per cent of the area of SSSIs and are under a statutory duty to further the conservation and enhancement of SSSIs, consistent with the proper exercise of their functions<sup>79</sup>.

### Funding

Funding from a variety of different sources has contributed to the condition of SSSIs, and is available to maintain and enhance sites. These sources include the Countryside Stewardship Scheme and Environmentally Sensitive Area Scheme (and their successor scheme, Environmental Stewardship) – further information is available later in the chapter, along with wider funding programmes, such as Lottery programmes and EU funding. The effective use of all available funding streams will be vital if the Department is to achieve the target, although it is not possible to quantify these as any particular grant can contribute to a wide range of objectives. The only funding stream targeted specifically at SSSI land is the Wildlife Enhancement Scheme, administered by English Nature.

English Nature's designated sites programme includes all the costs of their work associated with SSSIs, including staff, enforcement of the regime, legal aspects, management agreements with landowners, and management of SSSI land owned by English Nature.

<sup>73</sup> *A Better Quality of Life*. [http://www.sustainable-development.gov.uk/uk\\_strategy/content.htm](http://www.sustainable-development.gov.uk/uk_strategy/content.htm)

<sup>74</sup> *Foundations for Our Future*. <http://www.defra.gov.uk/corporate/sdstrategy/default.htm>

<sup>75</sup> *Facing the Future*. <http://www.defra.gov.uk/farm/sustain/newstrategy/index.htm>

<sup>76</sup> 4,117 SSSIs covering 1,072,537.66 hectares [www.english-nature.org.uk](http://www.english-nature.org.uk)

<sup>77</sup> English Nature Corporate Plan 2003-2006 [www.english-nature.org.uk](http://www.english-nature.org.uk)

<sup>78</sup> For reasons of clarity the Public Service Agreement term "favourable" is replaced with the term "target" throughout this report. Target condition is defined as comprising the sum of the Joint Nature Conservation Committee common standards conditions: Favourable Maintained, Favourable Recovered and Unfavourable Recovering

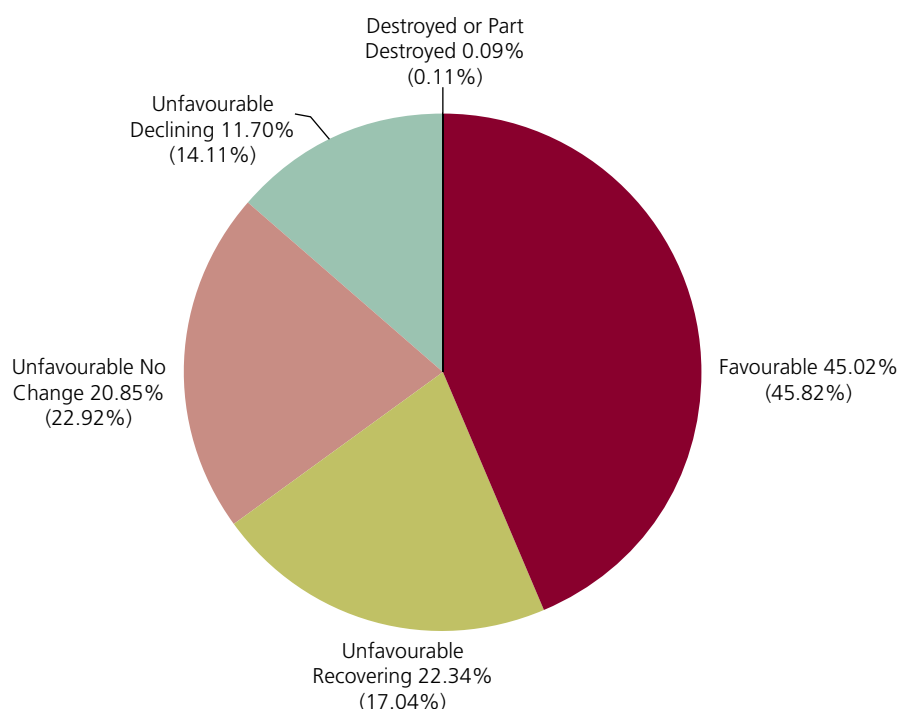
<sup>79</sup> Section 28G of the Wildlife and Countryside Act 1981 as amended by the Countryside and Rights of Way Act 2000.

In 2004-05, English Nature spent just over £40.7 million on this programme (excluding funding from the Capital Modernisation Fund, and funds from the Sheep National Envelope<sup>80</sup>). English Nature's wider programme of work, such as influencing policy and building partnerships, also contributes to improving the condition of SSSIs, but is not a direct cost, and is not accounted for in these figures.

### Performance

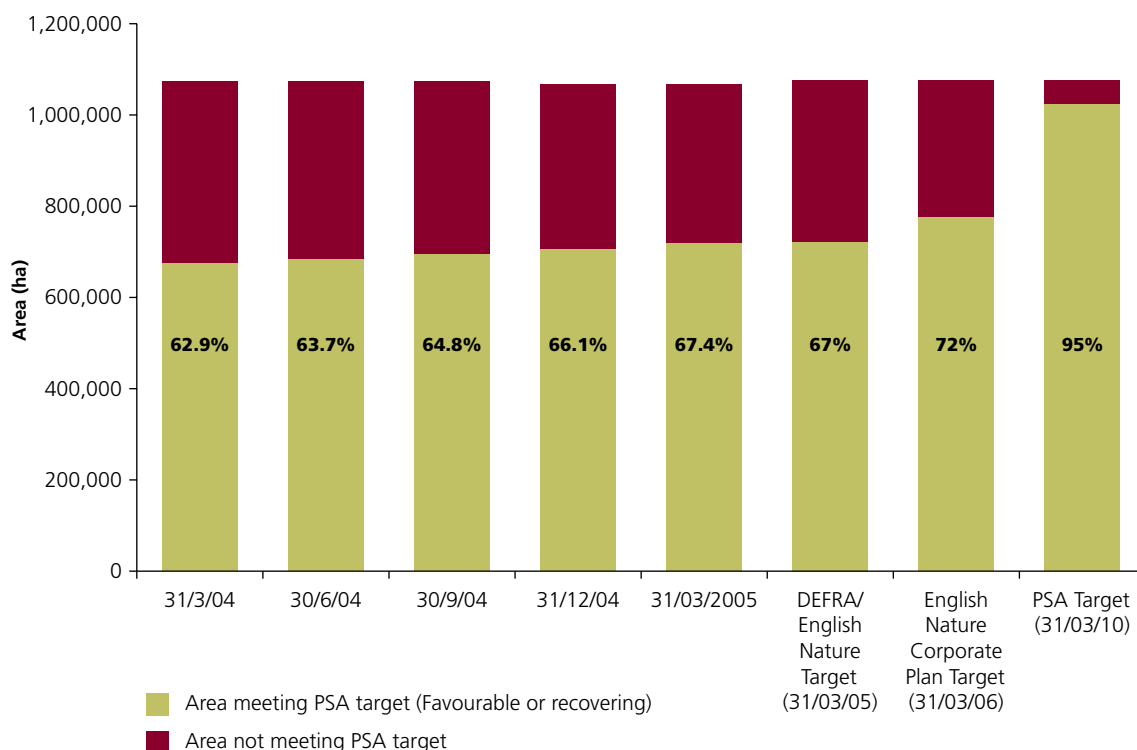
The SSSI Public Service Agreement target was set in 2000 and English Nature completed the first round of its condition assessment programme in March 2003. This provided a baseline of 56.9 per cent of the total area of SSSI area in target condition. On the basis of condition assessments completed by the end of March 2005, the percentage of the total SSSI area in target condition was 67.4 per cent, an increase of 43,914.78 hectares or 4.5 per cent on the March 2004 figure. See Figure 15 and Figure 16.

**Figure 15: Condition of Sites of Special Scientific Interest in England at 31 March 2005 (2004 figures in brackets)**



<sup>80</sup> The Sheep National Envelope is a flexible fund available under the EC Sheepmeat Regulations, which may be used at the discretion of Member States in a number of ways; these include topping up premium payments, supporting the development of the industry and addressing environmental concerns.

**Figure 16: Progress towards the targets to assess and improve Sites of Special Scientific Interest's condition (with target figures for 2006 and 2010)**



In the Department's 2004 *Autumn Performance Report*, Defra published a provisional trajectory (Figure 17) setting interim milestones to assist with the assessment and reporting of progress towards achievement of the SSSI's target. This trajectory was informed by a model developed by English Nature, which estimates the amount of SSSI land in target condition that could be achieved each year on the basis of a series of variable assumptions. The trajectory is expressed as the percentage of SSSI land to be in target condition by a specified date.

**Figure 17: Sites of Special Scientific Interest – the trajectory**

Date	Percentage of SSSIs in target condition
2005	67
2006	72
2007	78
2008	83
2009	89
2010	95

The Department's milestone for 2005 was to have reached 67 per cent of the total SSSI area in target condition. Defra and its delivery partners are happy to have met the target set out in the provisional trajectory and believe that the proximity of the actual figure to the milestone indicates that, whilst the Department cannot be complacent in its efforts, it can have a measure of confidence in its forecasting methodology.

### *Factors affecting performance*

In order to achieve the SSSI target, the Department needs to work in partnership across government and with a range of organisations. English Nature is a key delivery partner, along with the Rural Development Service and major SSSI landowning, managing or influencing bodies. Although the Department has good strategic relationships with all of these bodies, its success in reaching this target depends on their co-operation and commitment on the ground. Defra has mechanisms in place to manage these relationships, including a Programme Board, the SSSI Major Landowners Group and the High Level Delivery Group for Biodiversity.

Defra reported in its 2004 *Departmental Report* on the factors impacting on, and resulting in unfavourable SSSI condition. These factors are still the most significant. Many of these causes of unfavourable condition are specific and can be addressed by reasonably direct interventions or changes in practices by owners, occupiers or other relevant bodies. Others may operate on a much wider scale and are related to policy climates and regulatory regimes, such as agricultural policy or the quality of the water environment. On the whole, deliberate harm or damage to sites is not a significant cause of unfavourable condition, but where it is, English Nature has statutory powers to address this. For most sites, management of land in the interests of the features for which they were notified is required in order to achieve target condition. For most sites, management of land in the interests of the features for which they were notified is required in order to achieve target condition. Where land is

privately managed, this often involves agri-environment payments through the Rural Development Service (RDS) and English Nature. Application of the new Higher Level of the Environmental Stewardship scheme to secure favourable condition of SSSI land will be particularly significant in the coming years.

### Commons Bill

The Government announced in the Queen's Speech on 17 May 2005 a Bill to modernise the management of common land will be introduced.

The Commons Bill will:

- enable the establishment of statutory commons associations with powers to sustainably manage commons by majority decision making;
- prevent severance of common rights from the land to which they are attached;
- modernise registration of common land and common rights – including allowing 'missed' commons to be properly recognised, and correcting wrongly registered land; and
- reinforce existing protections against abuse, encroachment and unauthorised development.

Common land is an important part of our natural heritage, valued for agriculture, recreation, landscape and nature conservation. Over 200,000 hectares of common land is designated as SSSI. About 55 per cent of all common land in England is SSSI, and 19 per cent of all SSSI is common land. Overall, SSSIs on common land are in a poorer condition than other SSSIs. The principal causes of poor condition are overgrazing and moorland burning, although undergrazing is a significant issue on many of the commons in southern England. Management agreements can help return common land to target condition, although it can be difficult to conclude such agreements on commons where large numbers of grazing rights are exercised. A small number of commoners can frustrate the entry of a common into an agreement, contrary to the wishes of the majority. Legislation is essential if the Government is to meet its SSSI target for bringing 95 per cent of these sites by area into favourable or recovering condition by 2010.

The Department aims to ensure that the national figure of SSSI land assessed by English Nature as being in target condition reaches 72 per cent by the end of March 2006. This will be delivered by a variety of mechanisms. These mechanisms include the funding of management agreements through the Rural Development Service and English Nature, and English Nature's direct management of the National Nature Reserves which are under its control. They also include work by both Defra and English Nature with Major Landowners.

English Nature has completed the first phase of its Remedies Project which identifies the actions that are needed, and by whom, on each SSSI unit which is not in target condition. English Nature is currently in the process of agreeing these actions with the wide range of partners responsible, and will use this information in 2005-06 to model the delivery and associated costs of meeting the target. Once agreed with partners, information on remedies will be made available.

### Supporting action to protect biodiversity nationally

Whilst a coherent network of designated sites is a vital part of the Government's overall strategy for protecting natural resources, there is still much that needs to be done to secure the long-term health of biodiversity, for example in the wider countryside and on species protection.

Conserving and enhancing biodiversity requires an holistic approach which creates a 'wildlife-friendly' landscape. Many of the longer-term threats to biodiversity occur at a landscape scale – for example, diffuse pollution and inappropriate built development. Fundamental changes in policy and behaviour are necessary if Defra is to reverse the decline in biodiversity and therefore, the Department is seeking to embed biodiversity considerations in all the main sectors of economic activity. The impact of agriculture is a key area where integration of biodiversity is vital, and Defra is making good progress with this. The reform of the Common Agricultural Policy contributes to a higher degree of environmental protection.

Defra is seeking through the England Biodiversity Strategy Implementation Groups to integrate wildlife considerations into its policies on water, woodland and marine, and into plans for improving the local environment in urban communities. Defra is also promoting local biodiversity action partnerships who lead on activity at a local level, contributing to community strategies and local authority performance measures.

### Performance

Main highlights in 2004-05 include:

- **Water and wetlands:**
  - Substantial progress on action to include biodiversity in river basin planning and management, and secure improvements in water and wetland SSSIs as part of the fourth Periodic Review of Water Prices.
- **Woodland and forestry:**
  - Ancient woodland policy development has progressed well, and work aligning delivery mechanisms continues, particularly via the new England Woodland Grant Scheme.



- **Funding:**

- Defra continues to work with the Heritage Lottery Fund (HLF). November saw the tenth anniversary of the HLF, during which time it has invested over £220 million towards biodiversity projects;
- since its introduction in October 2003 the Landfill tax credit scheme biodiversity category has registered nearly 100 projects, with potential funding of £3.7 million and potential match funding of £6 million; and
- Defra has held discussions with the Big Lottery Fund about the scope and content of their future programmes and how their funds should be distributed in relation to biodiversity objectives.

- **Education and public understanding:**

- The main success of the education and public understanding group in 2003-04 has been the development of a 'big idea' for public participation in biodiversity to be fully launched in 2007. This involves a wide-ranging partnership between Agencies, Government, non-governmental organisations, the BBC and others.

Other actions which contribute to the Government's agenda on Biodiversity have been:

- **Revision of planning policy:**

- Defra and the Office of the Deputy Prime Minister have been working together closely to revise PPG9, the current planning policy guidance on Nature Conservation. The intention is that this, together with a Government Circular and good practice guidance, should replace PPG9 in summer 2005.

- **Wildlife and Countryside Act 1981:**

- On 4 January 2005, a public consultation was launched as part of the fourth quinquennial review of schedules 5 and 8 of the Wildlife and Countryside Act 1981. Any legislative amendments required as a result of this consultation will be taken forward in 2005-06; and
- Defra has reviewed the provisions in Part 1 of the Wildlife and Countryside Act 1981 and on 20 December 2004 issued a consultation paper inviting views on possible improvements to the legislation.<sup>81</sup>

- **Invasive non-native species:**

- Defra has been active in seeking to address the economic, social and environmental threats posed by invasive non-native species, and held an initial, inter-active forum with stakeholders in February 2004. Defra will further refine proposals for adopting a more strategic approach to the handling of issues relating to invasive non-native species across Great Britain.

Defra has included proposals for legislation on non-native issues in the consultation referred to above.

<sup>81</sup> <http://www.defra.gov.uk/corporate/consult/wildlifeact%2Dpart1/index.htm>

## Conserving global biodiversity

### *Convention on International Trade in Endangered Species*

Defra has played a key part in promoting sustainable development internationally, through its successful participation in the 13th Conference of Convention on International Trade in Endangered Species (CITES) Parties held in Bangkok, Thailand, October 2004. Key outcomes included:

- the UK chaired the international negotiations between 166 countries at one of the two working Committees at the Conference;
- Defra was successful in introducing proposals on electronic licensing, retrospective permits, bushmeat, Great Apes and Asian big cats, which were all adopted;
- Defra successfully pressed the European Commission to provide funding for the CITES project on monitoring illegal killing of elephants (MIKE) and Defra contributed some £60,000 to assist with the funding of the Elephant Trade Information System (ETIS), which monitors current trends in the trade in ivory; and
- Defra announced important funding totalling some £110,000 that aimed strategically to help chart ways forward on difficult topics, supporting workshops on enforcement, lion conservation, Asian big cats and a technical mission to China and Japan on regulating the trade in ivory.

In other international fora Defra were re-appointed to the Executive Committee of the Global Tiger Forum and asked to chair the concluding important session of its biennial Assembly on the future strategic direction of the Forum.

Defra funded a capacity building event in Thailand, aimed at tackling illegal wildlife trade, held under the aegis of the CITES Secretariat comprising technical assistance the Department arranged through collaboration with partners from its Partnership For Action Against Wildlife Crime (PAW) initiative.

### *Wildlife Crime*

The Department has continued working to reduce crime against wildlife, in support of its conservation and biodiversity objectives. Its panel of Wildlife Inspectors has carried out over 600 inspections to check compliance with the wildlife controls the Department administers. It also contributed £120,000 to support and develop the work of the National Wildlife Crime Intelligence Unit, which is playing an active role in investigating major wildlife crimes and criminals.

Defra also published for consultation a draft Statutory Instrument: the Control of Trade in Endangered Species (Enforcement) Regulations 2005, which if accepted will provide increased powers for police officers to investigate these offences against the world's species most threatened by trade, and the possibility of a five year prison sentence for people found guilty of committing such offences.

The Government's record on dealing with wildlife crime came under the scrutiny of the Environmental Audit Committee, and Departmental officials gave evidence to the Committee in July. A copy of the Committee's report<sup>82</sup> and a copy of the Government's response<sup>83</sup> is available on the Parliament website.

### *Wildlife Licensing and Registration Service Charter Mark*

In the year ended 31 March 2004, the Wildlife Licensing and Registration Service (WLRS) issued 39,987 import permits, export permits and sales certificates with 95.77 per cent being issued within 15 working days (target is 90 per cent within 15 working days); and 5,747 bird registration documents with 92.55 per cent being issued within 7 working days (target is 90 per cent within 7 working days.)

Since 2001, WLRS has held the Charter Mark. This is a 3-year award and means that the organisation has proved it meets the Cabinet Office's Charter Mark Standard for Customer Service Excellence. In December 2004, WLRS re-qualified for Charter Mark.

### *Zoos*

Defra produced revised standards for zoos, giving guidance to delivery bodies – local authorities and the Zoo Inspectorate – on the new requirement for zoos to contribute to conservation and public education on biodiversity, and held a training seminar for zoo inspectors to reinforce this new conservation requirement. In addition, Defra took further measures to support effective delivery of the zoo licensing regime, through a training seminar for local authorities and improving means of disseminating guidance. The Zoos Forum also published guidance on Sustainability Initiatives in UK Zoos encouraging good practice. These measures all assist delivery of zoos' contribution to the overall conservation effort to reduce biodiversity loss.

### *World Summit on Sustainable Development Delivery plan*

In May 2004, Defra published a World Summit on Sustainable Development Delivery Plan on international biodiversity. This outlines its proposed contribution to global efforts towards the target agreed in Johannesburg to achieve a significant reduction in the rate of biodiversity loss by 2010. Progress since then includes:

- technical and financial support for the development and testing of global level biodiversity indicators under the Convention on Biological Diversity. These will help assess the status and trends of global biodiversity;

<sup>82</sup> [www.publications.parliament.uk/pa/cm200304/cmselect/cmenvaud/605/60502.htm](http://www.publications.parliament.uk/pa/cm200304/cmselect/cmenvaud/605/60502.htm)

<sup>83</sup> [www.parliament.uk/parliamentary\\_committees/environmental\\_audit\\_committee/eac\\_11\\_03\\_05.cfm](http://www.parliament.uk/parliamentary_committees/environmental_audit_committee/eac_11_03_05.cfm)

- supporting work on the Global Biodiversity Outlook under the Convention on Biological Diversity; and
- sponsoring an international workshop on business and biodiversity in London. This meeting helped to identify ways in which business could engage with biodiversity issues in order to minimise their impacts on global biodiversity.

### *The Darwin Initiative*

The Darwin Initiative funds biodiversity projects in developing countries to help them meet their obligations under the convention on biological diversity. Projects involve collaboration between UK institutions with biodiversity expertise working in partnership with host country organisations. Last year the Initiative provided £5 million towards such projects. Since its launch in 1992, the Darwin Initiative has committed £35 million to more than 350 projects in around 100 countries.

### *Convention on Migratory Species*

Defra ratified an intergovernmental agreement in April 2004 under the Bonn Convention on Migratory Species that seeks to tackle the threats faced by albatrosses and petrels, and were one of the key players at the first Meeting of the Parties in Tasmania in November. Defra has also commissioned research into the implications of climate change on migratory species.

## **Sustainable use and protection of soils**

The way soil is used, and the influence of our activities on it, will have important and far-reaching effects on the quality of the environment and the quality of our lives. Following a call for an explicit soil policy by the Royal Commission on Environmental Pollution, in its nineteenth report *Sustainable Use of Soil*, in March 2001 the Government published its draft strategic approach for the sustainable use and protection of soil in England in *The Draft Soil Strategy for England – a consultation paper*<sup>84</sup>. The draft strategy set out the first comprehensive statement on the state of our soils and how Government and other partners were working together to improve them.

The sustainable use and protection of soil feeds into the achievement of a number of Public Service Agreement targets. For this reason Defra has been working to develop a programme of actions that will improve the protection and management of soils across a whole range of land uses.

### *Funding*

In support of this work, Defra spends £1.2 million a year on research into soil functions and processes.

<sup>84</sup> <http://www.defra.gov.uk/environment/consult/dss/pdf/soil.pdf>

### *Performance*

#### **First Soil Action Plan for England: 2004-2006**

In May 2004, the Government published the *First Soil Action Plan for England: 2004-2006*<sup>85</sup>. The action plan builds on the earlier *Draft Soil Strategy for England* and sets out the actions which Defra and partners are committed to take to help protect soil functions. It is aimed at policy makers, industry leaders and influencers across the wide spectrum of activities that impinge on soils: from land use planning, construction and minerals extraction to agriculture, forestry and nature, landscape and cultural heritage conservation.

The action plan was drawn up in collaboration with stakeholders representing key government departments and agencies, environmental non-governmental organisations, industry and academia. Stakeholders are also assisting in the oversight and delivery of the action plan; the first meeting of the Soil Action Plan Advisory Forum was held in November 2004.

Work to deliver the action plan has started and Defra will continue to work closely with partners to deliver the 52 actions set out in the plan.

#### **EU Thematic Strategy for Soil Protection**

In response to concerns about the degradation of soils in the EU, the European Commission adopted a Communication towards a thematic strategy for soil protection in April 2003. A decision was made in November 2003 to merge discussions for the revision of the Directive on sewage sludge recycling to agricultural land and the initiative on the biological treatment of biodegradable waste under the Thematic Strategy for Soil Protection.

Defra and other UK stakeholders are actively involved in helping to shape the agenda around this strategy, welcoming it as a framework for identifying threats to soils and highlighting the need for action.

### *Looking forward to 2005-06*

Defra will continue to work on the delivery of actions set out in the *First Soil Action Plan for England*. Particular emphasis will be given to the development of programmes of soil education and awareness and to improved protection of soils in the built environment.

<sup>85</sup> <http://www.defra.gov.uk/environment/land/soil/pdf/soilactionplan.pdf>

## Protecting landscapes

### *The Aggregates Levy Sustainability Fund*

The Aggregates Levy Sustainability Fund (ALSF) delivered £20 million of Government funding to projects in England which mitigate the environmental impact of aggregate (sand gravel and crushed rock) extraction. The ALSF in England has the following objectives:

- minimising the demand for primary aggregates;
- promoting environmentally friendly extraction and transport; and
- reducing the local effects of aggregate extraction.

Results of this funding included 1,400 hectares of land being restored to beneficial use and an extra capacity of 590,000 tonnes per year for recycling of demolition waste. Two specific programmes of work on the mitigating the environmental impact of marine aggregate extraction and reducing the impacts of transport of aggregate by road began in 2003-04.

### *Looking forward to 2005-06*

Defra will increase the funding to the ALSF in 2005-06 to £29 million and will begin a review of the operation of the fund in 2006. The number of local authorities which are allocated ALSF funds to support community projects in areas affected by aggregate extraction will be increased from three to seventeen.

## Sustainable use of water resources and improving water quality

At the 1997 Water Summit, the Deputy Prime Minister launched the Government's 10-point action plan to promote sustainable use of water resources. Problems such as leakage and balancing supply and demand were identified as issues of increasing significance. In response to this a more water efficient, environmentally sustainable water industry was seen as essential. At the same time sustainable use of water is not only an aim for the water industry but for all water abstractors.

In November 2002, the Government published its strategic vision for the future direction of water policy in England in *Directing the Flow*<sup>86</sup>. The strategy set out the main future priorities and direction for the longer-term inland and coastal water environment and our water resources, both for the water and sewerage industry and others who use water or affect its quality.

Building on this, Defra's *Five Year Strategy* outlines that good water quality, environment and a sustainable water supply is one of the key outcomes the Department is seeking to achieve.

<sup>86</sup> [http://www.defra.gov.uk/environment/water/strategy/pdf/directing\\_the\\_flow.pdf](http://www.defra.gov.uk/environment/water/strategy/pdf/directing_the_flow.pdf)

### Funding

**Figure 18: Water funding (excluding flood management)**

Area	2004-05 £ millions	2005-06 £ millions	2006-07 £ millions	2007-08 £ millions
British Waterways Board	60	62	62	62
Marine Environment Issues and Water Supply Regulation Grants	15	12	12	12
Water Publicity and Research	2	2	2	2
Drinking Water Inspectorate	2	2	2	2
Total	79	78	78	78

### Performance

The Water Act 2003 received Royal Assent on 20 November 2003. It links with other Defra initiatives to carry forward the Government's commitment to sustainable water policy. The Act marks an important step in the Government's work on sustainable water policy, safeguarding our water supply for today's consumers and for generations to come.

Work to implement the provisions in the Act has progressed significantly and Defra will continue to work closely with other government departments, the Welsh Assembly, the Environment Agency, Ofwat, WaterVoice, the industry and other stakeholders. Where appropriate, action will be guided by working groups and public consultations.

In 2004-05, work to implement the Act has focussed on developing secondary legislation and guidance.

A consultation has been published on Defra's proposals for new regulations on drought planning and are working on consultations for revised abstraction licensing regulations and for transitional regulations for those brought into the licensing system. Four joint Defra, The Office of Water Services and Welsh Assembly Government consultation papers have also been published on the necessary secondary legislation and guidance to implement competition on the supply of water to large commercial and industrial customers. These consultation papers were informed by work done by industry advisory groups established by Ofwat.

Preparatory work to set up the new Water Services Regulation Authority and the Consumer Council for Water continued throughout 2004-05 and a consultation on a financial penalties regime for the water sector was issued in December 2004.



### Periodic Review

The 2004 Periodic Review officially started on 15 October 2002 and ended on 2 December 2004 with the Office of Water Services' (Ofwat) publication of final price limits. A periodic review is the process of setting price limits for each water company for the following 5 years. Ofwat, as the water industry economic regulator, is solely responsible for setting price limits for water companies. Government policies affecting the factors that determined these figures were published in three sets of guidance, culminating in the Secretary of State's Final Guidance to the Director General of Water Services, which was published in October 2004.

Copies of the Secretary of State's guidance and linked consultations are available on the Defra website<sup>87</sup> and further information on the 2004 Periodic Review can be found on the Ofwat website<sup>88</sup>.

The Act also placed new duties on Government, public bodies and the water industry to further water conservation. The Government has already taken measures to promote water efficiency by business through Envirowise. Defra is developing a voluntary labelling scheme for water fittings and appliances, which will provide information on the relative water use of equipment at the point of sale, to inform consumer choice and to stimulate competition and innovation. Defra is considering the need for further measures to require improved water efficiency of products.

Defra will continue to work on implementing the Water Act 2003. For water resources the Department expects to revise the existing abstraction licensing regulations (which date back to the 1960s), to deregulate some 20,000 abstractors, and to end existing exemptions from abstraction control. The Department has appointed Dame Yve Buckland as Chair designate of the Consumer Council for Water and will be announcing other appointments to the shadow board in June, ready for the new body to take over on 1 October. Defra will continue to prepare for the setting up of the Water Services Regulation Authority on 1 April 2006. A new regime for applying financial penalties in the water sector came into force on 1 April. The new competitive regime for water supply will commence in autumn 2005.

<sup>87</sup> <http://www.defra.gov.uk/environment/water/industry/review/index.htm>

<sup>88</sup> [www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/Content/pr04index](http://www.ofwat.gov.uk/aptrix/ofwat/publish.nsf/Content/pr04index)

### Water Framework Directive

The Water Framework Directive (WFD) is the most substantial piece of EU water legislation to date. It requires all inland and coastal waters to reach 'good status' by 2015. The key components of 'good status' are chemical quality and ecological quality – looking at all living things in the water. The Directive sets a framework for the long-term sustainable management aiming to safeguard and improve water quality. Action must be integrated into plans and packages of measures based on river basins, which must be drawn up with the active involvement of interested parties. River basin management plans, outlining programmes of measures to achieve the directive's environmental objectives must be drawn up by 2009. Full details are on the Defra website<sup>89</sup>.

The Environment Agency, as the competent authority for implementing the WFD, completed the first stage of the characterisation of water bodies in December 2004. This showed that a high proportion of water bodies were definitely or probably at risk of not meeting the environmental objectives of the Directive. Defra sent reports to the EU Commission on this work in March 2005. This work is to be refined over the coming years and supplemented by monitoring of water bodies, targeting on the areas most at risk.

The Environment Agency opened consultation in January 2004 on a strategy for river basin management planning.

Defra completed the initial economic analysis work required by the Directive in 2004 and has joined with other key players on a collaborative economics research programme to pursue further economic aspects. Defra will continue to engage with stakeholders on all aspects of implementation including taking forward communications work to raise wider awareness of the Directive. Active UK engagement at EU level will continue through the EU Common Implementation Strategy (CIS). As part of this Defra has taken the lead within the EU in promoting a new EU Strategic Steering Group, involving the EU Commission, other Member States and key EU stakeholders, to achieve better joining up at the EU level between the WFD and EU agricultural policy.

The Directive envisages two daughter directives, on groundwater and priority substances: the Commission's proposed directive on groundwater is currently being considered by the Environment Council; their proposals on priority substances are still awaited.

One of the main challenges to achieving the requirements of the Water Framework Directive arises from diffuse water pollution from agriculture. In June 2004, Defra and HM Treasury launched a joint consultation *Developing measures to promote Catchment-Sensitive Farming*. This sought views on the possible approaches and measures (including regulatory, voluntary and economic measures). Defra announced in March 2005 that it was working with

<sup>89</sup> [www.defra.gov.uk/environment/water/wfd/index.htm](http://www.defra.gov.uk/environment/water/wfd/index.htm)

stakeholders to explore further options for tackling diffuse water from agriculture; and that options included more help and support to farmers and also stronger measures such as regulation. Defra will consult on a package of measures for effectively tackling diffuse water pollution from agriculture in 2006.

### *Looking forward to 2005-06*

Defra will be consulting on guidance to the Environment Agency on river basin management plans under the water framework directive. Further progress is expected in the negotiations on the two daughter directives on groundwater and priority substances. Negotiations are likely to be completed on the revised EU bathing water directive, on which political agreement has already been reached in the Environment Council and which is being considered by the European Parliament.

Defra will be working actively with stakeholders and in the EU on measures to promote catchment-sensitive farming and seeking to ensure strong links with the Common Agricultural Policy.

### **Protecting the marine environment**

The marine environment is not covered by a specific Public Service Agreement target. However, protecting and enhancing the natural environment is a key part of Defra's work, and one of the strategic outcomes it is seeking to achieve, which is gaining greater attention from stakeholders. Sustainable management of fisheries also plays an important part in managing the marine environment. Fisheries is covered in Chapter 2 under the sustainable farming and food including animal health and welfare section.

Defra co-ordinates the UK's input to The Oslo and Paris Convention for the Protection of the Marine Environment of the North East Atlantic (OSPAR) and contributes to global fora such as the Convention on Biological Diversity. Defra also provide an environmental perspective on human activities that take place at sea, such as aggregate extraction and the offshore oil and gas industry.

### *Funding*

In support of this work, Defra spent some £4.8 million in 2004-05 on research on marine environmental issues, and around £5.0 million on scientific work covering monitoring and assessment.

### *Performance*

Work has continued towards meeting the long-term goals and objectives set out in OSPAR's strategies. These cover hazardous substances, eutrophication, radioactive substances, offshore oil and gas production, the conservation of biodiversity and assessment and monitoring. These require contracting parties to adopt programmes and measures to reduce pollution and protect and conserve biodiversity in the marine environment.

The UK has also been working with other Member States to help the European Commission to develop the *European Marine Thematic Strategy*, which was one of seven thematic strategies stipulated under the EU's 6th Environmental Action Plan. The Commission expects to publish the Strategy in mid 2005-06.

At home, the Review of Marine Nature Conservation and the Review of Marine Fisheries and Environmental Enforcement have both been completed. Defra also published its *State of the Seas* report to provide an integrated assessment of the state of the UK's seas. A pilot project is underway in the Irish Sea to test out the practicality of marine spatial planning. A collaborative project is also underway to develop simple, interpreted geological/physical maps of the seabed, coastal and water column features for all UK waters.

Through the reformed Common Fisheries Policy, Defra secured permanent protection for the Darwin Mounds cold water coral reef in deep waters off the North West coast of Scotland.

Defra issued around 500 licences during 2004-05 for construction work in the sea or for the disposal of dredged material from ports and harbours. Included in these were several for the development of offshore wind farms which will provide an important contribution in the drive for renewable energy.

In addition, the Joint Nature Conservation Committee and English Nature undertake work on marine habitats and species.<sup>90</sup>

### **Review of Marine Nature Conservation**

The Working Group's report was presented to the Government in July 2004. It sets out a package of possible measures to improve the protection afforded to important marine features and ecosystems, including a recommendation to identify priority marine features in UK waters and those requiring priority conservation action and on marine protected areas. The Government is considering these recommendations ahead of publishing its response in late summer 2005.

### **Review of Marine Fisheries and Environmental Enforcement**

The report of the *Review of Marine Fisheries and Environmental Enforcement* was published in July 2004. It sets out the current position and prospects for enforcement and related tasks in England and Wales and makes recommendations for improving the organisational, legal and financial framework. The review takes account of the Strategy Unit report on a sustainable fishing industry for the UK, *Net Benefits*, which was published in March 2004 and includes a number of wide-ranging recommendations relating to fisheries policy. Defra is developing an action plan in response to the report in consultation with stakeholders ahead of its response to the Strategy Unit's recommendations.

<sup>90</sup> See Chapter 4 and Appendix 6 for further details on the work of English Nature and the Joint Nature Conservation Committee.

### **Habitats and Birds Directives**

Defra is in the process of preparing regulations to extend the application of the Habitats and Birds Directives beyond the territorial limit to the UK Continental Shelf and superjacent waters up to a limit of 200 nautical miles from baseline. Once in place, these will enable Defra to designate Special Areas of Conservation and Special Protections Areas offshore.

### **Protecting whales, dolphins and porpoises**

The UK plays an active part in the conservation and protection of all whales. Defra is a leading member of the International Whaling Commission (IWC), and is a strong supporter of the moratorium on commercial whaling which became effective in 1985-86. All cetaceans (whales, dolphins and porpoises) are protected by law in UK waters. Defra does not believe that there is justification for any whaling to take place, other than some subsistence whaling by indigenous people, and would like to see all other forms of whaling ended. It believes that whaling does not serve any genuine need and often involves unacceptable cruelty.

The 56th annual meeting of the International Whaling Commission took place in Sorrento, Italy, from 19-22 July 2004. The meeting was attended by Defra's Minister responsible for marine issues as well as officials from Defra and the Foreign and Commonwealth Office and representatives of conservation and environmental organisations.

### **Marine Bill**

Defra's *Five Year Strategy* included a commitment to improve the current framework for managing and protecting all its marine resources through a Marine Bill. This will provide the framework within which those who regulate marine activities can ensure the sustainable use and protection of its marine resources and will help Defra to apply the ecosystem approach. This framework will allow the different uses of the sea – including wildlife protection, offshore wind and other industries – to develop harmoniously. The government made a commitment in the Queen's speech to produce a draft Marine Bill during the first session of Parliament.

### **State of the Seas report**

In March 2005, Defra published its *State of the Seas* report. This provided the first integrated assessment, across all UK seas at a regional level, of the various impacts of human activities in the marine environment and how ecosystems respond. The picture that emerges is that across the UK, the seas are under threat from commercial fisheries and climate change. Impacts of others activities are more localised but there is a real need to increase its understanding of how all these activities interact. The *State of the Seas* process also highlighted a number of areas of marine science management which could be improved to enhance the evidence used for policy development.

### *Looking forward to 2005-06*

Defra will publish its responses to the recommendations of the Review of Marine Nature Conservation and the Review of Marine Fisheries and Environmental Enforcement. The Marine Spatial Planning pilot project will conclude around the end of 2005 and the broad scale mapping project is likely to complete April 2006. These workstreams will shape the forthcoming Marine Bill.

Defra will continue to work through the EU, OSPAR and globally to better protect and manage the marine environment. Defra shall put into law regulations extending the Birds and Habitats Directives to the extent of UK jurisdiction in the marine environment.

### **Enhancing access to mountain, moor heath and down and registered common land**

**Public Service Agreement target 3: *Care for our natural heritage, make the countryside attractive and enjoyable for all ... [by] opening up public access to mountain, moor, heath and down and registered common land by the end of 2005.***

Defra is currently on course to meet this target<sup>91</sup>. For a short overview of progress please see Appendix 4.

This element of the target relates to implementation of Part I of the Countryside and Rights of Way Act 2000, which gives people a new right to walk over open country (mountain, moor, heath and down) and registered common land.

Before all access land can be opened up to the public, various regulations must be put in place and the boundaries of open country and registered common land must be defined on maps prepared by the Countryside Agency. The mapping process serves two functions. It enables the public and land managers to have a say in whether a certain piece of land should be considered to be open country or registered common land and, in any dispute, the final maps will provide authoritative evidence as to where such land is situated. There are four stages to the process:

- the Countryside Agency publishes draft maps. Individuals and organisations who want to promote access (the Ramblers' Association, for instance) and those who manage land (including their representatives, such as the Country Land and Business Association) can object to particular land being included or left out;
- the Agency publishes provisional maps. Land managers then have formal right of appeal to the Secretary of State;

<sup>91</sup> Further information can be found at [www.openaccess.gov.uk](http://www.openaccess.gov.uk)

- the Agency publishes the conclusive maps; and
- the Secretary of State lays a commencement order before Parliament to bring the new right into force.

### Funding

By the end of December 2003, the Countryside Agency and the Planning Inspectorate had spent a total of £25.3 million on implementing Part 1, comprising expenditure of £2.5 million in 2000-01, £3.4 million in 2001-02, £9.1 million in 2002-03 and up to December 2003, £10.3 million in 2003-04.

These figures include all costs of the mapping project, including staff, appeals, restrictions and publicity costs, (as required by the Act) and includes accruals for mapping work completed but not yet invoiced. The proposed budgets for future years are shown in Figure 19.

**Figure 19: Funding to implement Part I of the Countryside and Rights of Way Act 2000 2004-08**

Year	2004-05	2005-06	2006-07	2007-08
Allocation (£ millions)	21	16	10	8

### Performance

The new right of access was commenced in the first two areas (the South East<sup>92</sup> and lower North West) on 19 September 2004 and in area three (Central Southern) on 14 December. All regulations necessary for the opening of access land were in place prior to 19 September. In preparation for the first commencement extensive publicity was undertaken including issuing a new, up-to-date Countryside Code in July 2004. Mapping information for the first five areas was passed to Ordnance Survey for inclusion in a new series of Explorer leisure maps. A number of these new maps were available to the public when the new right of access came into force in the first five areas of the country and others will be made available as close as possible to the regional commencements. The restrictions systems is being opened six months before commencement in each area so that all necessary restrictions can be in place before commencement of the right. The conclusive map for area six (South West) was published on 9 May 2005.

<sup>92</sup> No registered common land in East Sussex is shown on the conclusive map. This is because, at the time that the provisional map was prepared, the county's common land register had been destroyed by fire and not yet reconstituted. Following legal advice, it was decided not to show any registered common land on the provisional map (or therefore on the conclusive map), but to show as open country that land which was believed to be common land but otherwise met the criteria for open country. The East Sussex common land register has since been reconstituted, and the up-to-date position will be shown on the conclusive map when it is reviewed.



## Chapter 2

### *Measuring performance*

Ministers have decided to roll-out the new right of access on a region-by-region basis and Figure 20 shows the milestone date for each area, leading to the achievement of the Public Service Agreement target by the end of 2005.

**Figure 20: Dates for new right of access on region-by-region basis**

Area	Commencement date	Status
South East	19 September 2004	Right of access implemented
Lower North West	19 September 2004	Right of access implemented
Central Southern	14 December 2004	Right of access implemented
Upper North West	28 May 2005	Right of access implemented
North East	28 May 2005	Right of access implemented
South West	August 2005	Planned
West	October 2005	Planned
East	November 2005	Planned

The latest assessment of the steps necessary to achieve these dates shows that the Department is on-track to meet each of these milestones.

### *Factors affecting performance*

Implementing the provisions of the Act requires partnership working across a range of organisations. Although Defra has good strategic and working relationships with all of the statutory bodies involved, the Department depends upon their co-operation and commitment. It is most important to engage local authorities in particular to make access a success on the ground. The main way that local authorities' performance on access will be monitored is through the statutory local access forums which were established in August 2003. The membership of these forums includes representatives of land managers, users and other interest groups and their remit is to advise local authorities, the Countryside Agency and Government on recreation provision in their areas.

A consultancy project has been led by the Countryside Agency to explore ways of supporting the forums in their work and spreading best practice. In addition, Defra has provided guidance to authorities on how to interpret the regulations and provides additional funding for the new burden element of the Act. The Department issued guidance in July 2003 and September 2004 on the role of local highway and National Park authorities in England as access authorities in managing public access.

The Forestry Commission has recently announced that it plans to use the powers in the Act to dedicate its freehold estate of over 180,000 hectares for public access in perpetuity. Although this is not part of the Public Service Agreement target, it will significantly increase the amount of land where the public has a permanent right of access on foot.

To ensure that the programme is under close control a Programme Board has been established with representatives of the key implementing bodies (Defra, the Countryside Agency and the Planning Inspectorate); a representative of the Local Government Association also attends. In addition to monitoring progress, the Board reviews the programme risk register to ensure that all risks have appropriate countermeasures and contingency plans in place. The Board meets every six weeks.

Regular information on progress can be found at the Countryside Agency website<sup>93</sup>.

### Looking forward to 2005-06

Defra will continue with the implementation of the new right of access in the remaining three areas of England in order to meet the Public Service Agreement target by the end of 2005. By completing the major extension of rights of access to open country set out in the Countryside and Rights of Way Act, Defra will be able to take action on other priorities. Defra is starting work on further measures to achieve its aim that everyone should have good opportunities to enjoy the natural environment. Action to improve access to coastal land will be its first priority.

## Implementing the Rural Strategy

### *Publication of the Rural Strategy 2004*

The Government's *Rural Strategy 2004*, published on 21 July 2004, announced radical reforms to the delivery of the Government's rural policies. The new delivery arrangements that Defra is implementing through the Modernising Rural Delivery Programme are aimed at delivering services in a more streamlined, customer-focused way, by a smaller number of organisations with devolved responsibility, with clearer roles and working in partnership within an overarching sustainable development framework.

<sup>93</sup> <http://www.countrysideaccess.gov.uk>

This section of the report addresses the third priority in Rural Strategy 2004; enhancing the value of our countryside.

The first two priorities (economic and social regeneration and social justice for all) are covered in detail later in this Chapter in the section on Sustainable Rural Communities.

The English countryside provides essential natural resources and services and is enjoyed by rural residents and visitors from across the UK and overseas. The Department's strategy is two fold:

- to continue to take action to conserve, enhance and manage the rural and urban environments; and
- to enhance the value and natural beauty of the countryside for rural communities and the benefit and well-being of society in general.

The radical reforms of the delivery arrangements set out in the *Rural Strategy* include changes to meet these twin, mutually reinforcing, objectives. They include:

- the establishment of Natural England to provide an integrated approach to sustainable management, enhancement and use of the natural environment. It will comprise all of English Nature, the access, recreation and landscape elements of the Countryside Agency, and the functions of the Rural Development Service focused on improving environmental land management. The new agency will provide a number of benefits including better sustainable management of the environment at the landscape level for the benefit and well-being of current and future generations, increased opportunities for everyone to understand and benefit from the natural environment, a stronger, unified voice at regional and local level and more effective and simpler relationships with land managers; and
- radical simplification of Defra's rural funding streams<sup>94</sup>. The *Review of Funding Streams* report, which was commissioned by the Secretary of State to support the *Rural Strategy*, was published alongside the Strategy. Defra is committed to ruthlessly streamlining the current 100-plus existing rural funding schemes into a simplified funding framework around three major funds linked to Defra's strategic priorities:
  - natural resource protection;
  - sustainable farming and food; and
  - sustainable rural communities.

<sup>94</sup> *Report of Rural Funding Review*, July 2004. This is available at: [www.defra.gov.uk/rural/ruraldelivery/funding/default.htm](http://www.defra.gov.uk/rural/ruraldelivery/funding/default.htm)

The aim is to streamline and simplify administrative procedures, sweep away unnecessary rules and procedures and provide better and more accessible advisory services. Work has begun on the process of radically simplifying funding streams in ways that will make a real difference to customers.

### *Performance*

#### **The Natural Environment and Rural Communities Bill**

On 19 May 2005 the Natural Environment and Rural Communities Bill was introduced in the House of Commons for first reading,<sup>95</sup> and received its second reading on 6 June 2005.

The Bill will, among other measures:

- create Natural England (bringing together the functions of English Nature with parts of the Countryside Agency and Rural Development Service);
- formally establish the Commission for Rural Communities as an expert advisory body watching out for the interests of rural communities and people;
- give the Secretary of State greater flexibility in allocating funding and delegating responsibility to delivery bodies working under Defra's remit. This would help to make access simpler and easier for customers and tailor delivery to regional needs; and
- introduce a number of measures designed to help streamline delivery and modernise wildlife and national park legislation.

The Bill implements key elements of the *Rural Strategy 2004*.

The Bill will apply to the UK, although the majority of measures extend to England and Wales only. The devolved administrations are engaged with Defra on those issues that extend beyond England.

The draft Bill was published for pre-legislative scrutiny on 10 February<sup>96</sup>. The input from the House of Commons Environment Food and Rural Affairs Select Committee and stakeholders will help ensure that the Bill creates a strong, effective and flexible new delivery landscape.

#### **Natural England**

In order to maintain momentum towards the full establishment of Natural England as a statutory executive non-departmental public body, the constituent parts established a 'confederation of partners' on 1 April 2005, working together under a common overarching vision and purpose to deliver joint outcomes in a strong and determined partnership which delivers real changes. This has already led to closer working between the Countryside Agency, Rural Development Service and English Nature.

<sup>95</sup> The EFRA Committee's Report on the Rural Strategy and the draft Natural Environment and Rural Communities Bill was published on 26 March 2005. See: [www.parliament.uk/parliamentary\\_committees/environment\\_food\\_and\\_rural\\_affairs/efra\\_land\\_use\\_and\\_rural\\_affairs.cfm](http://www.parliament.uk/parliamentary_committees/environment_food_and_rural_affairs/efra_land_use_and_rural_affairs.cfm)

<sup>96</sup> *Draft Natural Environment and Rural Communities Bill*, Cm 6460, February 2005, published by The Stationary Office. This is available at [www.defra.gov.uk/rural/ruraldelivery/bill/default.htm](http://www.defra.gov.uk/rural/ruraldelivery/bill/default.htm)

### Review of Funding Streams and publication of report

The Modernising Rural Delivery Programme will continue with its long-term agenda of streamlining and simplifying access to funding. Defra intends to make substantial progress on radically restructuring funding streams, building on the achievements so far, towards the goal of three major funding programmes by April 2007. In 2005-06 Defra aim to complete the establishment of a single rural advice channel: providing better information on Defra grants and services and preparation for implementing the new voluntary and community sector funding programme.

In relation to natural resource protection so far, Defra has:

- replaced three agri-environment schemes with the single Environmental Stewardship Scheme (ESS) with two tiers – Entry level (or Organic Entry level) and Higher level – designed to operate as an integrated programme. In future, grants will be delivered through a single menu, as a development of that launched in ESS in March 2005. This will bring together ESS with existing grants operated through the Rural Development Service, English Nature, the Countryside Agency and the Forestry Commission and potentially some National Park schemes by January 2007;
- replaced two forestry grants with one which will in future share a common process as other environmental funding; and
- reduced the number of entry points into the Aggregates Levy Sustainability Fund from three to one, as the Countryside Agency and English Nature have merged their previously separate programmes. English Heritage is working with Defra to present a joined-up customer entry point.

Defra has also implemented changes on advice and support, so that customers can now access information on Defra family, Regional Development Agency and government office funding streams more easily through an internet advice channel and an improved Defra help-line.

### *Looking forward to 2005-06*

Further significant steps will be taken during 2005-06 to implement the new delivery arrangements described in the *Rural Strategy*.

## Sustainable rural communities

The challenges facing rural England are many and diverse. Whilst most areas are economically thriving – benefiting from good communications, access to markets and a skilled labour force, and attracting new jobs and services – there are also some that are lagging behind. In relatively prosperous areas, there are also many individuals and households who face social exclusion, especially because of poor access to services and affordable housing. Equally, whilst the countryside remains rural England's greatest treasure, valued by everybody, in many areas there are pressures on natural resources.

As a response to the challenges and changes facing rural England, in July 2004, the Government announced its new devolved and targeted approach to rural policy and delivery. *Rural Strategy 2004* takes as its starting point the vision of sustainable rural communities first set out in the *Rural White Paper 2000* and identifies the key priorities for rural communities and for enhancing our natural environment, together with radical reforms to the delivery of Defra's policies. The new approach is based on devolving decisions and action closer to rural communities, targeting greater resources at areas of greatest need, and working in partnership at national, regional and local level.

*Rural Strategy 2004* is a significant step forward in rural policy terms and provided the underpinning context for Defra's work on sustainable rural communities in the latter part of 2004-05. It will continue to inform its rural policy for the next three to five years and the modernised delivery arrangements that will drive progress forward.

This section of the report is structured around the first two priorities in *Rural Strategy 2004*:

- economic and social regeneration; and
- social justice for all.

The third priority – enhancing the value of our countryside – is covered in detail earlier in this chapter under protecting the countryside and natural resource protection.

### Economic and social regeneration and social justice for all

**Public Service Agreement target 4: *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>97</sup>

Defra is not yet able to fully assess progress for this target. For a short overview of progress please see Appendix 4.

<sup>97</sup> Public Service Agreement target amended following 2004 Spending Review. The new target now reads: Reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2008, demonstrating progress by 2006, and improve the accessibility of services for rural people.

### *Cross cutting work*

There are several important areas of work that underpin the progress made this year. Defra's progress on this is set out below:

- **definition of 'rural'**: due to a recognised lack of evidence, especially at local level, to inform effective rural policy and delivery, the Government commissioned detailed research and analysis, leading to a new and more sophisticated definition of 'rural' areas. The new definition was launched alongside the *Rural Strategy* in July 2004. Alongside developments in data collection, it provides a tool to help analyse the social and economic characteristics of rural areas at a more local scale than has been possible before. For example, the definition has been used to attach a 'data marker' to government statistics, so as to provide much better evidence of trends in relation to transport and housing and a wide range of other services;
- **rural evidence base**: Defra is also building on the rural evidence base through its revitalised rural research programme – which includes setting up a new Rural Evidence Research Centre based at Birkbeck College. The research programme will aid analysis of rural economic performance, and shape the detail of what and where service improvements are most needed and how they can be tailored better to meet rural needs;
- **modernising rural delivery and funding streams review**: on which more detail can be found in this chapter; and
- **rural proofing**: Government has made a commitment to ensure that all its domestic policies take account of rural circumstances and needs (*Rural White Paper, 2000*). By rural proofing, Defra seeks to support rural communities that are diverse, economically and environmentally viable, and socially inclusive with high-quality public services and real opportunities for all. See rural proofing box for more details on progress and future plans.



## Rural proofing

Working closely with the Countryside Agency, Defra has made progress in embedding rural proofing into the policy-making process across government, by:

- working closely with central departments to identify policy areas that are important to building sustainable rural communities;
- with the Office of the Deputy Prime Minister, Office for National Statistics and Birkbeck College, provided the means for Government to report on rural delivery of Public Service Agreement targets with the revised rural definition;
- including rural proofing as part of the Government's Regulatory Impact Assessment;
- rural proofing the Audit Commission's Comprehensive Performance Assessment of local authorities;
- working with regional and local delivery agents to enhance service delivery to rural communities; and
- developing the evidence base in support of the identification and tackling of rural social exclusion.

Looking forward, Defra will continue to mainstream rural proofing across government by:

- working closely with other departments on specific areas of shared interest to achieve common objectives for rural communities;
- monitoring rural people's access to goods and services; and
- making sure rural proofing remains a function of audit and inspection bodies.

## *Economic and social regeneration*

The majority of rural areas are relatively prosperous. Measured in terms of average household income, for example, 55 per cent of households in rural areas are above the median, and 28 per cent in the top quartile. Although agriculture is still important to rural society, employees in rural businesses are now more likely to be in manufacturing (25 per cent), tourism (9 per cent) or retailing (7 per cent), than in agriculture (6 per cent). This is leading to convergence between the urban and rural economies.

Weak economic performance tends to be in rural areas further from major urban centres. The poorest performing rural areas are on a par with the weakest urban areas. Defra's current productivity indicator shows that, whilst the English earnings median is around £13,900, the average for the bottom quartile of rural districts is £11,500 (18 per cent lower) and in some rural districts the figure is below £9,000. These 'lagging' areas are typically remote and have often seen a decline in traditional industries such as agriculture, fishing and mining. For example, nationally 6 per cent of the workforce is employed in agriculture but in some of the least thriving rural districts this rises above 20 per cent – including parts of Lincolnshire, Cornwall and Northumberland. These areas have a higher incidence of low earnings, poor job opportunities, low workforce skills, health inequalities and poor housing.

As stated in the *Rural Strategy*, and in line with its rural Public Service Agreement target, Defra's priorities are to improve economic performance and prosperity in parts of rural England that have benefited less from national economic success. The goal is to achieve prosperous and inclusive rural communities with the results of this success spread equitably. To deliver this goal requires broader based and higher value added economic activity in poorer performing rural areas with the right conditions for business success to generate high-quality, well-rewarded employment. The local mix of solutions must vary depending on the assets of the communities and area concerned but obvious examples include local added value to food production, a better developed knowledge economy and high-quality tourism or leisure. Defra's work on sustainable farming and food and natural resource protection contributes significantly to sustainable rural communities and are both covered in this chapter.

### *Funding*

Defra's baseline contribution to the Regional Development Agency's (RDAs) Single Programme (the 'Single Pot') will rise from £45 million in 2004-05 to £72 million in 2005-06, which includes £21 million being transferred from the Countryside Agency. This increase is to enable the RDAs to play a bigger role in delivering the social and economic regeneration objectives set out in *Rural Strategy 2004*.

Defra also put an additional £2 million into the Business Link network in 2004-05 to increase delivery capacity and, in particular, to improve Business Link support for economically lagging areas.

The Rural Enterprise Scheme and Vocational Training Scheme, which form part of the England Rural Development Programme (ERDP), had a combined annual budget for 2004-05 of £34 million to fund projects that support the development of more sustainable, diversified and enterprising rural economies and communities. It is made clear in each regional targeting statement for the schemes that projects from lagging areas will be given priority for funding (for further information see section on ERDP).

The England LEADER+ Programme delivered £10.5 million of EU and Defra funding through 25 local partnerships. LEADER+ is a rural development initiative under the EU Structural Funds which enables local partnerships to select and test innovative projects in their areas. Projects funded under the England LEADER+ programme include the setting up of a reed cutters association in the Norfolk Broads and a mobile IT and media skills training project for young people in Teignbridge, South Devon.

### Performance

#### Economic indicators

With input from the RDAs and HM Treasury, the Department has developed a set of intermediary indicators to supplement the Rural Productivity Public Service Agreement which will provide more timely data and encompass the wider rural economic policy concerns. Defra will be providing analytical reports at both the national and regional level, which are available on Defra's website.<sup>98</sup>

#### Regional Development Agencies

Defra is working in partnership with England's Regional Development Agencies (RDAs) to address improvements in rural productivity. The Department has reached agreement with the RDAs on what they will deliver during the 2004 Spending Review period through the RDA Tasking Framework and the emerging RDA Corporate Plans. The main element relating to Defra's funding is that the RDAs' headline output indicators will be rural-proofed – so that RDAs will be required to provide, wherever possible, a rural-urban split in relation to jobs created, business start-ups and businesses supported. This analysis is made possible by the new rural definition, which can be applied to any post-coded data set which will enable Defra to assess RDAs' rural impacts on a more measurable basis. In addition, Defra has proposed that data should, where possible, be disaggregated to below regional level, so it will be possible to see what is happening in economically lagging areas. This will provide the basis for influencing how RDAs are targeting areas of greatest need, in line with the *Rural Strategy*.

#### Supporting rural enterprise

The additional funding distributed to the Business Link network to support economically lagging areas (including both rural and urban districts with significant poor rural economic performance) will help to ensure that mainstream business support services address the needs of, and are accessible to, rural businesses. Business Link operators developed proposals designed to impact on all of the 75 lagging districts and 21 separate projects were approved for additional funding. The projects varied greatly, ranging from: the provision of generalist adviser surgeries, business skills workshops, breakfast events and local marketing activities to recruit 'hard to reach' clients; to the training of rural publicans to set up and run business clubs. The operators also delivered additional advice sessions in each lagging district and, by the end of March 2005, around 2,100 additional businesses had benefited from this service. An evaluation of the £2 million expenditure is being conducted by Kingston University, whose final report is due in July 2005.

<sup>98</sup> [www.defra.gov.uk/rural/research](http://www.defra.gov.uk/rural/research)

### Rural business skills and training

A new network of Sector Skills Councils (SSCs) – the Rural Network – was created in 2004-05. Recognising that most SSCs have a significant rural client base, the Network was created to ensure effective and coherent skills and business development support to rural-based businesses. The Network will reinforce the rural proofing of skills policy delivery.

### Broadband

The joint Defra/Department of Trade and Industry Broadband Team has been working closely with local authorities and other rural stakeholders to promote the social and economic benefits of access and take-up of broadband for rural communities, and have produced a rural broadband toolkit<sup>99</sup> and a case study CD-ROM to help rural communities and businesses understand the issues surrounding broadband.

### Regional rural delivery frameworks

Through the *Rural Strategy*, Defra asked the government offices to broker rural delivery frameworks in their regions to improve the co-ordination and prioritisation of rural delivery to ensure that it is best targeted where it is needed at local level across the region. Each region is developing the first version of a regional rural delivery framework, setting clearer regional priorities within the policy framework of *Rural Strategy 2004*, supporting the integration of delivery to help achieve sustainable development and helping to rationalise delivery mechanisms.

### Rural delivery pathfinders

In October 2004 Defra announced seven local delivery 'pathfinders' (with the eighth announced in March 2005) to test practical ways of improving delivery in rural areas. Each pathfinder (or pilot project) is bringing together local authorities, Regional Development Agencies, the voluntary and community sectors and others to develop and test more joined up, flexible and effective approaches to service delivery at a local level. They will investigate how to bring together funding and action available to a particular rural area from a range of sources and to target available resources more effectively at local priorities. The pathfinders were launched at an event in March and formally began in April 2005.

### Horse industry

The horse industry makes an important contribution to the economy and social fabric of many communities. Almost 2.5 million people ride, up to 250,000 people are employed in the industry, and its gross output has been estimated at £3.4 billion. Working with the British Horse Industry Confederation, Defra held a popular national conference in June to discuss its future, following up pioneering research Defra had commissioned. In February 2005, Defra began consulting on a draft strategy, prepared in partnership with the Confederation, the Department for Culture, Media and Sport and the Welsh Assembly Government. The Strategy is designed to foster a robust and sustainable horse industry, increase its economic value, and enhance its contribution to the social, educational, health and sporting life of the nation. Defra will finalise it later in the year and work with the industry to ensure its successful implementation.

<sup>99</sup> Available from the DTI website: [www.dti.gov.uk/industry\\_files/pdf/ruralbroadband.pdf](http://www.dti.gov.uk/industry_files/pdf/ruralbroadband.pdf)

## Hunting with dogs

While making it clear that hunting is not a priority, the Government acted to fulfil its manifesto commitment to enable Parliament to resolve the long-running issue of hunting. A Hunting Bill, based directly on the one which had fallen during the previous session of Parliament, was introduced into the House of Commons in September 2004, and went through its Parliamentary stages to receive Royal Assent, via the application of the Parliament Acts, on 18 November 2004. The Hunting Act 2004, which came into force on 18 February 2005, prohibits all hunting of wild mammals with dogs in England and Wales, except where it is carried out in accordance with the conditions of tightly worded exemptions. It also bans all hare coursing events.

The Government does not have a stated position on the rights or wrongs of a ban, which was decided upon by a large majority of MPs under a free vote. Defra's role in the passage and implementation of the Act was to support Ministers during the Parliamentary stages and legal challenges; and to provide information and advice on the provisions and implications of the Act, including pointing those affected by it towards existing sources of support.

## Rural engagement

*Rural Strategy 2004* announced a package of new arrangements designed to ensure that the Government can listen to and engage with rural people. These comprised:

- establishing the Commission for Rural Communities (referred to in the *Rural Strategy* as the New Countryside Agency) with a rural advocacy function, through its strong voice holding government at all levels to account for the quality of its policies and effectiveness of their delivery;
- convening a major annual rural conference;
- building on the Regional Rural Affairs Forums to embed the voice of rural people into the new regional rural delivery frameworks; and
- building a strong relationship between Ministers and rural people through regular meetings with regional forums and their chairs.

The Rural Affairs Forum for England was subsumed within these new arrangements. The forum held its final meeting on 5 November.

Progress has been made towards the establishment of the Commission for Rural Communities. The Commission will be established as a statutory non-departmental public body (NDPB) through the Natural Environment and Rural Communities Bill which received its second reading in the House of Commons on 6 June 2005. Its principal duty will be to promote awareness of rural needs, and to act as rural 'adviser, advocate and watchdog', with a particular focus upon rural disadvantage and areas of economic under-performance. Resources for rural socio-economic delivery, including some staff, have been transferred from the Countryside Agency to the RDAs (excluding London), with effect from April 2005.

The annual rural conference took place on 24-25 February 2005 in Cumbria focussing on rural services. Details of its agenda and outcomes can be obtained via the Defra website<sup>100</sup>. The Regional Rural Affairs Forums have made good progress in conducting the reviews of their membership, structures and ways of working. There was no deadline for the completion of these reviews which were, in any case, not one-off events but the beginning of a continuous process intended to ensure that the Forums are fit for purpose and capable of delivering the role assigned to them in the *Rural Strategy*. Most are now completed and the agreed changes have been implemented. The Forums have also played a part in the initial development of regional rural delivery frameworks. Their role will in particular be to seek to ensure that Defra's rural 'customers' have a voice in strategic decision-making and that their views continue to be heard. Finally, following a number of planning meetings in the autumn, the first in the new series of meetings between the Minister and the Chairs of the Regional Rural Affairs Forums took place on 7 February. Details of this meeting, and of the planned programme for the rest of 2005-06 are available on the Defra website.

### *Factors affecting performance*

Defra's rural Public Service Agreement target is challenging. Many of the 'lagging' rural areas have been relatively less prosperous for many years or even decades, so narrowing the gap with the rest of England will require sustained focus and investment. Whilst the foundations are in place for this sustained focus, measurable change will take time to deliver on the ground and it will therefore also take time before such change shows through in the available economic indicators.

The key requirement is effective engagement across Government and action through a broad range of regional and local partners including government offices, RDAs, local authorities, parish and town councils, voluntary associations and interest groups. Considerable attention is being paid to seeking to ensure that Defra is in a position to exercise the necessary influence upon others. This takes a variety of forms, from senior-level meetings and briefings, through membership of key cross-government programme boards, to regular work on 'rural proofing' within government.

The engagement of a variety of other agencies including National Park Authorities, English Nature, the Countryside Agency, British Waterways and the Forestry Commission is also important. Defra has hosted three Rural Revival Seminars to encourage and promote co-operation between regional stakeholders. Key participants were the National Park Authorities and Regional Development Agencies, with other interest groups represented such as Areas of Outstanding Natural Beauty (AONB) bodies. The aim of the seminars was to promote sustainable development and boost the revitalisation of rural areas. Each region now not only has a plan in place to encourage partnership between those managing England's finest landscapes and those promoting social and economic development within the region but, as a result of the 2004 seminar, has a set of joint commitments on what the participants want to make happen in their regions. These commitments focused on (among other things) addressing the pressures and threats facing protected landscapes in each region, sustainable tourism and regional branding. (See earlier in this chapter for more information on issues relating to enhancing the value of our countryside.)

<sup>100</sup> [www.defra.gov.uk/rural](http://www.defra.gov.uk/rural)



The rural sub-group of the Central Local Partnership, chaired jointly by Defra and the Local Government Association (LGA), has been a particularly useful body for encouraging collaboration between government departments and local government. During 2004-05, the sub-group focused in particular on the role of local authorities and parish councils in delivering rural policies and programmes, especially the new devolved and targeted approach to rural policy as set out in the *Rural Strategy*. Defra and the LGA continue to work closely together on a whole range of rural policy issues.

### *Looking forward to 2005-06*

#### **Regional Development Agencies**

Socio-economic funding, previously routed through the Countryside Agency, will be added to the Regional Development Agencies (RDAs) single pot, which together with a planned increase in allocation, will increase with effect from 2005 from £45 million to £72 million. RDAs will have a lead responsibility for promoting sustainable economic growth in rural England, with a clear focus on under performing districts, reporting against the new Tasking Framework that has been agreed between Government and the RDAs.

#### **Supporting rural enterprise**

A rural business pilot project will operate in 2005-06, in conjunction with the Small Business Service. The pilot will focus on the delivery of business support services to enterprises in rural areas. The project will bring together local, regional and national partners in a rural sub-region (the Welland) to consider, among other things, how to co-ordinate activities of core advisory services; provide an expert brokerage service to customers; and ensure customers can access the services they need in the way they want. The project will not deliver a new service but will test existing and new relationships from local to national level to ensure that 'joined up' services is made a reality for customers. A series of events to assist the scoping work on the pilot were held in November and December 2004.

#### **Learning, skills and knowledge**

The completion of the Learning, Skills and Knowledge Review during 2004 provided strong evidence for the cementing of learning and skills issues in other major Defra programmes – including Modernising Rural Delivery and Sustainable Farming and Food. The Review also made the case for investment in better management of Defra's internal advice services, including electronic services, and the findings have fed into the e-Communications Programme. It is within those and other programmes that the work started by the Learning, Skills and Knowledge Programme will be taken forward, building on the success to date in mainstreaming learning and skills issues within both Defra and the wider public sector delivery landscape.

#### **Regional Rural Delivery Frameworks**

Regional devolution will be supported through the ongoing development of the frameworks, brokered by Government Offices for the Regions. During 2005-06, these frameworks will develop significantly through the greater application of the rural evidence base and consultation with regional partners.



### Rural delivery pathfinders

The pathfinders formally began in April 2005 and as lessons are learned, Defra will seek to ensure these are mainstreamed, where appropriate, in the regional rural delivery frameworks and across government as a whole.

### Commission for Rural Communities

The Commission for Rural Communities (CRC) will begin a programme of thematic studies tackling the issues that matter to rural people and communities. The first will be a 'baseline' study of rural disadvantage.

### LEADER+ programme

The programme runs until the end of 2008. An independent evaluation of the effectiveness of the key aspects of the programme was completed in March 2005 which will be used in designing the successor to the LEADER+ programme as part of the European Commission's new Rural Development Regulation (see the section on the Common Agricultural Policy). It is intended that future LEADER+ funding be included in the Rural Regeneration Fund proposed by the Rural Funding Review. Defra will consult later in 2005-06 on a new programme to take forward work in this area.

### *Social justice for all*

Access to services is a particular issue in areas experiencing poor economic and social conditions, but remains a challenge more widely in rural England. This is especially true for the minority of people who experience disadvantage or who are socially excluded through, for example, no access to transport or other services. Although rural public transport provision has expanded significantly in recent years, it tends to connect larger rural communities, with smaller and more isolated communities inevitably less-well served. In contrast with social exclusion in urban areas, which is very often concentrated in particular neighbourhoods, rural social exclusion tends to be more dispersed and therefore harder to identify.

For the majority of 2004-05, the access part of Defra's rural Public Service Agreement target was focused on targeting improvements in the accessibility of five key services: health, post 16-year-old education and skills, transport, access to cash and electronic access to services. Following the 2004 Spending Review, significant changes were made to the Public Service Agreement target to address a greater number of specific service themes, delivered as shared priority areas with other government departments (more details below).

### *Funding*

Defra launched a £10 million two year programme (which will complete in March 2006) to strengthen local capacity in the voluntary and community sector in tackling social exclusion and to develop the role of social and community enterprise.

In December 2004, Defra launched a Quality Parish Investment Fund worth £450,000 to help communities increase their capacity to deliver local solutions for local people.

Defra provides £300,000 a year under the Rural Stress Action Plan to support organisations working to counter stress and suicide in rural areas.

Substantial elements of Countryside Agency expenditure (see Figure 42 for information on funding for the Countryside Agency), including funding for parish plans and support for Rural Community Councils, contribute to Defra's objective of sustainable and inclusive rural communities.

### *Performance*

#### **Access to services**

Progress has been made in many of the areas targeted by Defra's Public Service Agreement to improve the accessibility of services to rural people, for example:

- the proportion of households in small rural settlements within 800 metres/ 10 minutes walk of a daily or better bus service on weekdays has improved slightly from 48 per cent to 50 per cent of rural households;
- work has begun to establish common definitions of 'community transport' which will aid monitoring of performance;
- the number of rural people participating in job related training has fallen very slightly;
- the proportion of rural households with access within 4 kilometres to a general practitioner's surgery or branch, outreach or mobile surgery has been sustained;
- there are 109 rural one-stop primary care centres, surpassing the target of 100;
- the performance of ambulance trusts in rural areas improved on category A calls (the most urgent) but deteriorated a little on category B calls; and
- the proportion of rural households within 2 kilometres of a cash dispensing facility, a bank or building society, or a Post Office has remained broadly static.

#### **Rural affordable housing**

Affordable housing is a cornerstone to delivering sustainable development in rural areas. It provides homes for people with strong local social networks, who run and work in rural businesses and deliver services. Through its design and construction it can make a contribution to conserving the environment and natural resources.

Defra has worked closely with the Office of the Deputy Prime Minister, the government offices and others to make rural proofing a requirement for Regional Housing Boards and to improve the supply of affordable housing in rural areas. In January, the Government published revised national planning guidance for housing (Planning Policy Guidance 3, PPG 3). This consolidated existing guidance that supports the provision of affordable housing in rural areas. Importantly, it included advice that local planning authorities could, for the first time, allocate sites solely for affordable housing in rural communities. The national target for delivery of rural affordable housing was set at 3,500 homes between 2004-06. Most recent figures from the Housing Corporation show that 2,650 new homes were built in 2004-05 (*Housing Corporation Stewardship Report* – which will be published at the end of June 2005).

### **Rural Services Review**

The Rural Services Standard was replaced in November 2004 by a new style Rural Services Review, which incorporates the ideals of the rural services standards but shows how national standards are being taken forward at the level of the individual or local area.

### **Civic renewal**

Defra has been working on measures to support local communities and voluntary organisations to play a greater role in civic renewal, service delivery and tackling rural social exclusion. Areas of focus include working with the rural voluntary and community sector to build its capacity to take on service delivery functions, increasing take up of credits and benefits among the rural elderly (jointly with the Department for Work and Pensions) and developing the role of social and community enterprises in tackling social exclusion. Another example is extended school provision, where the local school is likely to be open to the wider community throughout the school day, and before and after school hours, offering services such as childcare and learning and recreational activities for all members of the community. Working with other partners, the school might also offer health and social care services.

### **QUALITY Parish Scheme**

In July 2003, Defra and the Office of the Deputy Prime Minister jointly established the *QUALITY* Parish Scheme to raise the profile of the sector. *QUALITY* Parish Councils have an electoral mandate, a qualified clerk and communicate regularly and effectively with their community. A Quality Council not only represents its community, but also actively engages local people of all ages in the work of that community, providing vision, identity and a sense of belonging. As of 31 January 2005, there are 125 *QUALITY* Parish Councils, 15 councils awaiting accreditation, 242 clerks have achieved the Certificate in Local Administration and a further 559 clerks are registered as studying for the qualification. As a result of this scheme, councils across the country have benefited from the increased vitality in the sector and the improved working relationship between principal authorities and parish and town councils.

Defra has supported 80 *QUALITY* Parish Councils (out of 109 that bid for up to £10,000) through the Quality Parish Investment Fund. The funding is being used to develop projects that will:

- promote greater partnership working, particularly with principal local authorities;
- improve services to local people;
- improve community engagement; and
- address social exclusion and disadvantage.

Projects so far include a range of schemes from new computer equipment to better street lighting to an innovative community safety centre.

### *Factors affecting performance*

As Defra does not itself deliver services such as healthcare, education or transport, work is focused on influencing those responsible to ensure that delivery to rural residents is equitable. This involves building relationships with departments and agencies and working with them to build their understanding of rural delivery issues and challenges. On healthcare, for example, significant changes in the structure of the Department of Health and the National Health Service have increased Defra contacts with Government Offices for the Regions, the Public Health Observatories, the National Health Service, and with monitoring bodies such as the Healthcare Commission and the National Treatment Agency. Defra also has links with several bodies representing delivery organisations, such as the Ambulance Service Association.

Defra is also helping national, regional and local partners to implement the rural definition in their data analysis. The evidence which this can produce, from their own Public Service Agreement delivery analyses or other dataset work, will help them better target their delivery to areas with particular needs or challenges.

Two other areas which will have a significant impact on the work in this section include – as detailed above – the rural pathfinders and the RDA Tasking Framework, which includes requirements in respect of securing rural services as well as productivity.

### *Looking forward to 2005-06*

#### **Access to services**

It was agreed by the Government that the revised Public Service Agreement objectives for the 2005-08 period should be shared with the other government departments concerned. The following nine service themes have been agreed with departments: mental health; drug rehabilitation and treatment; children's services; young people not in education or employment; employment rates of disadvantaged groups; pensions; accessibility (including access to GPs, hospitals, schools, further education establishments); road traffic accidents; and affordable housing.

#### **New Rural Social and Community Programme**

The main thrust of the Government's *Rural Strategy 2004* is to move delivery closer to rural communities, devolving decisions about how money is spent to a regional and sub-regional level. Defra will shortly launch a public consultation on a new programme that will provide rural communities with funding to shape and enhance their own futures. The programme covers England and, subject to the outcome of the consultation, will be delivered at sub-regional level (broadly equivalent to county level) with performance management and oversight at regional level through the Government Offices for the Regions. It will bring together the Defra rural voluntary and community sector programme and the transferred social and community programmes from the Countryside Agency.

#### **Affordable housing**

Work is underway to fulfil the Government's manifesto commitment to set up an Affordable Rural Housing Commission. The Commission will explore ways of improving access to affordable housing for people who live and work in rural areas. Changes to PPG 3, the Barker report and the commitment to rural proof Regional Housing Strategies, have the potential to improve the supply of affordable housing in rural areas. Defra will continue to work with the Office of the Deputy Prime Minister, government offices and others to ensure that these advances, and the positive proposals in *Homes for All*<sup>101</sup> and its homelessness strategy are implemented in rural areas. In part, this will be taken forward by building on the current Rural Housing Enabler scheme<sup>102</sup>. Building on the positive evaluation of this programme, Defra will continue to provide funding that can be used for these posts through the new Rural Social and Communities Programme.

Over the coming year Defra will begin to develop a project that will seek to test and demonstrate how new affordable housing can be built in rural areas that is sensitive to local character and achieve very high standards of eco-efficiency, whilst still being cost effective.

<sup>101</sup> [www.odpm.gov.uk/stellent/groups/odpm\\_about/documents/page/odpm\\_about\\_034295.hcsp](http://www.odpm.gov.uk/stellent/groups/odpm_about/documents/page/odpm_about_034295.hcsp)

<sup>102</sup> The Rural Housing Enabler Scheme provides grants of up to 50 per cent to meet the cost of a Rural Housing Enabler post. The role of the Rural Housing Enabler is to work with rural communities, local planning offices, landowners and registered social landlords to increase the supply of affordable housing in villages.

## European Structural Funds: Objective 1

In 1999, three areas in England were awarded 'Objective 1' status by the European Commission. This designation is given to areas throughout the European Union (EU) whose economic development is lagging behind the EU average in terms of income and employment (the interim is GDP per capita less than 75 per cent of the EU average). The Objective 1 Programme provides additional funds for a wide variety of activities with the aim of moving these regions towards a range of targets. These include raising income per head, encouraging economic diversification, increasing the number of jobs and businesses and boosting wages/incomes. Defra is responsible for managing the Guidance element of the European Agricultural Guidance and Guarantee Fund (EAGGF) in areas awarded Objective 1 status. This is run in parallel to the England Rural Development Programme (ERDP) (which covers the remainder of England).

### *Funding*

The Programme runs from 1 January 2000 to the end of 2006. Each Objective 1 area considers and administers projects in accordance with the local Single Programming Document (SPD). EAGGF funding in the Objective 1 areas covers similar measures to Rural Enterprise Scheme, Vocational Training Scheme and Processing and Marketing Grant Scheme which are available in the rest of England under the ERDP.

At the beginning of the programme £66.5 million was allocated under EAGGF(Guidance) and equivalent match funding provided by Defra, bringing the total funding available to £133 million.

The three English areas which have been designated by the European Commission to receive assistance under Objective 1 are:

- Cornwall and the Isles of Scilly – administered by Government Office South West Plymouth; £96 million was allocated over the period (£48 million EAGGF, £48 million Defra);
- Merseyside administered by Government Office North West Liverpool; £7 million over the period (£3.5 million EAGGF, £3.5 million Defra); and
- South Yorkshire administered by Government Office Yorkshire and Humberside South Yorkshire; £28 million (£14 million EAGGF and £14 million Defra).

### Performance

Each region in 2004 met its targets for the utilisation of European and Defra funds to deliver cost effective and economically sound projects. As at 1 April 2005:

- Government Office for the South West<sup>103</sup> has invested around £42 million in Cornwall and the Isles of Scilly since the start of the programme. They currently have 95 live projects and a further 13 projects under appraisal. Following the mid-term review of the programme, the Commission has approved an expansion of the measures that can be supported;
- Government Office for Yorkshire and Humberside<sup>104</sup> has invested around £11 million in South Yorkshire. The region currently has 13 projects approved, and the funds available for forestry are now fully committed to the end of the programme; and
- Government Office for the North West<sup>105</sup> has invested around £2.4 million in Merseyside. To date the region has approved 23 projects and has 13 projects undergoing appraisal. The Commission has approved the expansion of the programme to support training, as recommended in the mid-term review.

### Looking forward to 2005-06

To date, Defra has made good progress in executing the programmes and expects to build upon this in 2005-06. In 2003 Defra carried out independent mid-term reviews of the programmes which confirmed that they were basically on the right track but recommended some minor changes in some areas to better meet local needs. The Commission has agreed to these. As a consequence:

- the Government for the Office South West has supported strategic investments to start up demonstration projects to encourage new forms of collaborative working and encourage innovation in line with Defra's *Strategy for Sustainable Farming and Food*. They have been able to support the development of novel crops in line with the ERDP. Additionally, a 'Fresh Start' initiative has been launched by the Cornwall Agricultural Council, supported by EAGGF and Defra to help newcomers into the industry and assist those who wish to leave. The scheme will provide a matchmaking and mentoring service, business support and new entrant loan fund; and
- the Government Office for the North West has come into line with the ERDP and is now able to support training for farmers.

<sup>103</sup> <http://www.gosw.gov.uk>

<sup>104</sup> <http://www.goyh.gov.uk/>

<sup>105</sup> <http://www.go-nw.gov.uk/>



### Future Structural Funds 2007-2013

Negotiations on the next round of Structural Funding (covering the period 2007-2013) began in September 2004 and are expected to conclude by the end of 2005. The European Commission has proposed to reorganise Structural Funds around three priorities: Convergence, Regional Competitiveness and Employment and European Territorial Co-operation. New programmes are due to commence on 1 January 2007.

Future programmes have the potential to make a significant contribution to Defra's objectives. Therefore, Defra will be working closely with the Department of Trade and Industry (as lead department) and other Whitehall colleagues throughout the negotiations in order to ensure that the finalised regulations maximise the potential contribution to rural and environmental objectives.

The negotiations are running alongside those on the new European Agricultural Fund for Rural Development. Defra will be seeking to ensure there is coherence between this fund and Structural Funds so as to make the most gains towards Defra's rural objectives.

### Sustainable farming and food including animal health and welfare

Defra's Objective 3 is to promote a sustainable, competitive and safe food supply chain which meets consumers' requirements. Defra's Objective 4 is to promote sustainable, diverse, modern and adaptable farming through domestic and international actions. Defra's Objective 6 is to ensure high standards of animal health and welfare. This section therefore reports in turn on:

- reform of the Common Agricultural Policy;
- progress in delivering Defra's *Strategy for Sustainable Farming and Food*;
- European Union (EU) funding for environmental conservation and rural development;
- steps to protect public health and ensure high standards of animal health and welfare; and
- Defra's work to ensure the sustainable management of fisheries.

### Reform of the Common Agricultural Policy

**Public Service Agreement target 5: ... *secure Common Agricultural Policy reforms that reduce production-linked support, enabling enhanced EU funding for environmental conservation and rural development.***

Major progress has been made and Defra is currently on course to meet this element of the target. For a short overview of progress please see Appendix 4.

The European Union's Common Agricultural Policy (CAP) has traditionally been costly for consumers and taxpayers and damaging for the environment, trade and development. Damage has primarily been caused from subsidies to farmers which have been linked to what and how much they produce, incentivising over production of certain commodities. Trade distortion and damage to developing country markets has also arisen, particularly as a result of the export refunds used to subsidise the sale of EU surpluses and the high import tariffs designed to shield European markets from lower world prices.

By working within the EU to break the link between direct payments and production and by seeking to divert a greater proportion of subsidy away from agricultural support and towards wider rural development and environment schemes, the Government has made significant progress in its aim of achieving better value for the public money spent on the CAP. This is also enhancing the long term sustainability of farming by improving its economic prospects, environmental impacts and social benefits.

Central to the Government's *Strategy for Sustainable Farming and Food* (discussed in detail in the next section) is the need to reconnect farmers to their markets. Decoupling direct payments from production will help achieve this by enabling farmers to give fuller emphasis in their production decisions to public demand rather than what subsidy incentivises. Decoupling also reduces the trade distorting nature of EU subsidy and paves the way for a deal under the World Trade Organisation's current Doha Development Round of trade liberalisation negotiations. An agreement that could bring substantial benefits for developing and developed country economies.

This Public Service Agreement target was set for the period 2003–06 and carries forward previous Public Service Agreement targets which sought to cut the cost of the CAP to consumers and taxpayers.

Since the target was set, two major reforms of the CAP have been agreed within the EU. The agreement of June 2003 achieves the following:

- decoupling of the bulk of EU direct payments from production;
- cross-compliance to make subsidy dependent on farmers meeting environmental, food safety and animal health and welfare standards;
- EU wide compulsory Modulation, diverting a proportion of subsidy towards environmental and rural development schemes;
- financial discipline, putting an upper limit on the CAP budget until 2013; and
- cuts in price support for some commodities.

A further agreement was reached in April 2004 on similar reforms for some of the sectors not covered in 2003. That includes a phasing out of the EU's tobacco subsidy regime, the decoupling of the bulk of subsidy for the cotton, olive oil and hops sectors and the introduction of cross-compliance in those sectors.

In July 2004, the European Commission published its preferred option for reform of the EU sugar support regime. It proposes a cut of around a third in the level of price support for sugar and a further review of the regime in 2008.

The Commission also published in summer 2004 a legislative proposal to reform the EU Rural Development Regulation which governs EU spending on rural environmental and development schemes, (see the section later in this chapter for more details.)

In August 2004, a framework agreement was reached in the World Trade Organisation (WTO) Doha Development round of trade negotiations which put the process back on track following the collapse of the Cancun ministerial conference the previous year. By showing leadership in offering to address its own export refunds, the EU helped secure agreement from others to the complete elimination of all forms of export subsidy.

### *Funding*

Total payments of production linked direct subsidies<sup>106</sup> made to farmers in the United Kingdom, are estimated at £2.35 billion in 2004. Of that, arable farmers received £921 million (excluding payments for set-aside), beef producers received £1 billion and sheep farmers received £309 million. Dairy producers received £108 million through the Dairy Premium and Additional Dairy Premium, introduced in 2004 as part of the CAP reforms, but which was offset by an £8 million milk super levy.

<sup>106</sup> Net of levies.

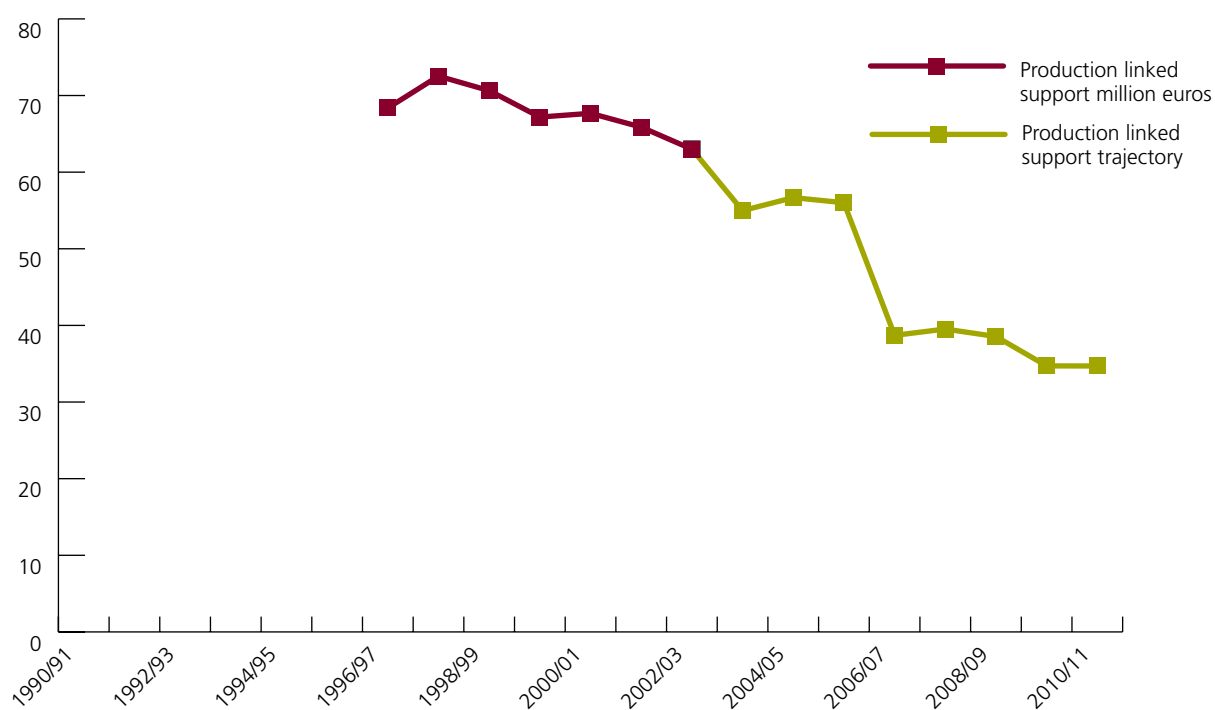
Other payments made through schemes from which farmers may benefit as a consequence of engaging in production totalled £580 million offset by £93 million paid in taxes. Arable farmers received £131 million for land set-aside from production while livestock farmers are estimated to have received £55 million in animal disease compensation. Farmers in Less Favoured Areas received £150 million under the less favoured areas support schemes and farmers taking part in agri-environment schemes received £244 million. This figure includes UK match funding.

Expenditure on production linked CAP market support schemes is forecast to total £348 million in 2004-05. Of this, £154 million is expected to be spent on sugar and starch schemes, £126 million on dairy schemes, £29 million on fruit and vegetable schemes, £25 million on processed goods and the remainder on other schemes.

### Performance

The UK Government played a leading role within the EU to secure the CAP reforms of 2003 and 2004 which contribute substantially to the achievement of this Public Service Agreement target of reducing production linked support. Figure 21 includes actual data up to the 2001-02 marketing year and its projections based on the CAP reforms which have been achieved.

**Figure 21: CAP production-linked support**



The Government is working within the EU to take decoupling even further, focussing first of all on the sugar sector, which is currently the subject of negotiation in the EU, and looking forward to the opportunities which may arise from the outcome of the WTO negotiations, an EU review of the dairy regime in 2008 and a review of decoupling in 2008 or 2009.

The 2003 reforms will also mean that an extra €9 billion will be transferred from the EU's CAP subsidy budget to help fund environmental and rural development schemes over the period to 2013. As part of the current negotiations on the EU's budget for the period 2007 to 2013, the Government is pressing for an even greater proportion of CAP subsidy to be directed to rural development and particularly environmental schemes. (See section later in this chapter for further details.)

The Government's provisional estimates of the cost of the CAP to UK consumers and taxpayers in 2003 is around £9.50 to £10 for a family of four per week. Following the reform agreed at the Brussels European Council in 2002, which sets an annual ceiling on market-related and direct expenditure, the Commission's current budget proposals will limit increases in the budget from €38.54 million in 2004 to €40.65 million by 2013, including accommodating the 2004 enlargement of the EU. That ceiling is likely to mean a real terms decrease in expenditure. The Government would have liked to see a deeper cut in expenditure and is pressing in the context of the EU's current budget negotiations for the accession of Bulgaria and Romania to the EU in 2007 to be accommodated within the current budget ceiling.

The recent CAP reforms will have little impact on the cost of the CAP to consumers. That is governed largely by higher EU commodity prices compared to world market prices as a result of EU import tariffs. However, the negotiations currently underway in the WTO trade round could lead to tariff reductions which would cut EU food prices. The UK Government is pressing for substantial tariff cuts in that context. The EU's CAP reforms and its offer to eliminate all forms of export subsidy help pave the way for a successful outcome to the trade round.

### CAP Reform Implementation

The choices which the Government has made on how to implement the CAP reforms in England, have been based on the achievement of long term sustainability for the farming industry, rural communities and the environment. The Government has opted for the fullest level of decoupling possible, to introduce the changes at the earliest opportunity, and to adopt a subsidy system based on area farmed rather than past production patterns. Significant progress has been made on implementing the reforms and the new Single Payment Scheme (SPS) came into effect at the beginning of 2005.

The Rural Payments Agency (RPA) has been developing the IT systems to enable the processing of single payments. Significant elements of this have already been delivered, including the Rural Land Register which will hold digitised maps of all the land parcels declared by farmers who join the scheme (to meet EC requirements for a digital database) and a new single Customer Register, bringing together the pre-existing Intervention Board (Trader Registration) and Ministry of Agriculture, Fisheries and Food registration systems.

The closing date for the RPA to receive completed application forms for the first year of the scheme's operation was 16 May 2005, with late applications being accepted (subject to late submission penalties) up to 10 June. Having issued approximately 97,500 pre-populated application forms to existing customers and supplied blank forms on demand to new applicants/farmers and their agents, the RPA had, at the time of drafting, received back 125,000 completed forms from customers, suggesting a high degree of success in ensuring that all farmers who wished to make an application to the scheme were able to do so.

The system to process and validate applications and to make payments is being tested and deployed in a series of releases throughout 2005, in line with best practice guidance from the Office of Government Commerce. The window for making the new single payments set out in the European Commission regulations runs from 1 December 2005 to 30 June 2006 and the Government's objective is to make as many of these as early as practicable. The RPA estimate that the most probable date for payments to start is February 2006.

In July 2004, the Government announced an overview of the cross compliance standards which farmers must meet in order to qualify for subsidy. Full details of the standards were given in the *Cross Compliance Handbook for England*, which was published in November 2004. The standards include three main elements:

- a requirement to maintain the national level of permanent pasture. This is unlikely to mean any mandatory action for farmers for the time being;

- Statutory Management Requirements (SMRs) – a number of existing EC directives and regulations for which farmers must meet specified articles as transposed into English law. 9 SMRs apply from 2005 onwards, with 7 more from 2006 and a final 3 from 2007; and
- a requirement to maintain land in good agricultural and environmental condition (GAEC). Specific GAEC standards have been decided for England based on a framework set by the Commission. Many of these simply reinforce existing legislation (for example, on SSSIs), and a few are new specifically for the purposes of cross compliance. All represent good farming practice, and many farmers will not have to make any changes in order to be compliant.

Throughout the implementation process the Government has consulted extensively with a wide range of interest groups and provided information to farmers through a number of routes, including the Defra and RPA websites, regular meetings with representatives of the industry and non-government organisations, news releases, letters and brochures.

RPA, working with Defra, undertook a major campaign to introduce the SPS to the industry by:

- running 32 road shows across England attended by around 8,500 farmers;
- distributing over 12,000 videos, CD-Roms and DVDs with key excerpts of the road shows introducing and explaining the SPS;
- running a sustained media advertising campaign to existing customers and potential new applicants; and
- distributing specimen forms to enable applicants to prepare the information required to apply for the scheme in advance of receiving the application form.

### *Measuring Performance*

Defra is commissioning a suite of research to monitor the impacts of the CAP reforms and to inform and help make the case for further reform. This includes a monitoring observatory which is being set up in 2005 to provide early warning of changes to farming practices arising from the CAP reforms and the impacts on the environment. The Department is also undertaking research on the consequences of world trade liberalisation which will cover a range of effects including those related to prices and production of agricultural products, the environment, and the implications for producers, consumers and taxpayers in the EU and in less developed countries.



The indicator and projections of production linked support used to measure progress on this target is derived from the definitions articulated in the Uruguay Round Agreement on Agriculture which classified agricultural support into Amber, Blue and Green Boxes, with Amber the most and Green the least distorting<sup>107</sup>. The indicator is the sum of Amber and Blue Box notified by the EU to the WTO. The estimates include both market price support and production-linked direct payments. The former are calculated by multiplying the volume of production by the difference between the domestic support price and an historic world price: the latter are calculated by summing expenditures on direct payment budget lines which are deemed to fall under the Amber and Blue Boxes.

The measure for the Government's Public Service Agreement 5 target will be widened to include the other two dimensions of WTO support classification: expenditure on export refunds and a measure of the level of tariffs facing EU agricultural imports.

### *Factors affecting performance*

The achievement of reform of an EU wide policy such as the CAP is, of course, dependent on a number of factors which are outside the direct control of Defra or the UK Government. By setting ourselves this target, however, the Department ensures that resources and effort are directed towards strategies for achieving Defra's goal.

Key to Defra's success is the effectiveness of its arguments and influence upon the European Commission and other EU Member States. Defra makes its case by identifying and creating opportunities for taking forward the reform agenda and by engaging with its EU partners at Ministerial and official level across the spectrum of Government. Defra also consult, inform and encourage its stakeholders to use their influence.

The timetable for implementing the June 2003 reforms has been challenging. Defra and the Rural Payments Agency (RPA) – which is delivering a number of the operational elements including the IT system for processing the single payments – have put a single programme management and governance structure in place.

Defra has also been working closely with the Environment Agency, farming industry and other stakeholders and with the administrations in Scotland, Wales and Northern Ireland to ensure that the UK as a whole implements the reforms on time. The Department has also developed contingency plans with the devolved administrations in the event that current plans are unable to deliver the reforms.

### *Looking forward to 2005-06*

The European Commission is expected to publish its legislative proposal for sugar reform on 22 June. The UK will use its Presidency of the EU in the second half of the year to try to reach agreement on reform ahead of the WTO Ministerial meeting in Hong Kong in December. In the meantime, Defra is working with the Department for International

<sup>107</sup> For a description see: [www.wto.org/english/tratop\\_e/agric\\_e/agboxes\\_e.htm](http://www.wto.org/english/tratop_e/agric_e/agboxes_e.htm)

Development to support the European Commission in producing its promised action plan to address the potential negative impacts of EU reform on those developing countries which currently have preferential access to the EU market.

Defra will be working closely with Department of Trade and Industry, Department for International Development, the Foreign and Commonwealth Office and HM Treasury to prepare the ground for significant progress to be made in the Doha Development Round at the WTO ministerial meeting in Hong Kong in December. Defra will be engaging within the EU to help pave the way for a liberalising outcome. Good progress has already been made on agriculture, but there are still difficult hurdles to overcome. Defra hope an ambitious outcome will be achieved at Hong Kong, focusing in particular on the detailed rules for liberalising world trade. Defra look forward to the WTO's spring stock take for a clearer idea of the prospects.

Defra will also continue negotiating this year for improvements to the EU's Rural Development Regulation, which is addressed in more detail later in this chapter. During 2005 reports are also expected from the European Commission on the CAP regimes for fresh and processed fruit and vegetables, bananas and fibre crops (flax and hemp). Defra shall press for reform of these regimes as proposals are presented.

### Sustainable farming and food

**Public Service Agreement target 5: *Deliver more customer focused, competitive and sustainable farming and food as measured by the increase in agriculture's gross value added per person excluding support payments.***

Defra is currently on course to meet this element of the target. For a short overview of progress please see Appendix 4.

The Government's *Strategy for Sustainable Farming and Food: Facing the Future*, sets out how industry, government and consumers can work together to secure a profitable and internationally competitive future for its farming and food industries, while contributing to a better environment, improving nutrition and public health and encouraging prosperous communities.

The strategy is the principal means of delivering Defra's Public Service Agreement target 5. It also contributes to the delivery of several other Public Service Agreement targets within Defra and other government departments. These include a significant influence on the delivery of Defra's Public Service Agreement targets 1 and 9, supporting the promotion of sustainable development and improved animal health and welfare. It will also have an impact on Defra's Public Service Agreement targets 2, 3 and 4 and on delivery of Public Service Agreement targets within the Department of Health through the Food and Health Action Plan.

### Funding for the Strategy

The Government announced as part of the 2002 Spending Review, that £500 million would be made available to implement the *Strategy for Sustainable Farming and Food*, in addition to existing spending by Defra and other government departments which is being used to deliver aspects of the Strategy.

This sum covers a number of major aspects of the strategy. These include the new agri-environment scheme, Environmental Stewardship (Entry Level and Higher Level), and the IT system to underpin all the England Rural Development Programme (ERDP) schemes; improvements in livestock traceability and other major animal health and welfare measures; and new food chain initiatives such as the Food Chain Centre and English Farming and Food Partnerships.

The cost breakdown is shown in Figure 22, which also includes areas where additional funding was provided by Defra for Strategy measures in 2002-03 and continued in later years.

Funding for grant schemes, the new environmental stewardship schemes, and the development of the whole farm approach and livestock identification schemes will continue through 2006-08. It is not possible at present to give more detailed figures because business areas have not completed all their business planning decisions beyond 2005-06 to allow accurate figures for these areas to be determined.

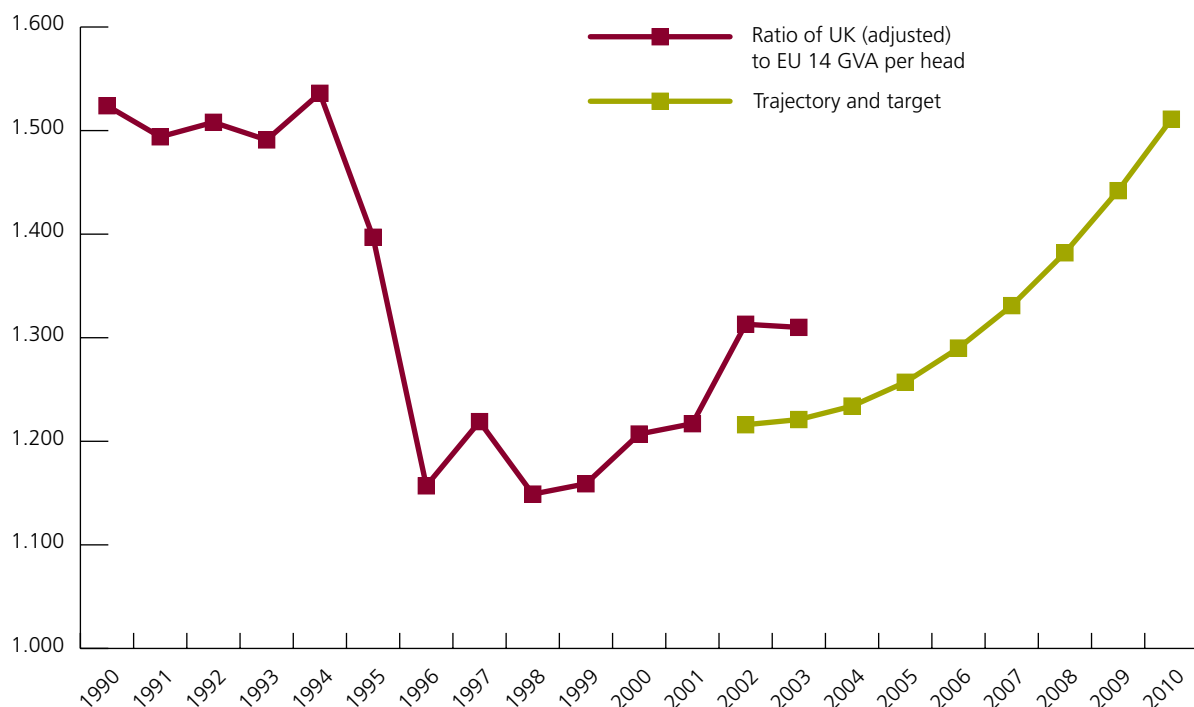
**Figure 22: Funding for sustainable farming and food**

Funding area	2004-05 (£ millions)	2005-06 (£ millions)
Additional money to be made available via grant schemes	11.0	11.0
Investment into research and new technology	1.8	1.8
Development and implementation of new agri-environment and rural development schemes, including IT development costs	54.0	151.0
Development and implementation of new Whole Farm Approach to reduce bureaucracy and burden on farmers	6.1	6.1
IT systems to support livestock identification and tracing	48.0	68.0
Investment to reduce the likelihood and impact of an animal disease outbreak	45.0	45.0

### Performance

The Public Service Agreement target compares the gross value added per person of UK agriculture (adjusted to remove the effects of the exchange rate) with that of the 14 other EU member states (before the 2004 accessions). The chart below shows this, using the ratio UK: EU 14. In 2003, the ratio was 1.31, showing that UK gross value added was 31 per cent above the average for the EU14. This was down marginally on 2002 but an increase of 0.09 or 8 per cent over 2001.

**Figure 23: Gross Valued Added per person UK compared with EU**



However, the objectives of the *Strategy for Sustainable Farming and Food* range much more widely than enhancing economic performance. They are founded on the three pillars of sustainability and take an holistic approach encompassing environmental and social sustainability as well as economic development.

### Strategy Headline Indicators

The indicators are:

- productivity of farming: Gross Value Added per person compared to rest of EU;
- labour productivity of the food chain beyond farm gate;
- cost of trade-distorting support;
- river water quality: Nitrogen and phosphorus levels from agriculture in rivers;
- greenhouse gas emissions from farming and the food chain;
- soil organic matter content in agricultural topsoils;
- favourable condition of SSSIs;
- farmland birds index;
- fruit and vegetable consumption;
- animal health and welfare; and
- gap in productivity in rural areas.

With the exception of the animal health and welfare indicator, all of the Strategy's headline indicators have been developed and agreed, have targets and trajectories set and are ready for publication. By July 2005 the animal health and welfare indicator will be finalised, after being selected from the set of indicators developed to monitor progress of the *Animal Health and Welfare Strategy*. Indicator results are already published where they are parts of Defra's other Public Service Agreement targets (i.e. gross value added per person, cost of production-linked support, populations of farmland birds, and rural productivity). Other indicators are incorporated in broader Public Service Agreement targets (for example, greenhouse gas emissions and the condition of Sites of Special Scientific interest).

During 2004, key achievements include:

- significant progress on implementation of Common Agricultural Policy reform;
- proposals for the new Environmental Stewardship Scheme approved by the European Commission;

- ten year *Animal Health and Welfare Strategy*, and Implementation Plan for England launched;
- Phase 2 of the Whole Farm Appraisal pilot completed, with the online Appraisal ready to be piloted in 2005-06; and
- consultation on measures to combat diffuse water pollution from agriculture and announcement on proposed way forward.

### The Whole Farm Approach

The Whole Farm Approach is a key aspect in the implementation of the *Strategy for Sustainable Farming and Food*, and a vital part of the customer focus being developed in Defra's *Five Year Strategy*.

The Approach will provide an integrated electronic channel of communication that will transform Government's interactions with farmers and support the farming industry across the entire range of its activities. Defra will ensure that the solution is designed to be accessible to the widest audience through the most appropriate channels possible.

Defra's key partners and stakeholders are playing a vital role in the development of the Approach, and together the Department aims to create a single set of essential core data on farms and farming activity. Furthermore, by sharing that data Defra will:

- reduce bureaucracy and duplication of requests for information;
- rationalise and target inspections based on risk, providing benefits to both farmers and regulators;
- provide an evidence base for the streamlining of regulation;
- enable farmers to recognise where there is a regulatory requirement and to plan for compliance; and
- provide targeted advice to individual farmers.

Phased delivery of the Approach will begin with the roll out of an electronic self-appraisal in autumn 2005. This will provide farmers with a first opportunity to check data already held and to carry out a self-assessment of relevant on-farm practices and their impacts. Transactions can also be conducted, including the ability to submit statistical returns and register for exemptions from farm waste licensing requirements. The Department is working towards permitting claims under the Single Payment Scheme from the 2006 scheme year. Defra's vision is that the Approach will develop over time to provide a channel to access the full range of Defra services. This will include the Farm Advisory System that will be in place by 1 January 2007.

The **Farm Business Advice Service** (FBAS), which had been due to end in March 2004, was extended for one year to March 2005. FBAS was launched in October 2000 as a time-limited scheme providing three days of free business advice to farmers to help them improve the performance of their business. Since its launch, the Department has invested almost £28 million in the service, and it has helped around 15,000 farmers.

**Food Chain Initiatives.** Defra continued to support various food chain initiatives as part of the Government's *Strategy for Sustainable Farming and Food*. In May 2004 Defra announced a £2.5 million five year grant to English Farming and Food Partnerships (EFFP) to help it take forward its remit to encourage and support collaboration and co-operation between farmers and the rest of the food chain. Both EFFP and the Food Chain Centre, which was set up to identify efficiencies within the food chain and to promote best practice, successfully applied for grants under the Agriculture Development Scheme to undertake specific projects in support of their objectives.

The Department continued to commit its resources to help the Red Meat Industry Forum signpost solutions to improve the competitiveness of all the players in red meat supply chains. Encouragingly, industry showed signs of reacting to the stimulus of the Forum through the increasing adoption of business improvement tools and techniques.

Under the Agriculture Development Scheme overall, Defra awarded grants on a selective basis totalling £4.6 million for projects to support delivery of the *Sustainable Farming and Food Strategy*.

The Department granted over £5 million of support through Food From Britain for the promotion of exports of food and drink produced in the UK. The work of Food from Britain is described in Appendix 6.

Defra also provided over £1 million to Food From Britain to support the quality regional food sector and Defra continued to support the promotion of agricultural exports by the International Agriculture and Technology Centre which is jointly funded by Defra, UK Trade and Investment and Advantage West Midlands and the Royal Agricultural Society of England.

**Non-Food Crops.** Defra published with the Department of Trade and Industry a strategy on non-food crops, to promote and enhance the contribution which these crops can make to sustainable farming and to wider objectives including reducing greenhouse gas emissions. The National Non-Food Crops Centre successfully completed its first year of operation as a focus of expertise for building non-food supply chains. Defra launched a Bioenergy Infrastructure Scheme to stimulate supply of biomass for energy. Defra worked with other departments on the Energy Act 2004 which among other things provides the framework for the potential introduction of a renewable transport fuel obligation. The Government established a taskforce headed by Sir Ben Gill to assist government and industry in optimising the contribution of biomass energy to renewable energy targets and to sustainable farming and forestry and rural economy objectives.



On **organic food and farming**, a *Two Years On* report<sup>108</sup> was published reporting on progress with the *Organic Action Plan for England*. Good progress is being made towards the target of sourcing at least 70 per cent of UK organic supply from UK producers by 2010. An *EU Organic Action Plan* was adopted, to improve co-operation across the EU on building the organic market and enhancing the contribution of organic farming to environmental objectives. The Organic Farming Scheme, which provides aid for organic conversion and ongoing payments, was subsumed in the new Environmental Stewardship Scheme, with an aid rate double that available to other farmers in recognition of the additional environmental benefit of organic farming.

In order to secure a sustainable future for farming in England, the Government has worked closely with the farming industry and other stakeholders to pull together a package of measures to help new entrants into farming entitled 'Fresh Start'. Launched in December 2004, the five key elements of the initiative include; signposting sources of help and support to new entrants; the development of a mentoring scheme; promotion of farming as an attractive career option; development of a 'matching service' that will link potential new entrants to those wishing to leave the industry; and measures to stimulate existing farmers to think about how they might respond to CAP reform, as their choices may create opportunities for new people to come into the industry.

Since 2002, the Government has also been developing the Environmental Stewardship. This was launched in March 2005 in close co-operation with environmental and land management interests. The scheme will build on and extend the achievements of the existing agri-environment schemes, Countryside Stewardship and the Environmentally Sensitive Areas. It has three elements:

- Entry Level Stewardship – a whole farm scheme open to all conventional farmers and intended to raise the standard of environmental management across the majority of farmed land;
- Organic Entry Level Stewardship – the equivalent of the Entry Level Scheme designed specifically to fit with organic farming systems. This element also offers financial assistance for conversion to organic farming; and
- Higher Level Stewardship – a discretionary scheme intended to deliver significant environmental benefits in high priority situations. This element will be used where the management required is complex, where it needs to be tailored to local conditions, and where land managers need advice and support.

<sup>108</sup> [www.defra.gov.uk/farm/organic/actionplan/index.htm](http://www.defra.gov.uk/farm/organic/actionplan/index.htm)

### Plant Varieties and Seeds

Defra provides three important services to plant breeders and the seeds industry:

- Plant Breeders Rights (like a patent for new plant varieties);
- National Listing (EU driven requirements for new varieties); and
- Seed Certification (EU system to assure seed quality).

During 2004-05 Defra successfully started implementation of new variety testing systems, featuring collaboration with industry, much reduced overall costs and greater efficiency. Defra also introduced an on-line system for seed certification users and completed a major tender exercise for provision of technical services relating to variety testing and seed quality assurance.

In 2005-06, Defra will extend implementation of redesigned services for varieties and seeds. Following a customer survey in 2004 Defra will also implement a delivery improvement plan. On the policy front the Department will be pursuing initiatives to reduce regulation as well as accommodating environmental objectives.

### Genetically modified organisms

Defra has established a firm policy on genetically modified food and crops following a comprehensive public dialogue on genetically modified (GM) issues. Having weighed up all the evidence the only sensible approach is to assess each GM crop on an individual case-by-case basis. The public debate organised by an independent steering board explored scientific, economic, social and ethical issues; and was backed up by a thorough review of the science of genetic modification by a panel of independent experts and a study of the possible costs and benefits. In October 2003 the results of the extensive programme of farm-scale evaluations of three GM crops were published, showing how the management of GM crops on the farm would affect wildlife. This taken together with the detailed examination of the safety for human health and the environment of all proposed new GM foods and crops required under European legislation underpins decision making. As the Secretary of State said in her announcement on 9 March 2004, each proposal for a new GM crop will be assessed individually and only given approval for cultivation and/or use as food if the stringent safety criteria for human health and environmental impact are met. The interests of consumers and farmers are guaranteed through strict requirements for labelling and tracing GM products through the food supply chain.

### *Looking forward to 2005-06*

Ministers announced in December 2004 that farmers would be able to call on free dedicated business advice for at least a further 18 months after the Farm Business Advice Service comes to an end in March 2005. A specialist advisory service will continue, funded by Defra, in order to help farmers to consider the business implications of the new Single Payment Scheme. Defra is consulting farmers, the Regional Development Agencies (RDAs) and others about how to deliver the best possible service for farmers in the medium and long term. It is Defra's intention that, within the next two years, business advice for farmers will be part of the mainstream support services for small businesses delivered by the RDAs.

**Food Chain Initiatives.** During 2005-06, Defra will continue to support initiatives which aim to improve the efficiency of the food chain and contribute to the spread of best practice. The Agriculture Development Scheme will continue to be open to new projects designed to achieve a sector-wide impact in terms of helping the industry adapt, with an increased budget of £5.7 million.

In line with its *Regional Food Strategy*, Defra will continue to support producers of quality regional food and drink through a programme of activities aimed at creating trade development opportunities, raising consumer awareness and improving business competitiveness.

On exports, Defra will continue to provide funding to the International Agriculture and Technology Centre and to Food From Britain to promote agricultural, and food and drink exports respectively.

The food industry beyond the farm gate makes a major contribution to the UK economy and provides over 3 million jobs. It also has significant social and environmental impacts. Defra is therefore working with industry and other stakeholders to develop a *Food Industry Sustainability Strategy* for the food and drink manufacturing, wholesaling, retailing and service sectors.

The strategy will address the industry's economic, social and environmental priorities. It will include among other things targets for improving energy and water use and reducing waste; and ways of improving industry engagement with Government best practice programmes, such as Envirowise, the Carbon Trust and the Waste and Resources Action Programme to raise performance. It will be published for public consultation later this year.

**Non-Food Crops.** The Government will implement a programme to deliver the actions set out in the *Non-Food Crops Strategy*. Further decisions are expected to be taken on support for biofuels for transport and measures to stimulate bioenergy, following a feasibility study on the possible introduction of a renewable transport fuel obligation and the conclusions of the biomass taskforce due in autumn 2005.

EU proposals are expected on amending the organic food and farming regulation, where the Government will be seeking simplification of control where this is consistent with maintaining consumer confidence. The Government will implement the decision taken in 2004 to extend a national derogation allowing existing standards for organic poultry to be maintained, to avoid disadvantaging UK producers against competitors elsewhere in the EU.

**Agricultural Gangmasters.** One of the themes of the Government's *Strategy for Sustainable Farming and Food* is the provision of a safe working environment, free from exploitation for those who work in the industry. Labour providers help meet the demand for a flexible workforce for the agriculture, food packaging and food processing industries. However, there has been evidence of increasing abuses of workers and the law by some labour providers (sometimes known as 'gangmasters'). This has involved exploitation of temporary workers through abuse of minimum wage and health and safety legislation, as well as tax and benefit fraud and other forms of non-compliance.

Seeking to counter these problems, Defra Ministers supported the Gangmasters (Licensing) Bill through Parliament, a Private Members Bill sponsored by Jim Sheridan MP, which enjoyed cross-industry and cross-party support. The Bill received Royal Assent in July. The Act establishes:

- a Gangmasters Licensing Authority to operate a licensing scheme, set licensing conditions and maintain a register of licensed gangmasters operating in the agriculture, shellfish gathering and associated processing and packaging sectors; and
- new offences – with a maximum penalty of ten years in prison – including operating as a gangmaster without a licence, engaging the services of an unlicensed gangmaster and using false documentation.

The requirement for labour providers to be licensed will be rolled out during 2005-06. Ultimately, it means that everyone in the food supply chain will be able to distinguish between legal and illegal operators. Following the successful passage through Parliament of the underpinning secondary legislation, the Gangmasters Licensing Authority was set up in April 2005.

Defra has also been working to prepare the food supply chain for the new licensing system. The Department has worked closely with the broad range of stakeholders brought together by the Ethical Trading Initiative (ETI) in the preparation of its Code of Practice for Labour Providers in the fresh produce sector. The Code was launched in November 2004 and sets voluntary best practice standards that will help ensure labour provider businesses can operate within the law. The experience gained in operating and applying the new Code of Practice will be used by the Gangmasters Licensing Authority to inform decisions on the development of the licensing scheme and licensing conditions.

**Tenant farmers.** Tenant farmers have long been an integral part of the UK agriculture industry and the social fabric of rural communities. The tenanted sector makes an important contribution by allowing people to farm without the capital needed to buy land, providing opportunities for new and younger entrants into the industry, and offering flexibility to both landowners and tenants to let or rent land according to individual needs.

As part of the *Strategy for Sustainable Farming and Food*, Defra is committed to ensuring a viable and prosperous future for the tenanted sector. To do this the Department has taken steps to ensure that tenant farmers are able to adapt to and take advantage of the changing circumstances in agriculture. Defra is taking forward all of the recommendations of the Tenancy Reform Industry Group for amendment to the Agricultural Holdings Act 1986 and Agricultural Tenancies Act 1995 through a Regulatory Reform Order which Defra anticipates will enter into force at the end of 2005 or early 2006.

In co-operation with the Tenancy Reform Industry Group, the Government has also published a Code of Good Practice on agri-environment schemes and diversification within agricultural tenancies. The Code aims to increase tenant farmer participation in agri-environment schemes and diversified activities by providing a framework for agreements between landlords and tenants. The Department is backing up the Code by providing funding for an adjudication scheme to consider cases where landlords and tenants have been unable to reach agreement.

Defra has made it clear that CAP reform should not be allowed to distort the balance of advantage either in favour of landlords or tenants. Many tenant farmers are particularly concerned about what will happen to allocations of Single Payment entitlement at the end of tenancy. The Department has thus worked with the Tenancy Reform Industry Group to assist their publication of a guidance note for landlords and tenants. Defra will monitor closely the impact of CAP reform on landlord/tenant relationships.

**Farm Regulation and Charging Strategy.** Defra is committed to improving farm regulation, and will publish a new farm regulation strategy in November 2005. It is gathering a body of evidence from policy makers, regulatory bodies and farmers on the performance of farm regulation, and will be working with stakeholders to agree priorities for reducing bureaucracy and improving the effectiveness and efficiency of farm regulation. The strategy will take account of the findings of the Hampton Review team on streamlining enforcement and inspection, and set out how they will be applied to farming. It will also set in context the Whole Farm Approach, and how farmers will be offered a more integrated, efficient approach to the delivery of regulation and advice, reducing burdens from form filling and overlapping inspections.

The Department is also developing tools and techniques to provide it with a better understanding of the cumulative burden of planned Defra regulation on farmers, and to engage the sector earlier and more effectively in the development of these proposals.

### *Factors affecting performance*

The strategic outcomes set out in the *Strategy for Sustainable Farming and Food* as measured by progress against a range of headline indicators, will be the ultimate recognition of success in the long term. In the shorter term, success will be measured against achievement of delivery indicators which underpin the strategic outcomes in the *Strategy for Sustainable Farming and Food*.

The degree of challenge is high. It requires a major shift in culture, behaviour and performance throughout a complex delivery chain (including other government departments, the Government Offices in the Regions and the Regional Development Agencies, and the food and farming industries) and in consumer behaviour. Delivery of the outcomes at regional level will be a vital element and effective co-ordination and communications between regions and the centre will be essential. Implementation of CAP reform – itself a major challenge – will be a vital step in removing the distorting effects of production-linked subsidies and providing a clearer focus on environmental requirements. Other challenges ahead include roll-out of the new Environmental Stewardship Schemes and Whole Farm Appraisal and the impact of the Modernising Rural Delivery Programme on the delivery landscape.

Effective communications with stakeholders, particularly in the farming sector, is essential to raise awareness of Strategy initiatives and achieve behavioural change. Work is in hand to communicate a simple and consistent core message (a 'reconnection' vision) emphasising that change is essential in many areas, and this will be tailored to particular stakeholder groups, but there is still much detail to communicate in the individual workstreams.

### **European Union funding for environmental conservation and rural development**

The England Rural Development Programme (ERDP) is a seven-year, £1.6 billion programme, jointly financed by Exchequer and European money, which was launched in October 2000. The ERDP provides the framework for implementing, in England, the EU Rural Development Regulation and also contributes to the delivery of the Government's *Strategy for Sustainable Farming and Food* by helping farmers and foresters to respond better to consumer requirements and become more competitive, diverse, flexible and environmentally responsible. It also provides help to rural businesses and communities which need to adapt and develop.

### *Funding*

Current financial projections suggest that the final outturn for the ERDP schemes in financial year 2004-05 will be in the region of £291 million. Figure 24 shows the spend contribution of each ERDP scheme to this projection for the Programme as a whole. In addition to those schemes shown, a further £22 million will be spent in 2004-05 under the Woodland Grant Scheme which comes under the umbrella of the ERDP but is administered by the Forestry Commission (see Chapter 5).

**Figure 24: England Rural Development Programme Scheme – projected financial outturn 2004-05**

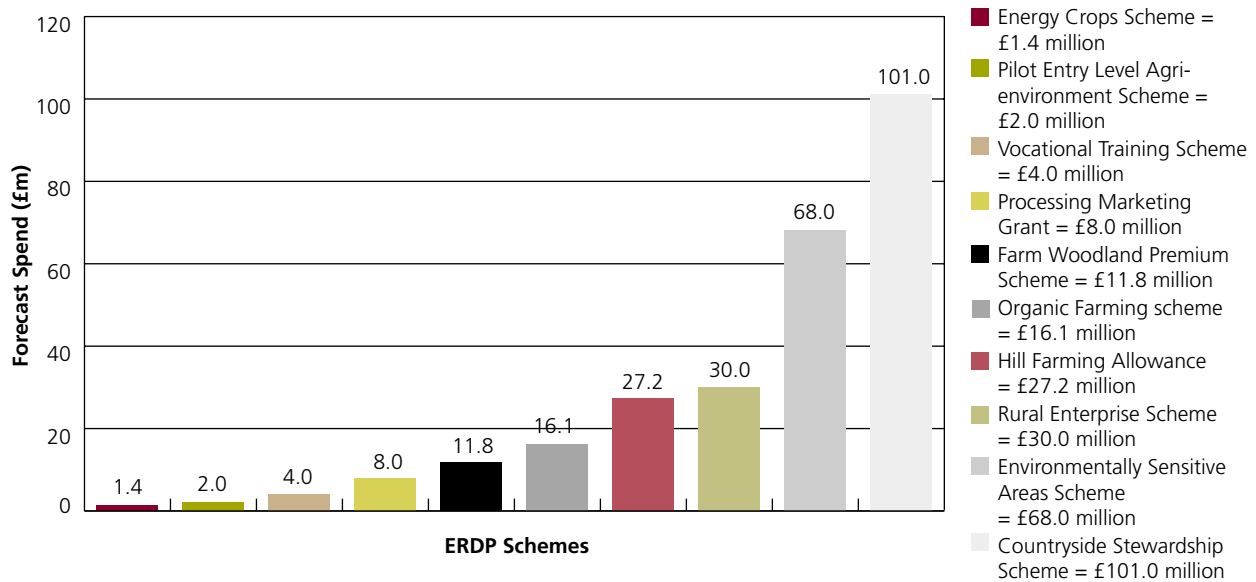
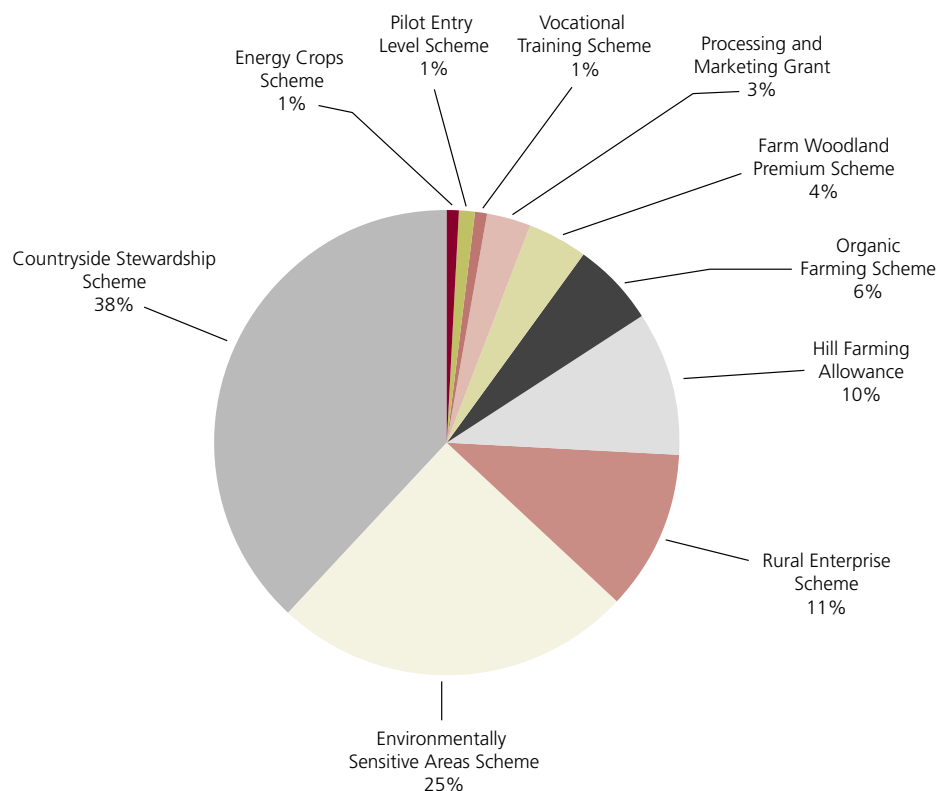


Figure 25 shows the similar information but on the basis of the percentage contribution of each ERDP scheme to overall Programme expenditure.

**Figure 25: England Rural Development Programme Scheme – projected financial outturn 2004-05 (percentage contribution)**





The lion's share of ERDP expenditure remains under the two principal agri-environment schemes: the Countryside Stewardship Scheme and the Environmentally Sensitive Areas scheme; with a combined forecast outturn of £169 million for financial year 2004-05.

Expenditure under the three project-based schemes, (Processing and Marketing Grant, Rural Enterprise Scheme, Vocational Training Scheme), is expected to reach £48 million for financial year 2004-05, an increase of over £14 million since the previous year. The actual impact of these schemes, which all aim to improve the productivity and sustainability of the rural economy, is considerably greater than £48 million as projects are funded by a combination of public and private money. It is made clear in each regional targeting statement for the schemes that projects from lagging areas will be given priority for funding.

Further to the recommendations made in Defra's *Rural Strategy 2004*, Regional Development Agencies (RDAs) have been invited to play a greater role in the delivery of the ERDP rural economy schemes under the current Programme. Representatives of the RDAs now sit as voting members on Regional Appraisal Panels, the decision making bodies responsible for determining which ERDP rural economy scheme applications will receive grant support. RDAs will also have a significantly enhanced role in developing the next round of regional targeting statements for these schemes.

### Performance

The England Rural Development Programme (ERDP) is now into its sixth year and substantial progress continues to be made towards realising the ambitious social, environmental and economic outcomes originally envisaged. Performance against ERDP targets is measured by using a series of priority level indicator targets set out in Section 7 of the ERDP programming document approved by the European Commission in October 2000<sup>109</sup>.

During the period October 2000 to March 2004 over £640 million has been pumped into farming, the rural economy and rural communities under the Programme, helping to deliver real benefits for real people. Current provisional outturn for financial year 2004-05 indicates that a further £269 million has been spent under the Programme, bringing total expenditure since October 2000 to £909 million. For example:

- over 12,000 jobs have been created or sustained as a result of Rural Enterprise Scheme projects and Processing and Marketing Grants;
- over 1,500 farmers have received payments helping them to convert to organic production methods which enables them to exploit new market opportunities and farm in a more environmentally responsible way;
- currently, there are over 30,000 agri-environment scheme agreements where farmers and land managers receive an additional income source in return for delivering environmental benefits on their land;

<sup>109</sup> The report can be found at: <http://www.defra.gov.uk/erdp/docs/national/default.htm>. The latest report showing progress towards meeting these targets is available at: [http://www.defra.gov.uk/erdp/docs/ann\\_rep.htm](http://www.defra.gov.uk/erdp/docs/ann_rep.htm)

- over 85 collaborative marketing ventures have been supported under the Processing and Marketing Grant, encouraging farmers to link up with each other in order to market their produce, thus reducing overheads and maximising profitability;
- the Vocational Training Scheme has funded over 90,000 training days for farmers and foresters, helping them to improve their occupational competence and learn new skills;
- the Rural Enterprise Scheme has supported over 170 village initiatives which, among other things, have helped to promote access to historical features and landscapes and support the renovation of historic village buildings;
- funding support for over 100 projects aimed at providing basic services for rural communities such as: minibuses, voluntary carers or 'out of school' childcare schemes, information and communication technology links and other types of infrastructure for dispersed rural communities; and
- each year since 2001, at least 9,500 farmers in upland areas have benefited from Hill Farm Allowance payments in recognition of their role in maintaining upland habitats and the social fabric of upland communities.

### *Looking forward to 2005-06*

Considerable progress has been made in designing, piloting and developing a new agri-environment scheme called Environmental Stewardship, which has become part of the ERDP and was launched by the Secretary of State on 3 March 2005. The first applications for funding under the scheme were well received in April and May 2005 and work will begin on signed agreements in summer 2005.

Environmental Stewardship provides funding to farmers and other land managers in England who deliver effective environmental management on their land. The scheme is intended to build on the recognised success of the Environmentally Sensitive Areas scheme and the Countryside Stewardship Scheme, and was launched in March 2005. Further information is available earlier in this chapter or visit the Defra website<sup>110</sup>.

Preparatory work has continued in advance of the introduction of the new English Woodland Grant Scheme (EWGS) which replaced the Woodland Grant Scheme (WGS) and the Farm Woodland Premium Scheme (FWPS) and will be launched in July 2005. The EWGS will provide a broad menu of options in support of investment to improve the economic, ecological and social value of forests. It is expected that this will lead to more effective targeting of public support and more sustainable management of forests and woodlands in England. The capacity to vary regional payment rates for both the creation and management of woodland will also allow public funds to be targeted more effectively, in accordance with regional priorities. Further information about the EWGS can be found on the Forestry Commission website<sup>111</sup> and in Chapter 5.

<sup>110</sup> <http://www.defra.gov.uk/erdp/schemes/es/default.htm>

<sup>111</sup> <http://www.forestry.gov.uk/forestry/infd-5ztlj9>

### Draft New Rural Development Regulation

In July 2004, the draft Council Regulation on support for Rural Development from the European Agricultural Fund for Rural Development (EAFRD) was released by the Commission as part of the package for the next EU financial perspective (2007-13). From 1 January 2007 it will replace the current EU Rural Development Regulation, which is implemented in England through the England Rural Development Programme.

The measures available under the draft new rural development regulation aim to:

- improve the competitiveness of the agricultural and forestry sectors through support for restructuring;
- enhance the environment and countryside through support for land management; and
- enhance the quality of life in rural areas and promote diversification of economic activities.

Negotiations on the Rural Development Regulation began in September 2004 and are on going. The UK has been pushing for:

- an increase in the UK's allocation of rural development funding through a fair and transparent allocation based on need;
- greater flexibility and simplicity in the regulation;
- additional modulation between Pillar I and II;
- a greater emphasis on delivering public benefits and achieving wider EU environmental objectives; and
- no overall increase in public expenditure in the EU.

Following the first round of negotiations a revised text was released in January 2005 and some progress had been made though several crucial areas, such as funding allocations, remain unresolved. The proposed EU Strategy on Rural Development will also be an important area of negotiations in the coming months. This strategy will set the direction which Member States must follow in the design of their programmes, and will be important in influencing the contribution rural development funding makes to wider environmental and economic objectives.

The negotiations on the Rural Development Regulation will continue during 2005-06. It is important that there is sufficient financial and operational flexibility under the regulation to allow the rural development needs of the UK to be met and to allow the successor to the England Rural Development Programme to reflect the *Rural Strategy*.

At the EU level the appropriate contribution needs to be made to achieving wider environmental and economic objectives and the EU rural development strategy will play a role in ensuring this.

### Safeguarding and improving the health and welfare of animals and protecting society from the effects of animal disease

#### *The Animal Health and Welfare Strategy for Great Britain*

The *Animal Health and Welfare Strategy* for Great Britain was issued on 24 June 2004. The strategy is a response to the widely shared view that the current animal health picture is neither adequate nor sustainable. It provides a framework for a lasting and continuous improvement in the health and welfare of kept animals while protecting society, the economy and the environment from the effect of animal diseases. The Strategy's key theme is working in partnership, and it establishes the roles and responsibilities not just of Government, but of all parties with an interest in animal health and welfare. An Implementation Plan for England was also published and shows how the principles of the Strategy are being put into practice. It describes some of the on-going initiatives and projects that are delivering real improvements in animal health and welfare. It also provides an overview of Government intervention in animal health, setting the context of this work and describing what Defra want to achieve.

A new independent group has been appointed to advise government on implementing the *Animal Health and Welfare Strategy*. The England Implementation Group will work with government, the livestock and food industries, animal owners, the veterinary profession, consumers and other stakeholders to ensure the strategy is delivered in England.

The twelve members of the group have experience and expertise in farming, the veterinary profession, animal welfare and other related industries. The chair, Helen Browning OBE, has 20 years' experience of the food and farming industries as a major organic producer and a former chair of the Soil Association.

The Strategy, Implementation Plan for England and other associated documents can be accessed on the Defra website<sup>112</sup>.

<sup>112</sup> <http://www.defra.gov.uk/animalh/ahws/default.htm>

### Chief Veterinary Officer's 2004 Annual Report

The Chief Veterinary Officer's annual report, published on 16 May, reviews extensive UK developments in animal health and welfare during 2004.

The report provides information that helps readers make comparisons and monitor progress against previous years.

Topics covered in the latest report include the launch of the *Animal Health and Welfare Strategy* that was developed in partnership with industry and the Devolved Administrations. It sets out a 10-year national strategy and delivery plan for animal health and welfare.

Other major areas covered in the report are the:

- development and testing of contingency plans for possible outbreaks of diseases like rabies and foot-and-mouth disease;
- work done with stakeholders on pre-movement cattle testing, and on the bovine tuberculosis strategic framework – the latter being launched in March 2005;
- continuing sharp decline in the Bovine Spongiform Encephalopathy epidemic and announcement of a managed transition towards the lifting of the Over Thirty Months Rule;
- Animal Welfare Bill, which was included in the Queen's Speech in May 2005, the most radical overhaul of animal welfare legislation for nearly 100 years;
- introduction of a new web-based export health certificate monitoring system for trade in animals in the EU (TRACES);
- surveillance and research of bird and animal disease;
- introduction of additional measures to safeguard the UK from disease from abroad; and
- launch of six on-farm animal welfare campaigns.

## Bovine Tuberculosis

Bovine tuberculosis (TB) continues to be one of the most difficult animal health problems. The scale of the challenge facing both Government and industry in seeking to reverse the long-term upward trend in the disease is significant. Government expenditure on bovine TB totalled £88 million with projected costs for 2004-05 at £92 million. Government is determined to tackle the problem and find a solution working in partnership with farmers, vets and wildlife interests.

On 1 March 2005 the Department published a strategic framework for the sustainable control of the disease in Great Britain<sup>113</sup>. The framework aims to develop a new partnership, applying the principles of the *Animal Health and Welfare Strategy* so that Government and stakeholders can work together constructively to reduce the economic impact of bovine TB and maintain public health protection and animal health and welfare.

Government is committed to introducing pre-movement testing of cattle for bovine TB and has been working in partnership with stakeholders to develop a detailed proposal for implementation. An independently chaired TB Pre-Movement Testing Stakeholder Sub-Group was set up in September 2004 for this purpose. The proposal is being developed on the basis that the costs will be shared with farmers.

At the end of April 2005 the Group put forward its recommendations in a report to the Chief Veterinary Officer. Ministers will, on the basis of the report of the Group, need to decide on what basis (i.e. what option or variant) they want to proceed. On this basis, draft legislation and accompanying documentation will be prepared for public consultation.

New bovine TB control measures, designed to tighten surveillance and reduce the risk of the disease spreading to new areas, were announced on 1 November 2004. An information leaflet summarising the new measures, and detailing their implications, was sent to all registered GB cattle owners before the announcement was made.

## TB compensation

In 2003-04, the cost of TB compensation in the UK was £35 million. Defra's long term objective is to rationalise compensation systems for all notifiable animal diseases. Stakeholders were consulted on proposals for stage one of this process (rationalising compensation for four cattle diseases, including TB) at the end of 2004. And following a full analysis of stakeholder responses, Defra are aiming to introduce a new compensation system in 2005-06.

<sup>113</sup> <http://www.defra.gov.uk/animalh/tb/strategy/newstrategy.htm>

## Chapter 2

### Funding

**Figure 26: Funding for tuberculosis surveillance, control and research 2004-05 to 2007-08**

Area	2004-05 Allocation (£ million)	2005-06 Allocation (£ million)	2006-07 Allocation (£ million)	2007-08 Allocation (£ million)
Veterinary Endemic Animal Diseases and Zoonoses Division (transferred to TB Division 1 April 2005)	0.9	0.9	0.9	0.9
Wildlife Unit and Veterinary Laboratories Agency	10.7	12	12	12
State Veterinary Service <sup>114</sup>	34.8	To be confirmed	To be confirmed	To be confirmed
TB Division	27	29	37	46

### Reducing the annual incidence of Bovine Spongiform Encephalopathy

**Public Service Agreement target 9: *Protect public health and ensure high standards of animal welfare by reducing the annual incidence of Bovine Spongiform Encephalopathy (BSE) to less than 30 cases by 2006...***

Defra is currently on course to meet this target. For a short overview of progress please see Appendix 4.

The epidemic continues to show a steady decline, as shown in Figure 27. The final total for passive surveillance cases in 2001 was 781, a 40 per cent reduction from the 2000 total of 1,311. The final totals for 2002 and 2003 were 445 and 173 respectively representing year-on-year reductions of 43 and 61 per cent from the previous years' totals. There need to be annual reductions averaging at least 45 per cent between 2003 and 2006 for the target to be fully met.

<sup>114</sup> The State Veterinary Service became an Executive Agency on 1 April 2005 and financial information is currently being finalised.



**Figure 27: Bovine Spongiform Encephalopathy Passive Surveillance cases reported 21 August 1988 to 31 December 2004**

Year	Suspects Restricted	Restrictions lifted due to alternative diagnosis	Slaughter not yet notified	Suspects known to have been slaughtered	Slaughtered suspects with outcome pending	Slaughtered suspects in which BSE not confirmed	Slaughtered suspects in which BSE confirmed	Private submissions in which BSE confirmed
Pre 18.07.88	1,142	1	0	1,141	0	414	727	0
1988	2,512	140	0	2,372	0	192	2,180	4
1989	8,443	386	0	8,057	0	924	7,133	4
1990	17,323	682	0	16,641	0	2,460	14,181	0
1991	30,003	982	0	29,021	0	3,995	25,026	6
1992	44,844	1,690	0	43,154	0	6,474	36,680	2
1993	42,931	1,847	0	41,084	0	6,714	34,370	0
1994	30,259	1,551	0	28,708	0	4,765	23,943	2
1995	17,945	789	0	17,156	0	2,855	14,301	1
1996	10,697	547	0	10,150	0	2,137	8,013	3
1997	5,604	302	0	5,302	0	992	4,310	3
1998	4,291	260	0	4,031	0	852	3,179	1
1999	2,984	146	0	2,838	0	582	2,256	2
2000	1,870	117	0	1,753	0	442	1,311	0
2001	1,218	66	0	1,152	0	371	781	0
2002	877	68	0	809	0	364	445	0
2003	456	43	0	413	0	240	173	0
2004	351	41	0	310	0	228	82	0
Total	223,750	9,658	0	214,092	0	35,001	179,091	28

Further statistics and information on BSE are available on the Defra website<sup>115</sup>.

<sup>115</sup> <http://www.defra.gov.uk/animalh/bse/statistics/incidence.html>

### Funding

Figure 28 below sets out anticipated expenditure on BSE controls and eradication over the current and next three financial years. The totals include controls relating to the safe disposal of animal by-products. These include measures to protect public health and the spread of animal diseases other than just BSE.

**Figure 28: Allocated cost of Bovine Spongiform Encephalopathy eradication**

Area (£ millions)	2004-05 forecast outturn	2005-06 allocation	2006-07 allocation	2007-08 allocation
Veterinary Directorate (Including Wildlife Unit and Veterinary Laboratories Agency)	13.6 <sup>116</sup>	6.0	5.94 <sup>117</sup>	5.82 <sup>117</sup>
Transmissible Spongiform Encephalopathy Directorate	17.94 <sup>118</sup>	45.8 <sup>119</sup>	43.6 <sup>119</sup>	43.6 <sup>119</sup>
Science Directorate	15.6	14.85	13.6	12.5
Over Thirty Months Scheme (OTMS)	297	155 <sup>120</sup>	155 <sup>120</sup>	155 <sup>120</sup>

### Factors affecting performance

The target was based on the predictions made by the Veterinary Laboratories Agency model.

The number of BSE cases will continue to fall in line with the steady reduction in the number of animals still alive that were born before the reinforced feed ban of August 1996. There are however, a small number of cases in animals born after August 1996. At present the main route of infection for these cases is thought to be through small quantities of infectious material in feed ingredients imported from other Member States whose feed rules were not tightened until 2001. Should the number of these cases born after August 1996 continue, or increase, there will be a risk of missing the target to a small extent.

The target set out previously only includes clinical cases detected by passive surveillance (clinical cases reported to Defra). During 2004 the target was revised to include those cases detected through Defra's major programme of active surveillance of clinically healthy cattle slaughtered under the Over Thirty Months Schemes (OTMS) and over 24 month old cattle which die on farm or are sent for emergency slaughter but are not suspected of having BSE. The active surveillance programme also includes animals over 24 months identified as casualties at ante mortem inspection. This programme aims to detect cases which are not showing clinical signs of BSE.

<sup>116</sup> Includes transfer under Veterinary Laboratories Agency (VLA) Contract T (£7.4 million).

<sup>117</sup> Indicative allocations based on previous years' allocation less efficiency savings (1 per cent per year).

<sup>118</sup> Net of transfers to the Rural Payment Agency (RPA) and the VLA for transmissible spongiform encephalopathies (TSE) testing.

<sup>119</sup> Includes transfers to be made to the RPA and VLA.

<sup>120</sup> Costs for future years will depend on the timing of any change to the Over Thirty Months rule.

### Over Thirty Months rule change

On 1 December 2004 following advice from the Food Standards Agency (FSA), the Government announced the start of a managed transition towards the lifting of the Over Thirty Months (OTM) rule and its replacement with a system of robust testing of cattle for BSE. Cattle born before 1 August 1996 will remain excluded from the human food chain. The timing of any changeover is dependent on the FSA advising that the testing regime is robust and on a number of other issues, such as recruitment of additional Meat and Hygiene Service (MHS) staff.

An Independent Advisory Group (IAG) has been set up by the FSA to advise on the robustness of BSE testing arrangements. The IAG's initial work identified the key components of a robust testing system and this work will be followed by looking at the results from a series of BSE testing trials in UK abattoirs.

Defra has worked with FSA, MHS and the industry in order to run a series of six trials throughout Great Britain using cattle aged under thirty months of age. Trials will test the robustness of all aspects of the proposed testing regime.

In parallel with work on lifting the OTM Rule, Defra has been preparing for the replacement of the Over Thirty Months Scheme with a successor scheme to permanently remove all pre August 1996 cattle from the food chain.

### Reducing the time taken to clear up cases of poor welfare in farmed animals

**Public Service Agreement target 9: *Protect public health and ensure high standards of animal welfare by reducing ... the time taken to clear up cases of poor welfare in farmed animals by 5 per cent by March 2004.***

Defra has met this target. For a short overview, please see Appendix 4.

This element of the Public Service Agreement target has been achieved. The baseline established for 2000, from time of report to clear up, was 29 days. The outturn performance figure in the year to 31 March 2004 was 21.38 days, an overall reduction of approximately 7 per cent. There are a number of key reasons for this performance.

The State Veterinary Service (SVS) has promoted, and continues to promote, a policy of escalation of intervention if no early improvement on farms is detected. There are specific training courses in place for officers, as well as the naming of lead response Veterinary Officers at Divisional and Regional level. While this target will not be carried over as a Public Service Agreement in its own right, it continues to form an integral part of the SVS Business

Plan. Continued monitoring and improvement will embed this change and ensure irreversible progress.

### National Scrapie Plan

The National Scrapie Plan (NSP) has been in operation since July 2001 and between 1 April and 31 December 2004, 12,124 farm visits took place and over 435,000 animals have been blood sampled and during the year the one-millionth blood sample was taken under the NSP.

During 2004-05, Defra completed a strategic review which agreed the method of introducing compulsory genotyping during 2005-06. The programme also launched a voluntary scheme to take action in flocks that had already reported scrapie as well as a compulsory scheme which implemented EU regulations to take action in flocks that report scrapie after July 2004.

In 2004 the National Semen Archive was launched, a joint initiative with Northern Ireland. This will store semen from animals with susceptible genotypes.

The NSP is currently working on a Flock Register which implements EU regulations to introduce a register of resistant flocks which will be introduced in advance of the 2005 breeding season.

### Other key animal health and welfare achievements

In addition to Defra's progress under its Public Service Agreement target, there were also a number of other achievements in 2004-05:

- on the 15 March 2005, the European Food Safety Authority (EFSA) confirmed that the UK's BSE risk status was now 'moderate risk' for the whole cattle population, the same category as most other EU Member States;
- good progress was made in implementing the EU Regulation on Animal By-Products (EC) No. 1774/2002. This regulation controls the collection, handling, processing, use and disposal of animal by-products and requires premises which handle, treat or dispose of animal by-products to comply with specified standards and to be approved. The State Veterinary Service has made considerable progress inspecting the premises that handle animal by-products, the majority of which have now been approved;
- implementation of EC Regulation 998/2003 on the animal health requirements applicable to the non-commercial movement of pet animals on time. UK was one of a few Member States in a position to issue the new passport-style documents for pet dogs, cats and ferrets from the original July 2004 implementation date;

- the Standing Livestock Movements Arrangements came into force on 1 August 2003. They were the result of the findings of a risk assessment and cost-benefit analysis of movement standstills, and of extensive discussion with stakeholders;
- the UK took an active role in helping the EU Commission develop an IT system (TRACES). TRACES is an internet based service for exporters, importers and officials, which provides for electronic notification of trade in live animals, animal products and germplasm. Defra phased in the system which was available from 1 May 2004 for those importers and exporters who wanted to register with the system. The system has been fully operational by State Veterinary Service Animal Health Divisional Offices since 1 January 2005. TRACES has also been implemented in UK Border Inspection Posts to enable electronic notification of imports of live animals, germplasm and products of animal origin from third countries. In parallel with the introduction of TRACES, Defra has also introduced a system for risk management of imports into the UK from the EU and third countries. The TRACES Risk Management System (TRMS) is also web-based and is used by the State Veterinary Service for the targeting of consignments for post-import checks;
- Defra continued to devote considerable effort to negotiate new and revised export health certificates with Third Country governments. Working closely with UK industry through Export Certification User Groups, Defra has prioritised its resources to focus on trying to open up key export markets where there are real prospects of trade in livestock and germplasm (semen and embryos). Over 300 new or revised certificates were made available during 2004 and UK companies can now export livestock and germplasm to 37 countries (in addition to the 25 EU Member States);
- significant progress on tackling the threat of imported animal disease through illegal import of animal products. Following the transfer of enforcement responsibility for products of animal origin to HM Customs in April 2003, GB has continued to increase its enforcement capabilities, there are now 3,500 customs officers trained in the detection of these products; the number of detection dogs has increased from 2 to 6 and by summer 2005, there will be 10 in total; seizures have nearly doubled to 15,838 to the end of March 2004 and this upward trend continues; Defra continues to increase public awareness of the rules both in GB and overseas and this is proving very successful;

### Update on animal by-products: Fallen stock scheme

The National Fallen Stock Scheme started on 22 November 2004. It is being run by the National Fallen Stock Company which was created by Government and the farming industry in a unique joint venture that builds on the partnership approach at the heart of Defra's *Animal Health and Welfare Strategy*. The Company Board comprises Directors nominated by farming organisations and government and is charged with running the Scheme in the interests of the farming industry. The purpose of the Scheme is to assist farmers in complying with the EU Animal By-Products Regulation which banned the on-farm burial of fallen stock in 2003. Government (including devolved administrations) is helping fund the Scheme, providing £20 million over 3 years, including £10 million from Defra. This equates to a government contribution of 30 per cent to farmers' collection and disposal costs in the first year.

The Scheme, which is voluntary, is open to all livestock farmers and horse owners on payment of a small registration fee. They may choose their own fallen stock collector from those which are approved to operate in their area and pay costs of collection less any relevant government contribution to the Company. The Company makes payments to collectors using the government contribution and payments received from farmers.

On biosecurity, a key concern of many farmers, an expert working group reporting to the Company Board has prepared guidance that collectors and farmers must comply with under the Scheme. In particular, collectors must be able to meet strict conditions with regard to arrangements for vehicles and their cleansing and disinfection as a pre-requisite for participation. Compliance with the latter will be subject to inspection by the State Veterinary Service.

- agreement of a new regulation on improved sheep and goat identification taking account of particular problems faced by the UK sheep industry. The new rules allow Member States, subject to Commission approval, to maintain their national systems of identification until 1 January 2008 when electronic identification for sheep becomes mandatory. In order to inform further discussion with the Commission, Defra is conducting a pilot trial of electronic data identification (EDI) and data transfer (EDT) within the English Sheep Industry to assess equipment ease of use, training and support requirements and to identify potential benefits to the industry of EDI/EDT. The pilot is due to report in June 2005<sup>121</sup>; and
- new legislation enhancing the pig identification rules came into force in England from 1 November. The new rules follow a review of the pig identification legislation in the light of the presentation of an unidentified suspect foot-and-mouth disease pig at a slaughterhouse in July 2002.

<sup>121</sup> Details were not available at time of going to press.

### The Livestock Data Programme

Supporting the *Strategy for Sustainable Farming and Food* and the *Animal Health and Welfare Strategy* the Livestock Data Programme will deliver in 2006-07 a new IT system that will bring new ways of reporting information electronically, significantly changing the way cattle, sheep and pigs are tracked in Great Britain.

The Livestock Data Programme features the provision of a single central set of data on livestock births, movements and deaths, encouragement for keepers to use electronic means of recording and reporting information, and the wider availability of livestock data to internal and external users. Trials have been set up to demonstrate the benefit of better quality data to the livestock industry, such that they see the livestock register and electronic identification as an integral part of their business. The programme will also provide the scope to introduce electronic identification of livestock and in particular to meet EU implementation requirements for sheep in January 2008.

A comprehensive register of animal information will help to turn the concept of sustainable food and farming development into reality. For example:

- by reducing regulatory burden through improved collection and reporting of livestock information and by making livestock information more readily available to the livestock industry to support Farm Assurance schemes;
- the impact of animal diseases will be reduced, by using improved livestock information to support veterinary surveillance and disease control processes; and
- other important effects will include improving subsidy verification and, once migrated to the new Single Payment Scheme, supporting cross compliance.



### Delivering the Animal Health and Welfare Strategy: the State Veterinary Service

The State Veterinary Service launched as an Executive Agency on 1 April 2005 after a public consultation carried out in the summer of 2004. The role of the Agency, as set out in its Framework Document, is as follows:

- implementation and enforcement of specific national and EU legislation and regulations relating to animal welfare, the control and eradication of animal diseases, and the facilitation of international trade as agreed with Defra and the devolved administrations;
- inspection and surveillance, licensing, certification and registration, and investigation and enforcement;
- contributing to evidence-based policy development by providing advice on the deliverability, implementation and effectiveness of existing policies and new proposals, and by providing information and veterinary and industry surveillance to inform policy development; and
- discharging specific responsibilities and functions in the case of any outbreak of exotic or other animal disease as set out in detailed Departmental contingency plans.

The Agency has been set a number of challenging performance targets for its first year that focus on:

- implementation of the *Animal Health and Welfare Strategy* for Great Britain;
- implementing specific animal health and welfare policies;
- public health protection;
- emergency preparedness;
- animal welfare;
- facilitating international trade;
- customer satisfaction;
- effectiveness; and
- efficiency.

## A sustainable fishing industry and the sustainable management of fisheries

There is increasing concern over the sustainability of global fishing practices, the need to protect vulnerable marine species and habitats, the state of key fish stocks and of the industry which depends on them. Defra remains committed to sustainable fisheries management. In conjunction with the devolved administrations, the EU and other partners, Defra has responsibilities for conserving fish stocks, managing the industry including its impact on commercial stocks, on other species (such as fish that are not exploited commercially, cetaceans and sea birds) and on habitats. Fisheries management has an important impact on the marine environment as a whole; other marine issues are covered in the section in Chapter 2 on protecting our natural resources.

### Funding

**Figure 29: Fisheries programme expenditure 2004-05 and indicative 2007-08 budgets<sup>122</sup>**

Area	2004-05 (£ millions)	2005-06 <sup>123</sup> (£ millions)	2006-07 (£ millions)	2007-08 (£ millions)
Fishing Industry and Market Support	8.4 <sup>124</sup>	8.9	10.8	10.9
Conservation of Sea Fish Stocks	8.6	9.1	11.0	11.4
Fishery Management and Enforcement	14.9	15.4	18.7	19.0
Fishing Fleet Structure and Effort	1.0	1.5	1.9	2.1
Salmon, Whaling and Inland Fisheries	7.7	8.0	8.0	8.0
Fish Farming and Shellfish Production	3.1	4.6	5.6	5.6

### Performance

Following a comprehensive review of the Common Fisheries Policy (CFP) Defra agreed wide-ranging reforms in December 2002, putting it on a more sustainable basis with a stronger regional dimension, increased stakeholder involvement and improved integration of environmental concerns – in line with UK priorities. Key achievements in 2004-05 have been:

- more regionally focused CFP through the development of stakeholder-led Regional Advisory Councils – the North Sea Regional Advisory Council is the first to have been launched (November 2004);
- successful negotiation of quotas for 2005 which respected the need to protect depleted fish stocks whilst providing increased opportunity to catch more healthy stocks;

<sup>122</sup> Department Expenditure Limit only.

<sup>123</sup> This division of 2005-06 allocations is indicative, pending Fisheries Directorate restructuring.

<sup>124</sup> Includes funds to be carried forward for use in future years.

- strengthened arrangements for monitoring compliance with fisheries controls, including work with other Member States to ensure a consistent approach and the first installations of government funded tamper-resistant satellite monitoring equipment, as part of a programme to cover all vessels over 15 metres long by early 2005;
- successful completion of the second year of the Fisheries Science Partnership, designed to allow fishers and scientists to develop a joint understanding of the fish stocks and the impact of fishing;
- a ban on EU subsidies for new vessels (effective from the end of 2004);
- permanent EU measures to protect the Darwin Mounds deep water coral reefs from damaging fishing activities (March 2004);
- EU measures to reduce the incidental by-catch of dolphins and porpoises (April 2004);
- a new framework for EU fisheries agreements with third countries (Council Conclusions in July 2004) – for increased sustainability, transparency, and coherence with trade and development policies; and
- maintenance of UK freedom from serious fish diseases and gaining EU approval for additional health guarantees in respect of some of the lesser diseases.

The UK (with support of others) successfully resisted attempts by Japan and allies and secured the adoption of an International Whaling Commission Resolution in defence of the highly endangered Western Pacific Gray Whale, threatened by oil and gas development off Sakhalin Island.

In 2004 the Prime Minister's Strategy Unit published its report *Net Benefits*<sup>125</sup>, which made wide ranging recommendations for a sustainable and profitable future for UK fishing. The Department has since been working with a wide range of stakeholders on how to take these recommendations forward. Other important reviews in 2004 of particular relevance include the Bradley Review of Marine Fisheries and Environmental Enforcement, and the Royal Commission on Environmental Pollution report *Turning the Tide*<sup>126</sup> on the impacts of fisheries on the marine environment.

### *Looking forward to 2005-06*

Within the UK Presidency themes of better regulation and sustainable development, Defra's aims for a sustainable and healthy marine fishing industry are:

- appropriate and effective measures to restore depleted fish stocks and protect vulnerable marine species and habitats;

<sup>125</sup> [www.strategy.gov.uk/work\\_areas/fisheries/index.asp](http://www.strategy.gov.uk/work_areas/fisheries/index.asp)

<sup>126</sup> [www.rcep.org.uk/fishreport.htm](http://www.rcep.org.uk/fishreport.htm)

- improved decision-making under the Common Fisheries Policy (CFP) with better stakeholder engagement and a more regional focus; and
- simplified fisheries legislation that is consistent with environmental and international development objectives.

During 2005-06, the Department will continue its work to ensure an effective and fair approach to improving compliance with fisheries controls, with completion of installation of tamper-resistant satellite monitoring equipment and measures to improve the traceability of fish from landing to sale. Defra will change the status of the Sea Fisheries Inspectorate to that of an Executive Agency and bring together outward-facing delivery functions in a way that will help manage them more effectively, make more sense to fishermen and bring officials closer in touch with what is going on around the coast.

Defra will vigorously defend the moratorium on commercial whaling and will work to ensure that any rules adopted by the International Whaling Commission for the eventual regulation of such whaling are robust, effective and transparent, such as to ensure that any catch limits set are not exceeded.

In the forthcoming review of the EU's Fish Health Regime, the Department will seek to ensure that the high health status of the UK is adequately protected while avoiding the imposition of excessive bureaucracy or cost burdens on Government or industry.

Defra and the devolved administrations are aiming to produce their responses to the Prime Minister's Strategy Unit's report during summer 2005 (and will respond to the Royal Commission report in the light of that). This will set out the agenda for further action to secure sustainability and profitability. This is intended to set the agenda for short and long term action and Defra will want to continue to work with stakeholders as part of a partnership in developing and implementing fisheries policy. As a first step £1 million per year is being provided for the Fisheries Science Partnership, at least for a further 3 financial years.

Following its launch in December 2003, the High Seas Task force on Illegal, Unreported and Unregulated (IUU) fishing, led by Defra's Environment Minister, has been investigating practical measures to combat this serious global problem. The Department looks forward to their report, expected in mid 2005-06.

### Emergency preparedness

This section of the report looks at the steps Defra continues to take to develop emergency preparedness in the areas of:

- contingency planning;
- animal health and welfare; and

- Chemical, Biological, Radiological or Nuclear (CBRN) incidents and the provision of the UK's Integrated Emergency Response and Management System, the Radioactive Incident Monitoring Network (RIMNET).

### Contingency planning in Defra

Defra is actively engaged in the Cabinet Office's Capabilities Programme; this is the core framework through which the Government seeks to build resilience across the United Kingdom. Risk assessments have been carried out and emergency plans reviewed in all Defra's main areas of responsibility for emergency planning. Progress continues to be made to improve preparedness in key areas such as animal and plant diseases, flood defence, water and food supply, and environmental contamination. Work is co-ordinated with the Cabinet Office, other government departments and agencies and stakeholders. The work is overseen by Defra's Contingency Planning Board, which is chaired and attended at senior level. This Board seeks evidence that plans are robust, effective, up to date and deployable. Plans are also independently reviewed by Defra's Internal Audit Division. An annual report on Defra's preparedness is presented to Ministers every autumn.

Throughout the year Defra has been improving its Business Continuity and Disaster Recovery preparedness. A common format for Business Continuity Plans was rolled out in London in January 2005. By mid 2005 all business units in London will have new plans in a common format which will enable Defra to identify critical business activities across buildings and Directorates General. A similar roll out to the rest of Defra will take place early in 2005-06. In September 2004, Defra's Management Board were briefed on their role in disaster recovery and took part in an exercise. Further training and exercises to improve the Department's resilience against serious disruption will be undertaken during 2005-06.

### Exotic diseases policy and emergency preparedness

The Department has continued to develop the policies and operational readiness necessary for controlling and managing an outbreak of exotic disease. This work is managed by the Exotic Disease and Emergency Preparedness Programme. This programme includes:

- putting in place disease control legislation together with disease control policies for foot-and-mouth disease (FMD), Highly Pathogenic Avian Influenza (HPAI), rabies and other exotic diseases;
- putting in place the scientific modelling and evidence base to support disease control policies;
- the development of national framework contingency plans for the main exotic diseases and national and local operational and veterinary instructions;

- work to ensure an operational state of readiness for:
  - implementing a foot-and-mouth disease emergency vaccination programme;
  - including the purchase of diagnostic tests and vaccines;
  - veterinary and staff resources for disease emergencies; and
  - supply of plant, equipment, disposal facilities and contractors.
- financial systems for disease emergencies;
- laboratory capability for disease emergencies; and
- contingency planning exercises at local and national levels, including operational partners and stakeholders wherever possible.

### Contingency planning exotic diseases

Since 2001 much effort has gone into ensuring readiness to deal with an outbreak of an exotic disease such as foot-and-mouth disease (FMD):

- the FMD Contingency Plan is reviewed annually, circulated for public consultation and laid before Parliament (Version 4.0 was laid at the end of March 2004);
- a new Avian influenza and Newcastle Disease Contingency Plan has been produced and is reviewed annually, circulated for public consultation and laid before Parliament (Version 1.0 was laid at the end of March 2004);
- national and local operational and veterinary instructions for FMD, poultry diseases and rabies have been updated, augmented and made public;
- draft rabies contingency plan (and disease control strategy and profile) was issued in December 2004 for public comment;
- there is greater engagement with operational partners – local authorities, police, government offices and Regional Resilience Teams to achieve mutual understanding of plans and roles in an outbreak;
- new plans are in place to facilitate a rapid increase in staff and other resources;
- improved arrangements have been established for management of procurement and finance;
- a training programme is being developed for staff in Animal Health Divisional Offices (AHDOS) and in the core Department; and

- a programme of exercises in AHDOs and in the core Department, involving operational partners and other interested parties is under way. An important element of this was Exercise Hornbeam a real time national foot-and-mouth disease exercise held in June 2004.

A report of the lessons identified in Exercise Hornbeam has been produced and the lessons learned and the fruits of further work to improve decision taking structures and to support policy divisions are being incorporated into the contingency plans.

### *National Audit Office report on foot-and-mouth disease*

The National Audit Office (NAO) produced a report on 2 February 2005 on *Foot and Mouth Disease (FMD): Applying the Lessons*<sup>127</sup>. The Department welcomes the Report which reflects the progress the Department has made since 2001, particularly on contingency planning, improved dialogue with stakeholders, and improving the Department's capacity and preparedness for combating another major disease outbreak. Overall the NAO consider that the Department has implemented most of the actions promised to the Committee and has made good progress on the others since 2001.

Defra's Permanent Secretary, the Chief Veterinary Officer, and the Chief Executive of the State Veterinary Service, gave evidence to the Public Accounts Committee on 23 February 2005. This hearing examined the NAO Report *Foot and Mouth Disease: Applying the Lessons*<sup>128</sup>.

### *Foot-and-mouth disease contingency plan*

The FMD Contingency Plan summarises the control policies and outlines how they will be implemented. These include:

- imposing an immediate GB national movement ban on susceptible animals;
- culling diseased and other susceptible animals on infected premises and on dangerous contact premises;
- immediately invoking arrangements for emergency vaccination and considering the possibility of vaccination depending on epidemiological and logistical factors;
- requiring increased levels of biosecurity and imposing strict movement controls around infected premises;
- following a hierarchy of options for disposing of carcasses headed by incineration and rendering, subject to environmental, land use planning and public health considerations; and

<sup>127</sup> <http://www.nao.org.uk/pn/04-05/0405184.htm>

<sup>128</sup> A link to the transcript of the PAC hearing can be found here  
<http://www.publications.parliament.uk/pa/cm200405/cmselect/cmpubacc/uc387-i/uc38702.htm>



- keeping the countryside open; only closing footpaths within 3 kilometres of infected premises.

## Plant Health – Maintaining freedom from plant disease

The Plant Health Service aims to prevent the introduction and spread of serious plant pests and diseases which threaten agriculture, horticulture and the environment. It also certifies plants and plant produce as being free from particular pests and diseases where this is necessary for export, to meet EU standards, or to ensure the availability of healthy planting material to UK growers.

2004-05 was another challenging year for the Plant Health Service. *Phytophthora ramorum* is a fungal pathogen which has been causing rapid death of oak trees in California. Precautionary action to eradicate it from the UK continued, under a programme board on which the Forestry Commission and Scottish Executive are also represented. A liaison group of major stakeholders has been established to contribute to policy development. There are encouraging signs that the levels of infection in nursery stock such as rhododendrons are falling, and progress is being made at outbreak sites, including some where it is recognised that eradication will be a protracted process. During surveys a new pathogen, now known as *Phytophthora kernovii* was found in Cornwall causing severe disease in trees near infected rhododendrons. Emergency measures are being taken to contain and then eradicate the pathogen from a small area near Redruth.

The year also saw two further outbreaks of Potato ring rot. Resources were channelled into successfully containing any further spread.

Key priorities for 2005-06 will be the introduction of new enhanced checking arrangements for imports from non-EU countries, the development of and consultation on a *Plant Health Strategy* setting out the strategic framework for Plant Health activities across the Department and the development of risk-sharing mechanisms with industry.

## Chemical, biological, radiological or nuclear Incidents and Radioactive Incident Monitoring Network

Defra is the lead department for co-ordinating the consequence management of incidents involving the release of chemical, biological, radiological or nuclear (CBRN) material, arising from deliberate and some non-deliberate causes. To ensure Defra fulfils this role, the Department has been and continues to be actively involved in cross-Government activities to enhance resilience to such incidents.

During 2004-05, the Department has:

- established a new CBRN team to develop policy, co-ordinate the Departmental response to an incident and produce and test robust contingency plans;
- established a cross-Defra CBRN Network and a CBRN Planning Board to give strategic direction;

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- participated in a number of national CBRN exercises to help test its procedures and capability;
- funded and actively contributed to CBRN research programmes; and
- published and distributed strategic national guidance on decontamination of the open environment following a CBRN incident and produced a Radiological Recovery Handbook.

The Department has also led a cross-government project to set up an agency to provide authorities that may be responsible for decontamination following a CBRN incident with advice, guidance and access to specialist decontamination contractors. The Minister of State announced on 25 January 2005 the Government's intention to set up such an organisation. The Government Decontamination Service is expected to be created in summer 2005. In parallel, the Government has been building on the wide range of experience and expertise which is already available in the UK, including assessment of and engagement with the existing decontamination capability and the identification of appropriate technologies.

Defra has the lead Government Department responsibility, in partnership with the devolved administrations, for co-ordinating the UK Government's response to overseas nuclear accidents. It works with colleagues in all other government departments, agencies, industry, local authorities and other statutory bodies in order to maintain and develop the arrangements for delivering this co-ordinated and 'joined-up' response. There have been three main areas of work for the Radioactive Incident Monitoring Network (RIMNET) team during 2004-05:

- the design, development and rollout of a replacement for the successful RIMNET Phase 2 system;
- a review of the national arrangements for responding to overseas nuclear accidents combined with arrangements to support other departments for incidents that may occur within the UK boundary. Defra supports and are members of the National Emergency Planning and Liaison Group, chairs the National, RIMNET Co-ordinating Committee (RIMCC); and participates in international committees on Nuclear Accident Response capabilities ensuring UK continues to operate its national response in line with other countries; and
- the development of operational arrangements under which Defra will be able to deliver its lead Department role for co-ordinating the management of the consequences arising from terrorist incidents.

The new RIMNET 3 system was delivered to the Department and other colleagues across the UK in January 2005. The National Response Plan for dealing with Overseas Nuclear Accidents has been revised, circulated for comment and is due to be published at the end of June 2005.

Continued participation in all emergency exercises has ensured a fully trained team is available at all times for any emergency response. Routine tests were undertaken to ensure local authorities and the public could be informed and advised of measures required to protect them in an incident, and that these could be delivered in a timely manner.

### *Looking forward to 2005-06*

During 2005-06, Defra will continue its work to enhance the UK's resilience to a CBRN incident by actively participating in the Home Office led CBRN workstream of the Cabinet Office Capabilities Programme.

The Department will be carrying out further work to develop its CBRN contingency plan working in collaboration with divisions across Defra and its agencies. The plan will be tested in a number of national and international exercises throughout the next year and any lessons learned incorporated.



# Defra's Executive Agencies

This chapter reports on Defra's six Executive Agencies. It outlines their aims and objectives, their funding for 2004-05, their performance against their service standards and targets, their key developments and a forward look to 2005-06.

In 2004-05, Defra had six Executive Agencies:

- Rural Payments Agency;
- Veterinary Laboratories Agency;
- Central Science Laboratory;
- Centre for Environment, Fisheries and Aquaculture Science;
- Pesticides Safety Directorate; and
- Veterinary Medicines Directorate.

On 1 April 2005 the State Veterinary Service was also launched as a Defra Executive Agency. Ministers have also announced the intention to create two additional agencies: the Sea Fisheries Inspectorate and the Decontamination Service.

Each of these provides its own unique contribution to achieving Defra's aim and objectives and is therefore integral to the work that Defra does. This chapter provides only a very broad overview of the work of its Executive Agencies, and each will publish its own Annual Report and Accounts in the summer.



### Rural Payments Agency

#### Aims and objectives

The Rural Payments Agency (RPA) is Defra's largest executive agency and a major customer facing delivery arm which provides services in making payments, carrying out inspections and recording animal movements.

The aim of RPA is to operate Common Agricultural Policy (CAP) measures that are delegated to it within England and, as appropriate, the UK, and to provide high-quality and accessible data on animal traceability within Great Britain. It will deliver a high-quality service that is responsive to the needs of its customers and operate as economically, efficiently and effectively as possible, in accordance with EU accreditation requirements and the policies laid down by the Secretary of State and, as appropriate, those of the devolved administrations. RPA is also a source of delivery experience and advice to policy divisions within Defra.

RPA is the accredited Paying Agency responsible for all CAP schemes in England and for certain CAP schemes throughout the UK. In addition to making the payments the Agency carries out related inspections and scrutiny to ensure EU accreditation requirements are met. It is also the funding body for receiving and accounting for all UK CAP Guarantee funds. RPA delivers payments for other farming support such as the Over Thirty Months Scheme (OTMS) and administers the National Fallen Stock Scheme (NFSS) on behalf of the National Fallen Stock Company.

RPA includes the British Cattle Movement Service (BCMS) which is Defra's centre of expertise and service delivery on animal and identification. BCMS operates as a GB-wide organisation, and must meet the requirements of the Scottish Executive, the National Assembly of Wales, as well as Defra.

Following the decisions on implementation of CAP Reform, RPA has focused strongly on the successful delivery of the new Single Payment Scheme (SPS) to be introduced for the 2005 scheme year. RPA will continue with its Change Programme that will see greater use made of technology and innovation to deliver services efficiently and effectively.

RPA's objectives are to:

- administer those CAP schemes, in support of the Department's policy and objectives, and other services that are delegated to it in full conformity with EU and domestic law and accreditation requirements;
- provide operational advice in the support of policy formation;
- comply with UK Corporate Governance principles;
- provide fair, responsive, and high-quality services to its customers, minimising administrative burdens placed on the industries it serves;

- operate within spending review agreements using resources economically, efficiently and effectively, while delivering all agreed schemes, services and targets;
- provide high-quality and accessible data on animal traceability to support public health, animal health and welfare requirements; and
- maintain and continue to develop core capability and flexibility to meet changing requirements.

### Funding in 2004-05

Figure 30 sets out the Rural Payments Agency's main funding for 2004-05. This funding comes within Defra's Departmental Expenditure Limit (DEL).

**Figure 30: Rural Payments Agency Departmental Expenditure Limit resource funding 2004-05**

Area	2004-05 (£ million)
RPA running costs	147
Over Thirty Months Scheme (OTMS)	297
Other Scheme Expenditure	203
CAP Reform/Change Programme	72

**Figure 31: Rural Payments Agency Annually Managed Expenditure (AME) funding 2004-05**

	2004-05 (£ million)
TOTAL AME Funding	2,304

The bulk of this expenditure is for CAP payments and is reimbursed to the UK Treasury by the EU.

### Performance in 2004-05 against targets

The 2004-05 RPA Business Plan included a number of key business plan targets. Progress against these targets is monitored throughout the year. The business plan targets are presented under the balanced scorecard headings of business process, customer, finance and people.



**Figure 32: Rural Payments Agency performance in 2004-05 against targets**

Target	Performance
Business	Development of the new processing systems to support the Single Payment Scheme is on target to enable payments to be made in the payment window. Provision of entitlement details and establishment of query resolution procedures are on target to be met.
Customer	Processing and payment targets for subsidy payments and for recording calf registrations and issuing cattle passports are on target to be met.
Finance	The target to ensure the level of disallowance is less than 2.5 per cent is expected to be met. Agreed inspections are on target.
People	Development of the workforce planning strategy is on target and unplanned turnover is also within target. RPA are optimistic that the target for reduction in sick absence (at BCMS by two days per staff year) will be met.

**Public Service Agreement target 10: *Achieve a reduction of 10 per cent of the unit cost of administering Common Agricultural Policy payments by 2004-05 and an increase to 95 per cent electronic service delivery capability for such payments by 31 March 2005.***

RPA has met the efficiency element of the target, but will not now meet the other element until 2006. In view of this a final assessment of partly met will be given for this target.

The Public Service Agreement target relates to efficiency and service improvements that will be delivered by the Rural Payments Agency (RPA), an Executive Agency of Defra.

The present CAP information systems operated by the RPA are made up of discrete and dated systems with few common business process components or shared IT systems and databases. Under the RPA Change Programme the existing business processes and supporting IT systems will be replaced/upgraded to enable significant efficiency and customer service improvements.

On 31 January 2003 a contract was signed with Accenture to deliver RPA IT Applications (RITA). RITA scope includes a generic systems platform for processing both farm and trader schemes, land and customer registers and a customer call centre. The contract covered farm and trader based schemes, current at the time, although it anticipated the potential for change the mid-term review might bring.

The proposed new systems will:

- provide customer focus by simplifying the collection of data from traders and farmers, reduce duplication of effort and focus on the needs of the farmers and traders rather than on administrative convenience;
- provide a new flexible co-ordinated IT system designed to support the new business processes and electronic service delivery, and to react to change and enable the introduction of new schemes quickly and efficiently;
- be user friendly and developed in a way that minimises need for training; and
- minimise manual intervention in processing payments and hence reduce costs.

### *Performance*

The RPA Change Programme supports the delivery of the RPA Mission Statement of a customer focused organisation delivering high quality services, including processing payments and receipts, conducting inspections and recording animal identification, to Government and the rural community.

Significant progress has been made including:

- the merger of the Intervention Board and Ministry of Agriculture, Fisheries and Food's (MAFF) regional offices to create RPA;
- closure of four of the six sites targeted for closure;
- agreement of the new organisational design (incorporating a planned reduction of over 1,500 staff);
- merger of RPA and the British Cattle Movement Service;
- first tranche of voluntary redundancies (400 staff) have been identified and leaving dates agreed;
- second exit strategy has been instigated;
- implementation of the new finance system (Oregon);
- implementation of a Human Resources Self Service System (HRSS) integrated with Oregon;
- deployment of a new corporate intranet (IRIS);
- digitisation of 1.7 million parcels of land and the design, development and deployment of the Rural Land Register database to maintain them;
- RPA business case updated; and
- implementation of Customer Service Centre and Customer Register.

Given these factors, and the importance of making timely SPS payments to claimants, a conscious decision was taken to re-plan the programme schedule in order to reduce risks to SPS in 2005 by deferring non-essential elements to later in the programme schedule.

This rescheduling of the programme delays the delivery of the on-line (e-capability) functionality which means the target of having 95 per cent e-capability by 31 March 2005 will not be achieved but will be delivered in 2006.

Despite this rescheduling, RPA has met the Public Service Agreement target of a 10 per cent unit cost reduction in 2004-05.

The Change Programme incorporating CAP Reform not only remains on track for delivering the annual benefits in the original business case (£35.9 million), albeit the date that these benefits will be realised from has been delayed as a result of re-planning the programme schedule.

### *Factors Affecting Performance*

Rescheduling of the programme resulting from delays in the design and build of the new system caused by:

- supplier performance issues;
- resource/skills constraints;
- incorporating CAP Reform within the programme; and
- delays in finalising EC Regulations and SPS policy decisions.

### **Key developments**

Some key developments in 2004-05 have been:

- entitlement register for the SPS established;
- new Customer and Land registers went live;
- new Customer Service Centre and Document Management Unit established at Newcastle;
- significant improvements to the cattle tracing database in terms of reliability and accessibility delivered; and
- the Agency is co-ordinating the new cross compliance inspections.

## Looking forward to 2005-06

Some key challenges in 2005-06 are:

- the Agency will receive the first SPS claims and make the first payments under the SPS;
- the Agency will develop a web-based service allowing customers to submit CAP scheme forms electronically; and
- the Cattle Tracing System e-take up project for 2005 is set to deliver 50 per cent of transactions to the cattle tracing system through electronic channels by the end of 2005.

## Veterinary Laboratories Agency

### Aims and objectives

The Veterinary Laboratories Agency (VLA) provides Defra and other government customers with specialist veterinary research, consultancy, surveillance and laboratory services in the areas of:

- transmissible spongiform encephalopathies (TSE);
- statutory and exotic bacterial and viral diseases;
- food and environmental safety;
- emerging diseases and welfare; and
- international trade.

VLA's aim is to:

- provide its customers with the highest-quality scientific data and advice to support evidence-based policymaking while providing best value for money;
- work collaboratively to deliver leading edge veterinary research, surveillance, consultancy and laboratory testing services through a series of integrated science programmes;
- maintain an emergency response capability for animal health and public health threats; and
- develop colleagues to their full potential and recognise their individual and collective contribution.

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### Funding in 2004-05

Forecast income for 2004-05 is approximately £95 million. Discussions about income for 2005-06 are in progress with Defra customers, who provide about 90 per cent of VLA's income. Fully calculated results will be made available in VLA's 2004-05 *Annual Report and Accounts*.

### Performance in 2004-05 against targets

The performance set out in Figure 33 is correct up to December 2004, the date at which the latest performance data was available prior to publication.

**Figure 33: Veterinary Laboratories Agency performance in 2004-05 against targets**

Target	Performance
<b>Financial</b>	
To achieve full cost recovery	On target
<b>Efficiency</b>	
Establish an efficiency plan to enable breakeven for 2005-06. This includes: <ul style="list-style-type: none"><li>• Achieve £1 million procurement savings;</li><li>• Keep the increase in full economic cost for the test portfolio below the Treasury inflator;</li><li>• Maintain the ratio of overheads against turnover at 2003-04 level; and</li><li>• Identify options for rationalisation and the implications</li></ul>	Achieved On Target On Target Achieved
<b>Service Delivery</b>	
<ul style="list-style-type: none"><li>• To achieve 85 per cent of Research Objectives Assessment Milestone Evaluation (ROAME) research milestones</li><li>• Set baseline for deliverables for surveillance contracts</li><li>• Improve the customer satisfaction score from last year and implement action plans as necessary</li></ul>	On Target  On Target Achieved
<b>Quality</b>	
Implement VLA's quality strategy. This includes: <ul style="list-style-type: none"><li>• Maintaining current third party accreditations</li><li>• Achieve compliance with Defra's Joint Code of Practice</li><li>• Achieve ISO14001 compliance at the Weybridge main site</li><li>• Achieve UKAS17025 group accreditation for mammalian work</li></ul>	On Target Achieved On Target Achieved
<b>Safety</b>	
<ul style="list-style-type: none"><li>• Implement VLA's safety plan</li></ul>	On Target

## Key developments

Some key developments include:

- VLA was formally designated as the World Organisation for Animal Health (Office International des Epizootes – OIE) first reference laboratory for antimicrobial resistance. VLA is now the OIE reference laboratory for 13 diseases or topics;
- MedVetNet (in which VLA plays a key role) was launched in September 2004. This is an international network for the prevention and control of zoonoses funded by the EU Framework 6 Programme. It is made up of 5 veterinary and 5 public health institutes from 8 countries, including VLA. Their overall objective is to develop a network of excellence for the integration of veterinary, medical and food sciences, to improve research on the prevention and control of zoonoses;
- this year alone the mycobacterial research team has published 25 peer-reviewed papers, including a number in prestigious journals;
- significant progress has been made in TSE experimental challenge studies, investigations into rendering practices and modeling in support of the National Scrapie Plan;
- the Rabies Team, through extensive worldwide links, has worked to develop a new understanding of the epidemiology and pathogenesis of rabies, particularly of European bat lyssaviruses;
- VLA's unique veterinary surveillance network, working in partnership with private veterinary practices, was expanded to include new surveillance centres at the Royal Veterinary College in Hertfordshire and the Liverpool Veterinary School;
- completion is imminent on a new laboratory facility at the Weybridge site. The building provides containment level 3 accommodation for critical research studies and for diagnostic testing, which can quickly be adapted to containment level 4 when needed during disease emergencies; and
- the agency was successful in a reassessment as an Investor in People.

## Looking forward to 2005-06

Key activities and events in 2005-06 include:

- celebration of the 10th anniversary of the launch of the VLA;
- working with Defra to articulate their science needs for 2005-08 via the *Evidence and Innovation Strategy* and the consequent Agencies Procurement Strategy;
- investigation of the potential to expand VLA's commercial work and the development of a wide-ranging marketing strategy;

- working to gain ISO9001 accreditation across the agency. This will consolidate the extensive third part accreditation programme, which includes Good Manufacturing Practice (GMP), Good Laboratory Practice (GLP) and ISO17025; and
- continue progress with the agency's five-year development programme, which includes developing a veterinary surveillance strategy (to complement Defra's new *Animal Health and Welfare Strategy*) and a veterinary public health strategy.

### Central Science Laboratory

#### Aims

The Central Science Laboratory's (CSL) primary aim is to provide Defra with an efficient and competitive service of scientific support, research and advice to meet both statutory and policy objectives and Defra's Public Service Agreement targets. The service provided by CSL currently covers:

- plant health;
- food safety and quality;
- pesticides risk assessment;
- wildlife disease risk assessment;
- horticulture; and
- wildlife and land management.

#### Key objectives

The Agency's key objectives are to:

- achieve annual financial, efficiency and quality of service targets set by the Secretary of State;
- carry out research and services to the highest scientific and ethical standards and implement and maintain appropriate rigorous quality control procedures;
- maintain appropriate scientific expertise at the level required to provide advice to Defra customers;
- improve the quality and effectiveness of services to Defra by carrying out strategic research to maintain and develop technical capability and to develop new technologies;
- provide and encourage cost-effective technology transfer to facilitate the exploitation of new technologies;



- achieve the effective exploitation of CSL's intellectual property, in conjunction with the relevant customers;
- maintain the international scientific reputation of CSL and extend links with scientific institutions in the EC and elsewhere, where appropriate;
- apply Citizen's Charter and Modernising Government principles to the operations of the Agency and maintain the quality of services to customers; and
- implement other Government and statutory cross-cutting initiatives such as electronic records management, Freedom of Information Act and e-business.

## Funding in 2004-05

**Figure 34: Central Science Laboratory income in 2004-05**

Source of funding/income	Amount (£ million)
Defra – Research, Development and Support	29
Food Standards Agency	2
Other UK government	2
EU	1
Overseas and commercial	9
<b>Total</b>	<b>43</b>

In 2004-05, CSL's expected total income is £43 million, of which £29 million (67 per cent) is Defra-related, covering both Research and Development and non-Research and Development work for many Defra policy customers, and £14 million (33 per cent) from other sources, including EU, other government departments (including the Food Standards Agency) and commercial work. Much of the non-Defra income is in the food safety arena, including significant food analysis work for commercial customers.

For 2005-06, forecasts suggest similar splits in the income streams, and an overall turnover of 5 per cent ahead at £45 million. Although Defra income is expected to remain flat or decrease in existing programmes, some new work is projected in policy areas, giving a total of £30 million. Non-Defra income will increase to £15 million, within this is growth related to EU Framework 6 programmes.

## Performance in 2004-05 against targets

Central Science Laboratory performance in 2004-05 against targets, as at January 2005, is shown in Figure 35.

**Figure 35: Central Science Laboratory performance in 2004-05 against targets**

Target	Measure	On target?
<b>Financial and Efficiency</b>		
Recovery of full economic costs	Surplus/deficit within tolerance	Within tolerance
Efficiency targets	Direct to indirect staff ratios; minimum income targets per fee-earner; minimum utilisation rates	Largely on target or within tolerance
<b>Implementation of Reviews</b>		
Supporting Delivery Strategy Team in taking forward recommendations of the Agency Review	Various reports and targets	Yes
Responding to Science Audit recommendations re CSL's academic profile	Various reports and targets	Yes
<b>Quality and Service Delivery</b>		
Manage the Agency in an effective manner	Broadening science delivery; providing contingency capability; scientific risk management skills; improve delivery of public services; exploiting intellectual property	Currently on target, some areas awaiting data
Delivery of project milestones	Minimum delivery of commissioned projects supporting Developing Defra objectives	Yes
Customer satisfaction survey	Achieving minimum mean score in the assessment of customer satisfaction across CSL's customer base	Yes

### Key developments

Some key developments have been:

- in June 2004 an independent consultant reviewed the sustainability of Defra's three laboratory Agencies, including CSL. The report presented an analysis of the problems facing the Agencies and made recommendations for how Defra might define its science requirements and improve science commissioning from the Agencies. These proposals were discussed by the Defra Management Board in October 2004; and
- CSL continued to improve and extend its scientific support in the area of emergency responses across Government, including support for the Government's Chemical Biological Radiological or Nuclear (CBRN) policy, risk analysis for invasive pests and diseases and analytical support to aid the implementation of import controls of food products, underpinning Defra policies on control of invasive species and wildlife diseases.

## Looking forward to 2005-06

During 2005-06:

- Defra will define its science requirements following the Agency sustainability review. The information gathered will provide the basis for a strategy for Defra's Laboratory Agencies, with a view to developing appropriate contractual arrangements by 2006.

## Centre for Environment, Fisheries and Aquaculture Science

### Aims and objectives

The Centre for Environment, Fisheries and Aquaculture Science (CEFAS) provides scientific services for Government objectives that involve:

- conserving and enhancing the aquatic environment;
- promoting rational management of its natural resources; and
- protecting the public from aquatic contaminants.

In 2004-05, about 80 per cent of CEFAS's income was derived from work on behalf of Defra and a further 10 per cent from other public bodies in the UK, such as the Food Standards Agency. The remainder was obtained from research and consultancy for the EU (4 per cent) and a variety of other organisations in the UK and overseas (5 per cent).

### Funding in 2004-05

**Figure 36: Centre for Environment, Fisheries and Aquaculture Science income in 2004-05**

Source of funding/income	Amount (£ million)
Defra – research and scientific services	30
Food Standards Agency	2.4
Other UK government	1.6
EU	1.6
Overseas and commercial	2
<b>Total</b>	<b>37.6</b>

### Performance in 2004-05 against targets

The Agency is on track to meet all of its performance targets for the year, some of which will not be capable of evaluation until after the year-end. Formal performance data will be published in the Agency's *Annual Report and Accounts* in summer 2005.

**Figure 37: Centre for Environment, Fisheries and Aquaculture Science performance in 2004-05 against targets**

Target	Performance (at December 2004)
Fulfil commitments on time, within budget and to agreed standards of quality: Overall delivery of milestones to exceed 90 per cent	On Track
Provide a high standard of services to the satisfaction of customers: Increase the Customer Satisfaction Survey overall score to 82 per cent	On Track
Enhance scientific capability and reputation: Achieve high standard of excellence based on indicators of scientific and technical quality	On Track
Recover the full cost of our services and invest for the future: 100 per cent cost recovery	Recovery forecast to be 98 per cent (within tolerance)
Operate with simple, reliable and effective processes: Income growth to be at least 2 per cent higher than support cost growth	On Track
Respect and help the agency's people to develop: Increase the Annual Staff Survey satisfaction score to 64 per cent	On Track

### Key developments in 2004-05

There were a number of key developments in 2004-05:

- scientific strategy was overhauled and new corporate and business planning process introduced;
- the infrastructure of the Agency were reviewed against future needs and a potential site-move evaluated;
- the number of research vessels (RV) was reduced to one with agreement in principle to transfer RV Corystes to Department of Agriculture and Rural Development for Northern Ireland (DARD(NI));
- new project management processes were introduced across all scientific contracts to help to ensure optimum delivery of commitments to customers;
- CEFAS became a formative member of the Defra Marine Monitoring Co-ordination Group;
- CEFAS was certified to The Defra Combined Code of Practice for the Quality of Research and established new quality and statistics groups;
- disaster recovery and business continuity plans were drawn up and tested;
- CEFAS contributed to the development of a national network of marine data systems and developed its own data-management processes;

- communications activity was expanded, to raise the Agency's public profile; and
- CEFAS has taken on the administration of the Aggregates Levy Sustainability Fund Grant Scheme and the Fishing Industry / Science partnership.

Key developments during 2005-06 will be:

- redirection of the science programme in response to Defra agency and science reviews;
- an increase of £2 million in competitively-won income;
- enhanced customer relationship management effort;
- agency and Evidence and Innovation review participation and development;
- delivering Gershon efficiency savings;
- enhancement of disaster recovery capability – IT;
- Quinquennial Science Audit completion;
- ISO14001 implementation; and
- e-procurement implementation / improve purchasing efficiency.

Information about CEFAS, and the Agency's *Annual Report and Accounts* can be found at [www.cefass.co.uk](http://www.cefass.co.uk)

## Pesticides Safety Directorate

### Aims

The Pesticides Safety Directorate's (PSD) aims are to:

- ensure the safe use of pesticides for people and the environment;
- reduce negative impacts of pesticides, encouraging reductions in their use, taking account of best practice and the development and introduction of alternative control measures; and
- harmonise pesticide regulation within Europe and provide a level playing field for crop protection.

### Objectives

Objectives for 2004-06 are to:

- evaluate pesticide approval applications and contribute to the EU review programme;

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- develop policy initiatives to reduce the negative impact of pesticides and to encourage alternative control measures;
- ensure that UK objectives are reflected in EU legislation and regulation;
- actively monitor pesticide use and limit illegal use by taking appropriate enforcement action;
- increase public awareness and understanding of the safe use and regulation of pesticides; and
- recover the full cost of the Agency's operations from the industry and from Defra and achieve efficiency savings.

The PSD's responsibilities link directly into Defra's strategic priorities on sustainable food and farming, natural resource protection and sustainable consumption and production.

### Funding in 2004-05

In 2004-05, about 56 per cent of PSD's costs were met by Industry, through a system of application fees and the annual levy on the UK sales of pesticides, with the remainder funded by Defra plus a small income stream for EU funded work largely under Twinning contracts<sup>129</sup>. The table below shows the projected income figures for 2004-05.

**Figure 38: Pesticides Safety Directorate funding 2004-05**

Source of funding/income	Amount (£ million)
Fees	4.5
Levy	2.9
Defra	5.5
European Union	0.2
<b>Total</b>	<b>13.1</b>

### Performance in 2004-05 against targets

PSD is on track to meet all of its targets and performance data will be published in the Agency's *Annual Report and Accounts* in summer 2005.

<sup>129</sup> Note: These figures have not yet been audited – audited figures will appear in the Agency's *Annual Report and Accounts* in summer 2005

**Figure 39: Pesticides Safety Directorate performance in 2004-05 against targets<sup>130</sup>**

Targets	Measures	Performance (at January 2005)
To evaluate pesticide approval applications and contribute to the EU review programme.	Independent scientific quality assessment.  Monitoring of performance against published processing times and to cost.	On Target  On Target
To develop policy initiatives to reduce the negative impact of pesticides and to encourage alternative control measures.	Development of Action Plans under the National Pesticides Strategy.  Report on the outcome of the buffer zone and spraying consultations.	On Target  On Target
To ensure UK objectives are reflected in EU legislation and regulation.	UK objectives reflected in EU Directives.  Meeting milestones for Twinning projects on time, with delivery within budget.	On Target  On Target
To actively monitor pesticide use and limit illegal use by taking appropriate enforcement action.	Successful completion of the 2004 programme with publication of results, per cent of samples exceeding maximum residue levels. Follow-up enforcement and education action taken where needed.  Report number of incidents and follow-up action taken, including enforcement and prosecution cases.	On Target  On Target
To increase public awareness and understanding of safe use and regulation of pesticides.	Assessment by an independent body.	On Target
To recover the full cost of our operations from the industry and Defra and achieve efficiency savings.	Recovering over 95 per cent of the cost of PSD operations.  Costs to be monitored and efficiency calculated at year-end.	On Target  On Target

## Key developments

These include:

- discussions have been held with other Member States on work sharing to reduce the regulatory burden associated with the pesticide re-registration process;
- following completion of PSD's Customer Satisfaction Survey, a new 'Stakeholder Visit Scheme' has been launched to improve staff understanding of stakeholders business;

<sup>130</sup> To fully reflect the range of work undertaken by PSD under each of its six key objectives and to reduce the number of high-level targets against which it was measured, PSD's targets for 2004-05 mirror its key objectives.



- following a formal assessment, the Agency was re-accredited with its Investors in People status;
- launched a new-look website, incorporating better public interest areas, easier navigation and more documents in plain English;
- as well as having a Small Business Champion to guide Small and Medium Enterprises through the approvals process, the Agency is also examining ways to streamline the approval of alternative pest and disease control measures, through a pilot scheme;
- PSD's electronic records management system has been successfully introduced across the Agency;
- the Agency's remit has been expanded to include the regulation of detergents; and
- successful negotiation of the consolidated Maximum Residue Levels Directive.

### Looking forward to 2005-06

The Agency's agreed aims and objectives for the next year will drive how it plans its business and allocates resources; how it develops policies and how it will measure and review its performance and manage risks. Key challenges are:

- **Changing business** – The nature of the Agency's evaluation work is changing. With increasing re-registration workloads as a consequence of the EU review programme effective procedures will need to be in place. The Agency will work to ensure increased harmonisation and pursue work-sharing opportunities with other Member States. It will maintain regular contact with stakeholders so that the Agency can accurately forecast future work volumes. The Agency will also ensure that staff have appropriate skills and the expertise to deliver;
- **Changing policy** – The *National Pesticides Strategy* will be finalised and Action Plans begun to be put in place in support of sustainable pesticide use. The Agency will continue to build on its effective partnerships with the Commission, the European Food Safety Authority and other Member States. The UK Presidency of the EU in 2005, will impact on the Agency's workloads; and
- **Financial** – Operations will continue according to the Agency's net running cost funding status, whilst improving the efficiency of its accounting systems and procedures.

## Veterinary Medicines Directorate

### Aims and objectives

The vision of the Veterinary Medicines Directorate (VMD) is the responsible, safe and effective use of veterinary medicinal products. In working towards achieving this vision the VMD aims to protect public health, animal health, the environment and promote animal welfare by assuring the safety, quality and efficacy of veterinary medicines. The VMD aspires to become an outward facing organisation with a strong focus on the needs of its customers and stakeholders. Its key objectives in 2004-05 were to:

- authorise veterinary medicines efficiently, using good science, thus ensuring their safety, quality and efficacy;
- ensure the field-use of veterinary medicines is safe and effective principally through monitoring the use of best practice through pharmacovigilance;
- ensure the safe use of veterinary medicines authorised in the UK through surveillance of residues and follow-up action where misuse is detected (which contributes directly towards Defra's Objective 3 to promote a sustainable, competitive and safe food supply chain which meets consumers' requirements);
- develop policy to ensure that veterinary medicines can be used effectively and safely, offering protection to human health, animal health and welfare and the environment;
- seek to encourage the proper use of veterinary medicines and actively discourage improper use; and
- develop the VMD to ensure it is fit for purpose and its vision, aim and objectives are contributing to Defra's Public Service Agreement target 9 as well as the Department's overall vision and values.

Veterinary medicines also play a key role in delivering the aims of Defra's *Animal Health and Welfare Strategy*.

### Funding in 2004-05

In 2004-05, around 70 per cent of VMD's costs were met by Industry with the remaining 30 per cent being funded by Defra, and this balance of external to internal funding is expected to continue in 2005-06. The VMD also received reimbursement for a small amount of assessment work performed on behalf of the European Medicines Evaluation Agency. Overall cost recovery for 2004-05 is expected to be 98.5 per cent (within tolerance).

**Figure 40: Veterinary Medicines Directorate funding 2004-05**

Source of funding	Amount (£ million)
Fees from Industry	8.5
Defra	4
<b>Total</b>	<b>12.5</b>

### Performance in 2004-05 against targets

The VMD is on track to meet all of its outcome based objectives and performance targets for the year, some of which will not be capable of evaluation until after the year-end. Formal performance data will be published in the Agency's *Annual Report and Accounts* in July 2005.

**Figure 41: Veterinary Medicines Directorate performance in 2004-05 against targets**

Target	Performance (at March 2005)
Authorise veterinary medicines efficiently, using good science, thus ensuring their safety, quality and efficacy	On Track
Ensure the field-use of veterinary medicines is safe and effective principally through monitoring the use of best practice through pharmacovigilance	On Track
Ensure the safe use of veterinary medicines authorised in the UK through surveillance of residues and follow-up action where misuse is detected (which contributes directly towards Defra's Objective 3 to promote a sustainable, competitive and safe food supply chain which meets consumers' requirements)	On Track
Develop policy to ensure that veterinary medicines can be used effectively and safely, offering protection to human health, animal health and welfare and the environment	On Track
Seek to encourage the proper use of veterinary medicines and actively discourage improper use	On Track
Develop the VMD to ensure it is fit for purpose and its vision, aim and objectives are contributing to Defra's Public Service Agreement target 9 as well as the Department's overall vision and values	On Track

## Key developments

Key developments during the period of this report included the:

- completion of work leading to the formal public consultation on new veterinary medicines legislation. This formal consultation package was published on 4 January 2005 and included a draft Statutory Instrument – The Veterinary Medicines Regulations 2005 that will transpose into UK law the amended EU provisions resulting from the Review 2001 and revoke or disapply current UK legislation on veterinary medicines made under the Medicines Act 1968. The Regulations will bring into force a single set of legislation containing all the UK provisions on veterinary medicines;
- completion of preparations, in line with the Department of Constitutional Affairs model Action plan and Defra guidance, to ensure that VMD was ready for the coming into force of the Access to Information legislation from 1 January 2005; and
- introduction of programme and project management best practice to improve delivery across the VMD. It has already lead to delivery benefits, improvements to business planning and will lead to the better allocation of resources to priorities.

## Looking forward to 2005-06

The key challenges to the VMD throughout the period 2005-06 and its plans for meeting them have been outlined in VMD's Business Plan, which are available on VMD's website. An internal Development Plan seeks to build a link between the Business Plan and the processes that are already in place to enable the Agency to deliver against its key objectives. The Business Plan sets out the strategy for the VMD over a three-year period. The Development Plan sets out the VMD's tactics for achieving the key objectives and activities described in the Business Plan which, in turn, are taken forward and delivered by a series of projects directed towards continuously improving VMD's efficiency and effectiveness.

VMD's key drivers for the future will be the:

- economic state of the veterinary pharmaceutical industry and its affect on the volume of licensing work VMD receive;
- implementation of the Business Development Plan to drive delivery and continuous improvement; and
- the outcome of the public consultation on the new veterinary medicines legislation.







# Working with others: Defra's public bodies

This chapter reports in more detail on the work of three of the Department's major delivery-partner executive non-departmental public bodies (NDPBs), the Environment Agency, the Countryside Agency and English Nature and its largest Public Corporation, British Waterways. It outlines brief details of their work and the areas of Defra's aims and objectives<sup>131</sup> which they support<sup>132</sup>.

Details of Defra's other public bodies (including executive NDPBs and public corporations) and a listing of Defra's advisory and tribunal NDPBs can be found in Appendix 6.

## Environment Agency

### Working with Defra

The Environment Agency was established under the Environment Act 1995 and vested with statutory duties, responsibilities, and powers. The Environment Agency's management is given broad freedom to exercise its responsibilities within a clearly defined framework. This framework consists of:

- statutory Guidance issued by the Government, which sets out the Agency's policy priorities, its role and statutory objectives;
- a Management Statement setting out the relationship between the Agency and Defra and the Welsh Assembly Government;
- a Corporate Strategy, which sets out how the Agency intends to deliver Government's statutory objectives and priorities in accordance with its role;
- an annual Corporate Plan that describes planned progress over the next three year period to deliver the Corporate Strategy objectives; and
- an Annual Report that sets out the Agency's actual progress on achieving environmental goals and the financial statements.

<sup>131</sup> This expanded detail of reporting follows recommendations from the Environment Food and Rural Affairs Committee's inquiry on the 2003 Departmental Report.

<sup>132</sup> This chapter is intended to provide a brief overview only – the NDPBs listed here produce their own Annual Reports setting out their achievements in more detail.

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Defra is currently working with the Environment Agency to ensure that this accountability and performance management framework is as effective as possible.

The Environment Agency is the leading public body protecting and improving the environment in England and Wales. The Agency's job is to ensure the protection and enhancement of the environment and achieve a better quality of life, now and for generations to come.

The Environment Agency's work includes preventing flooding and pollution incidents, reducing industry's impacts on the environment, cleaning up rivers, coastal waters and managing water resources, contaminated land, improving wildlife habitats, improving and enhancing inland waterways and ensuring sustainable inland fisheries.

The Environment Agency supports Defra in delivering its targets on:

- sustainable development; rural, urban, marine and global environment protection;
- sustainable consumption and production;
- sustainable rural communities;
- natural resource protection;
- climate change and energy; and
- value for money.

### Funding 2004-05

The Environment Agency's operating budget in 2004-05 amounted to over £860 million. Approximately two-thirds of this funding came from Government grants (both Defra and the Welsh Assembly Government), levies and other income, with the remaining amount met from income raised directly through various charging schemes.

### Key achievements during quarter 1 and quarter 2, 2004-05

During quarter 1 and quarter 2 of 2004-05, the Environment Agency had a number of key achievements:

- securing the prestigious Investors in People Award, that reflects their real and ongoing commitment to developing their people;
- Salmon Action Plans (SAPs) actions: 87 per cent of the challenging 2004-05 programme has been achieved in the year-to-date. (316 SAP actions were completed);
- estimated efficiency savings are ahead of target and at the halfway stage are £1.8 million ahead of budget levels (£11.8 million versus £10 million);
- the Agency is on track with delivering its Flood Risk Management Capital programme; and



- sulphur dioxide releases are decreasing due to a combination of regulatory actions. Low sulphur targets have been introduced in coal-fired power stations, and 3 new Flue Gas Desulphurisation schemes are coming into operation.

Further information about the Environment Agency can be found at:  
<http://www.environment-agency.gov.uk/aboutus>

### Looking forward to 2005-06

Some of the Agency's goals for 2005-06 are to:

- manage and reduce the risk of flooding by building new flood defences, improving the condition of existing defences and providing an effective flood forecasting and warning service;
- play its part in reducing greenhouse gas emissions through the regulation of major industries and by exercising the Agency's role as the competent authority in the EU Emissions Trading Scheme;
- help achieve the goals of the UK *Air Quality Strategy* through targeted reductions in pollutants (particularly sulphur dioxide, nitrogen oxides and particulate matter) from processes that the Agency regulates;
- reduce the environmental impact of industry bringing more business sectors into the Integrated Pollution Prevention and Control (IPPC) regime;
- develop and implement strategies to achieve sustainable use of water resources across all river catchments in England and Wales;
- achieve higher river and bathing water quality standards;
- promote sustainable agriculture and ensure that new regulations are introduced in the most effective way;
- continue with preparations to implement the Water Framework Directive, which will take an integrated approach to managing the water environment;
- work with local authorities to deal with contaminated land and to tackle illegal waste practices;
- help protect and improve the condition of internationally and nationally important wildlife sites, creating wetland, saltmarsh and mudflat habitat to offset past damage and loss;
- help Defra achieve its Public Service Agreement target for 95 per cent of all Sites of Special Scientific Interest (SSSIs) in England to be in favourable or recovering condition by 2010; and
- further demonstrate efficiency gains and provide value for money for charge-payers and tax-payers.

### Countryside Agency

#### Working with Defra

The Countryside Agency was created in 1999 with the aims of:

- conserving and enhancing England's countryside;
- helping everyone to enjoy the countryside; and
- spreading social and economic opportunity for the people who live there.

The Agency is the Government's statutory adviser on countryside issues. The Agency has a broad role improving the quality of life for people living in the countryside and improving the quality of the countryside for everyone to enjoy.

The Agency is active in advising and influencing partners in central and local government and all bodies with an interest in the health of the countryside and rural society. In addition, it assesses the impact of policies and produces an independent report to monitor progress on government's rural proofing commitment.

In terms of Departmental Public Service Agreement targets the main contributions the Agency makes are to:

- target 3: opening up public access to mountain, moor, heath and down registered common land by the end of 2005; and
- target 4: reduce the gap in productivity between the less well performing quartile of rural areas and the English median by 2006, and improve the accessibility of services for rural people.

#### Funding 2004-05

Defra provided the Agency with grant-in-aid of £92.5 million in 2004-05 plus an additional £2.7 million for the Aggregates Levy Sustainability Fund. A further £10 million came to the Agency from a variety of lottery funds.

**Figure 42: Countryside Agency expenditure by objective 2004-05**

Objective	£ million
Vital Villages: empowered, active and inclusive communities	21
Essential Services: High standards of rural service	8
New Enterprise: Vibrant local economies	5
Living Landscapes: All countryside managed sustainably	14
Wider Welcome: Recreation opportunities for all	23
Countryside for Towns: Realising the potential of the urban fringe	7
Evidence gathering and sharing	6
Enabling the Agency to deliver (corporate services)	12
<b>Total</b>	<b>96</b>

### Key achievements in 2004-05

Throughout 2004-05 the Countryside Agency has been planning for the change as a result of Defra's *Rural Strategy* published in July 2004.

Key achievements of the year have included the following:

- the Agency has produced and promoted to policy makers profiles of the rural economies in five regions (*Rural Economies: stepping stones to healthier futures*). It has also built the evidence base on rural economies through research on a number of key sectors – public administration, education and healthcare, construction, retail and craft industries;
- the Agency has produced its third annual monitoring report on rural proofing within government and has launched good practice for local authorities about rural proofing their local Public Service Agreement targets;
- the Agency has assisted the Office of the Deputy Prime Minister in framing a new policy that will allow local councils to allocate small sites in rural areas solely for the development of new affordable homes. With Wealden District Council it has been piloting this approach. The Agency has also worked with each of the Regional Housing Boards, to help them address rural issues when revising their Regional Housing Strategies, including the targeting of resources for social housing;

- the Agency has helped the Department for Transport to build a strong rural dimension into their Local Transport Plan guidance to local authorities and has held workshops for those authorities in each region, prior to them updating their plans;
- the Countryside Agency published its 2004 *State of the Countryside* report, which provided a comprehensive picture of change across rural England and which, in particular, highlighted the latest facts about rural housing affordability. It also will work with Defra, the Office for National Statistics and other departments to develop a new set of urban-rural definitions;
- the Agency designed and delivered, working with Defra and the National Association of Local Councils, a £300,000 *QUALITY* Parish Investment Fund, which is going to support 87 new quality parishes. An evaluation will be drawing lessons for the future from this investment;
- following the Countryside Agency's decision to designate New Forest and South Downs National Parks, it gave evidence and support to two major public enquires into the proposals to create these new areas. The New Forest has now been confirmed and the Agency is awaiting confirmation on South Downs;
- the Agency ran a pilot scheme across 100 farms involved in educational visits to improve schoolchildren's understanding of farming and local production. Following the success of this pilot scheme, the Countryside Education Vocational Accreditation scheme has been mainstreamed;
- significant milestones were passed on the way to introducing the new public right of access to almost one million hectares of mountain, moor, heath, down and registered common land by 2005;
- draft maps were completed for the whole of England of 'open country' and registered common land, 21,889 comments on these maps were processed and incorporated into a regional set of provisional maps and the Agency completed giving evidence to Planning Inspectors to decide 761 appeals against the inclusion of land on these provisional maps;
- commencement of these new rights of access for the southeast and lower northwest regions occurred on 19 September 2004 and for the Central South England on 14 December 2004;
- the new Countryside Code was launched on the 12 July 2004; it is a tool to encourage the public to use and enjoy the countryside responsibly and is supported by an animated Aardman 'Creature Comfort' presentation;
- a study of the 1,014 kilometres South West Coast path revealed that this National Trail attracts tourism spend of £136 million to the south west and generates further significant spending along the coast path by day visitors, enough to support more than 7,500 jobs;

- the Agency's Walking the Way to Health initiative (WHI) has encouraged 300,000 people to walk more and benefit their health. The Learning and Skills council recognised WHI training as a national model to widen participation in learning and it has won an international award – *Industry Innovators 2004* presented by International Council on Active Aging;
- the Agency has helped communities create their own community greenspace through the Doorstep Greens Programme, with 31 Doorstep Greens now fully completed and over 125 started work on site developed so far. Successful targeting by Agency advisers has enabled communities from the most disadvantaged areas tackle the environmental and social issues that affect their locality (30 per cent of the Countryside Agency's grants are to communities in the top 10 per cent most deprived wards in the Government's Index of Multiple Deprivation); and
- the Agency's Aggregates Levy Sustainable Fund (ALSF) team has supported communities around the country, for projects delivering community, landscape and recreational benefits affected by aggregates extraction. The grants, which the Agency administers on behalf of Defra levered in £6 million of matched funding from other sources. The Agency has worked with English Nature to integrate their respective ALSF activities into a single Partnership Programme which created a single entry point for customers in April 2005.

### Looking forward to 2005-06

From 1 April 2005 the Countryside Agency was in effect split in two. A distinctive new body, the Commission for Rural Communities, will be established within the legal framework of the Countryside Agency. This will act as a rural advocate, expert adviser and independent watchdog, with a particular focus on disadvantage. Alongside this, the Landscape Access and Recreation Division of the Countryside Agency will be working in a confederation of partners with English Nature and the Rural Development Service, which means joint working activity, running pilot schemes and improved customer delivery in the run up to the creation of Natural England. The Agency will be contributing to the establishment of Natural England from 2007, subject to legislation.

From 1 April 2005 the Agency's social and economic functions transferred to Regional Development Agencies and government offices with the appropriate resources.

A full list of reports and publications can be found on the Agency's website at: [www.countryside.gov.uk](http://www.countryside.gov.uk)

### English Nature

#### Working with Defra

English Nature (EN) is the successor in England to the Nature Conservancy Council (NCC) and assumed its full functions on 1 April 1991. It is the statutory body responsible for nature conservation in England and was established under the provisions of Section 128 and Schedule 6 to the Environmental Protection Act 1990 which divided up the NCC into three Country Councils: Scottish Environmental Natural Heritage (SNH); Countryside Council for Wales (CCW); and EN.

EN is an executive non-departmental public body and Defra is the sponsoring Department responsible for appointing the Chair and Members of EN's Council (on behalf of the Secretary of State) and agreeing the organisations Corporate Plan.

As the statutory conservation adviser in England with responsibility for notifying and protecting Sites of Special Scientific Interest (SSSIs), EN provides extensive policy development advice to Government on a wide range of issues with potential implications for the environment and biodiversity.

In fulfilling its statutory duties EN:

- establishes and manages National Nature Reserves (NNRs);
- notifies and safeguards SSSIs;
- advocates effective policies for nature conservation to government departments and others;
- disseminates guidance and advice about nature conservation; and
- promotes research relevant to nature conservation.

EN acts in conjunction with its Scottish and Welsh counterparts through the Joint Nature Conservation Committee (see Appendix 6) on issues connected with the special functions identified in the Environmental Protection Act 1990 relating to nature conservation in Great Britain as a whole and internationally.

EN contributes to the delivery of the following of Defra's Public Service Agreement targets:

- promote sustainable development across Government and the country as a whole as measured by achieving positive trends in the Government's headline indicators of sustainable development;
- care for natural heritage, make the countryside attractive and enjoyable for all, preserving biological diversity; and

- secure Common Agricultural Policy (CAP) reforms that reduce production-linked support, enabling enhanced EU funding for environmental conservation and rural development.

## Funding 2004-05

EN's total resource budget for 2004-05 is £77.46<sup>133</sup> million. This is made up as follows:

**Figure 43: English Nature funding 2004-05**

	£ million
<i>DEL Capital</i>	1.7
<i>DEL Resource</i>	75.8
<b>Consisting of:</b>	
Baseline or core grant	64.3
Accruing Superannuation Liability Charges*	1.9
Transfers from AME to DEL*	3.4
Peat buy out	2.7
Interest*	0.2
Aggregates Sustainability Levy Fund*	3.0
<b>Of which:</b>	
Ring fenced JNCC contribution	3.0
<b>Note:</b> Items marked * do not score against the Natural Resources and Rural Affairs budget	

## Key achievements 2004-05

Highlights of the year have included:

- 67.4 per cent by area of SSSIs is in favourable or recovering condition;
- 82.3 per cent by area of NNRs is in favourable or recovering condition;

<sup>133</sup> Figures may not add up due to rounding.



- the programme for delivering standards for access and interpretation across all EN 'Spotlight' NNRs is at 87 per cent;
- habitat restoration or recreation outside of SSSIs: 951 hectares of restoration/creation underway or achieved on Chalk Grasslands, with a further 592 hectares planned, giving a total of 1,543 hectares, an overall increase of 485 hectares this year. 14,068 hectares of freshwater restoration/recreation underway or achieved and a further 3,174 hectares are planned, giving a total of 17,242 hectares, an overall increase of 16,128 hectares this year. This includes two large projects including the floodplain of the whole Arun and Wey Catchments (restoring 12,000 hectares) and the Great Fen Project (creating 3,000 hectares of fen). For coastal restoration/recreation 116 hectares are underway or achieved and a further 806 hectares is planned, giving a total of 922 hectares, an overall increase of 330 hectares this year. For heathlands restoration/recreation 16,034 hectares of delivery underway this year, and projects are starting/planned that have the potential to deliver a further 14,825 hectares;
- on flagship species for which EN leads: the numbers of Greater Horseshoe Bats continue to increase and two new partnerships have been set up to promote good management of the bats' feeding areas; a reintroduction programme in North Yorkshire has been completed for Dormice and a new partnership project is underway to look at expanding the reintroduced populations elsewhere; the Choughs have bred in Cornwall this year, with three chicks successfully reared; the results of a 2003 survey has shown that the population of Cirl Bunting has risen to nearly 700 pairs, this is an increase of 52 per cent since 1998, and substantially exceeds the 2003 *Biodiversity Action Plan* (BAP) target of 550 pairs;
- 40 per cent of EN lead habitats are now stable or increasing. This is the same as last year but preliminary results indicate that declines are slowing rather than stable. 51 per cent of EN lead BAP species are now stable or increasing and EN has also made considerable progress in increasing the amount EN know about the status of the species;
- working closely with Defra to help it deliver the Public Service Agreement target for farmland birds; through attendance of key events and an EN sponsored conference resulting in contribution to a professional journal;
- Landscape-scale partnership – to deliver a project in each Government Region. All 9 lead projects are on track with their broad project plans;
- the Asset Management Planning round 4 (AMP4) ambitions are all achieved in the final ministerial guidance. Significant progress is also continuing on the Water Framework Directive, with contributions to the Protected Areas Register and risk assessment completed, and on EN's input to flood management, diffuse pollution catchment pilots, and water level management plans funding;

- provided and maintained well evidenced and timely advice to regional bodies and local authorities;
- a wide range of work is underway in each region towards achieving integration of biodiversity targets in regional plans and processes in all 9 English regions; and
- significant staff effort is being put into making the *Rural Strategy* 2004 reality, with the Modernising Rural Development Programme continuing to demand a high level of input from staff across the organisation.

More information about the work of EN and copies of its *Annual Report and Accounts* can be found at [www.english-nature.org.uk](http://www.english-nature.org.uk)

### Looking forward to 2005-06

During 2005-06 EN:

- will continue to work in close partnership with Defra to meet the milestones in the Department's delivery plan for the Public Service Agreement target to get 95 per cent (by area) of SSSIs into favourable condition by 2010;
- will continue to protect our wildlife and geological heritage outside designated sites by developing a series of large landscape-scale programmes as highlighted in the above achievements, which will deliver a wide range of sustainable development benefits. This approach also contributes directly to Defra's Public Service Agreement target of reversing the long-term decline in farmland birds by 2020; and
- will be working as a Confederation with the Landscape Access and Recreation Division of the Countryside Agency (CA) and the Rural Development Service (RDS), which means joint working activity, running pilot schemes and improved customer delivery in the run up to the Natural England Agency. EN will be contributing to the establishment of the Natural England Agency from 2007, subject to legislation.

## British Waterways

### Working with Defra

British Waterways (BW) is the UK's largest navigation authority. It is a public corporation, accountable to Defra in England and Wales, and to the Enterprise, Transport and Lifelong Learning Department of the Scottish Executive in Scotland.

BW cares for a 3,250-kilometre network of historic canals and navigable rivers in England, Scotland and Wales. Its aim is for a sustainable and integrated network of waterways throughout Britain providing maximum benefit and enjoyment to society. It works with a broad range of public, private and voluntary sector partners to unlock the potential of the inland waterways and generate income for investment.

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BW supports Defra through its commitment to sustainable development and involvement in areas such as urban and rural regeneration, recreation, conservation, biodiversity, education, water supply and maintaining a safe infrastructure.

### Funding 2004-05

Defra provided £59.1 million which contributed towards total BW expenditure in the order of £180 million.

### Key achievements 2004-05

Some of BW's key achievements have been:

- further growth in trading income to record levels approaching £100 million;
- implementation of a new communication and consultation procedure to improve the organisation's openness and accountability;
- statutory maintenance arrears on target to eliminate by 2012 in line with the public commitments given;
- the successful completion of a new business partnership – the Waterside Pub Partnership – which will develop a national network of waterside pubs; and significant progress made on completion of another – Wood Wharf – a large property development in London's Docklands; and
- positive contribution to 2004 review of British Waterways.

### Looking forward to 2005-06

During 2005-06:

- BW will work with Defra to implement recommendations of the Review;
- BW will be working towards achieving targets set out in its five yearly plan: *Our Plan for the Future 2005-09*, notably earning sufficient income needed to sustain the long-term future of the waterways, investing resources where they will generate long-term benefits to customers and the waterways network; and
- BW will continue to explore new methods to release the full commercial potential of its waterways and encouraging maximum use by the widest possible range of people.

At the same time BW will be protecting and enhancing the waterways environment and heritage, improving customer service and operational efficiency.

Further information can be found on BW's website at: <http://www.britishwaterways.co.uk/>







## Chapter 5 – Forestry Commission

The Forestry Commission (FC) is the Government Department which, throughout Great Britain, delivers sustainable development through forestry. It is a cross-border public body with a Chairman and a Board of Commissioners. The Secretary of State directs the Commissioners' activities in England and, after consultation with colleagues in Scotland, Wales and Northern Ireland, represents the UK's forestry interests within the European Union and internationally.

### Organisation

Forestry Commission GB (based in Edinburgh) is responsible for international policy, commissioning research, setting standards for sustainable forestry, monitoring performance, plant health, and co-ordinating central services – finance, internal audit, personnel, information technology, engineering services, plant and seed supply and operational support. It also oversees the work of the FC research agency, Forest Research.

Forestry Commission England, based in the National Office in Cambridge, leads the implementation of the Government's *England Forestry Strategy* (EFS). The National Office is supported by nine regional offices which carry out its regulatory and grant support functions and connect the EFS to the distinctive needs of each Region. Forest Enterprise England, an Executive Agency, manages the Commission's estate in England. It also runs the Forest Holidays business across Great Britain.

### What the Forestry Commission does

The objective for its activities across Great Britain is:

- on behalf of all three administrations, to take the lead in development and promotion of sustainable forest management and to support its achievement nationally.

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In England its aim is to implement the programmes of the *England Forestry Strategy*. The objectives of the programmes are to:

- increase the contribution of forests and woodlands to local economies and rural development (Forestry for Rural Development);
- expand the role of woodlands in supporting the economic regeneration of former industrial land and disadvantaged communities (Forestry for Economic Regeneration);
- promote public access to woods and forests and develop diverse recreational opportunities (Forestry for Access, Recreation and Tourism); and
- conserve and improve the biodiversity, landscape and cultural heritage of our forests and woodlands (Forestry for the Environment and Conservation).

## Achievements in Great Britain

### Forestry Standards

In 1998 FC published the UK Forestry Standard which quickly proved its value as the Government's basis for regulation supporting sustainable forest management in the UK. It enabled forestry stakeholder groups, working jointly, to produce the UK Woodland Assurance Standard for independent forests' certification in the UK the following year.

In 2004-05, FC has:

- published a second edition of the UK Forestry Standard;
- worked with the UK Woodland Assurance Standard stakeholders to undertake and complete the revision of the forest certification standard; and
- embarked on a major 3-year programme of consultation and revision to overhaul and update the suite of Forest Guidelines and the many associated FC forestry practice advisory publications that support both of the Standards.

### Industry development

In support of UK wood as a renewable, sustainably grown and competitive material FC has:

- worked with Defra and the Office of the Deputy Prime Minister on the Sustainable Building Task Group programme, particularly in relation to timber and other construction materials;
- worked interdepartmentally and with the Timber Trade Federation on sustainable timber procurement and the international problem of illegal logging;

- supported research on forest products, the life cycle assessment of timber in construction, and projects to improve efficiency and reduce environmental impact;
- worked with the Board of the 'wood for good' timber promotion programme to improve the understanding of both the public and professional user about the environmental impacts of forestry and getting the best out of timber in use; and
- supported the industry with timber statistics and price indices from FC's regular statistical surveys and publications.

### International and European affairs

The FC has continued to play an active role in the promotion of sustainable forest management internationally and within Europe. In preparation for the review of the current international arrangements on forests, the FC along with Defra, Department for International Development (DfID) and the Foreign and Commonwealth Office (FCO) consulted key stakeholders on the most effective way forward. From this, the FC helped facilitate the meeting of international experts considering future arrangements within the United Nations (UN).

At the European level FC has:

- worked with Defra on forestry's integration in the draft Council Regulation on Rural Development (published in July 2004); and
- contributed to the European Commission's review of the *EU Forestry Strategy*, which was adopted in 1998.

### Forests for Health and Wellbeing

A large part of the population that is not currently accustomed to spending time outdoors would derive health benefit from modest outdoor exercise. Following consultations across Great Britain in 2002 on the use of forests for health, FC has:

- worked with health departments to explore the potential contribution of public and private forests; and
- collaborated with a number of agencies and departments in research.

### Evaluating and Learning from Social Initiatives

Following the revision to the HM Treasury *Green Book, Appraisal and Evaluation in Central Government*<sup>134</sup>, FC will train forest managers in the use of socio-economic research and evaluating social outcomes from forestry management.

<sup>134</sup> [www.hm-treasury.gov.uk/economic\\_data\\_and\\_tools/greenbook/data\\_greenbook\\_index.cfm](http://www.hm-treasury.gov.uk/economic_data_and_tools/greenbook/data_greenbook_index.cfm)



### Research

The Forestry Commission sponsors a diverse research programme to support the development and delivery of policy in England, Scotland and Wales.

Following stakeholder consultations, FC will produce revised research in 2005-06. Through collaboration with the Forest Service of Northern Ireland, the strategy will have UK-wide relevance. Key elements will be:

- the communication of research results and the transfer of knowledge;
- a holistic and landscape-scale approach allied to a commitment to partnership in research;
- an increase in the amount and relevance of social and economic research; and
- recognition of climate change as a cross-cutting topic for sustainable development.

Important developments during 2004-05 include:

- the initiation of a forward look of research in landscape ecology and genetic conservation to address the threats and opportunities presented by climate change;
- a new economic study on valuing forest recreation. The scoping phase reported in March 2005;
- organising a new survey of public opinion of forestry starting in 2005;
- leadership of a multi-agency and UK-wide study into the health benefits of outdoor activity;
- increased capacity for social research in Forest Research and establishment of the agency as the main provider of social science input to a major cross-European project on sustainable land-use;
- production of several important publications translating the results of research into practical guidance for managers including *Managing Woodlands and their Mammals*, *Managing the Pinewoods of Scotland* and *Reducing Pesticide Use in Forestry*;
- continued investigation of the new tree diseases caused by *Phytophthora ramorum* (Sudden Oak Death) and *P. kernoviae* and formulation of scientific advice to Plant Health authorities (see Plant Health); and
- the development of new partnerships to take forward research and practice on urban greening and land reclamation to woodland.

## Forest Research

The main provider of research and scientific advice to FC is its agency, Forest Research. The agency expects to achieve the targets set for its key performance indicators in 2004-05. Details of the Agency's achievements will be published in the Agency's *Annual Report and Accounts*.

## Plant health

The FC inspected one million cubic metres of controlled wood products from non-EU countries – down from 3 million cubic metres last year due to EU enlargement. Wood packaging material associated with non-wood consignments continues to pose the greatest threat and 5,000 consignments were inspected. The principal pest threats are:

- Great Spruce Bark Beetle – the EU Protected Zone within Great Britain is being abandoned and legislation changed accordingly;
- Asian Longhorn Beetle – imports of wood packaging material continue to be monitored for signs of this pest which affects many deciduous trees. A further outbreak in Germany is under eradication;
- Horse Chestnut Leaf Minor – first recorded in GB in 2002, this pest continues to spread in the south east. The situation is being monitored but no effective controls are available;
- Gypsy Moth – extinct in GB since 1907, a small population was discovered in the London Borough of Redbridge in 1994. A joint Defra/FC eradication programme has been operating since then. In 2004, no moths were trapped in the area and no larval activity was reported. The population may have died out but monitoring will continue for two years;
- *Phytophthora ramorum*, which causes 'Sudden Oak Death' in the USA continues to be the greatest concern being addressed by Defra, Scottish Executive Environment and Rural Affairs Department (SEERAD) and FC. No evidence of *P. ramorum* was detected in the survey of 1,300 woodland sites completed in March 2004. A second, more limited, survey was carried out in July/August and again no evidence of the disease was detected. The only infection recorded are the sites in Cornwall reported last year which caused the survey to be carried out. Two Management Zones have been set up and containment and eradication programmes, which will take about three years, have started. All infected material, mainly rhododendron is either being removed and destroyed, or infected parts cut out with the plants being monitored to ensure they remain disease-free. Together with Defra, FC held a number of meetings with local interests to keep them informed of progress; and

- during surveys in Cornwall, FC detected a previously unrecorded phytophthora, *P. kernoviae*. The origin of this disease is not known. It appears to have a greater impact on rhododendron which, as with *P. ramorum*, appears to be the main means of spread. It has also been found on a number of beech trees and, unlike *P. ramorum*, has successfully infected two native English oaks (*Quercus robur*). Intensive surveys indicate that the main focus of infection is in an area of approximately 5 square miles south-east of Redruth. In December 2004, legislation came into force which delimits a management zone and provides measures aimed at containing the disease within the zone while eradication is undertaken. Two other sites outside Cornwall have been found with infected rhododendrons, one near Swansea and another at a nursery in Cheshire. All infected plants have been destroyed and both sites are under surveillance. There are also a small number of other infected sites in Cornwall outside the management zone. Following destruction of the infected plants, the sites are under surveillance.

The implementation of the new EU Plant Health Regime is being planned, as is the implementation of the directive which modifies landing requirements for a range of wood and wood products. This Directive also implements new requirements regulating the entry into the EU of wood packaging material from all third countries, except Switzerland. These new requirements are proving controversial and the new provisions may take time to become effective. The necessary legislation is planned to be in place later in 2005-06.

### The Forestry Commission's work in Great Britain

FC's challenges for 2005-06 are:

- containment of *P. ramorum* and *P. kernoviae*;
- in partnership with The World Conservation Union (IUCN), World Wildlife Fund (WWF), Brazil, USA and other global partners, the organisation of a successful Global Workshop on Forest Landscape Restoration;
- continuing to work within UK Forest Partnership for Action to improve the sustainability of forestry at home and internationally;
- implementing the research strategy;
- undertake economics research into forests used for health purposes to explore the scale of benefits and undertake pilot initiatives and partnerships to explore barriers that might hinder use of forests for these purposes;
- training forest managers in the use of socio-economic research and evaluating social outcomes; and
- implementing the EU Plant Health Regime and the directive for landing requirements and entry of wood packaging material.

## Achievements in England

### *Delivering government policy*

The role of woodlands and forestry in Government policy is set out in the *England Forestry Strategy* (EFS), published in 1998. The FC has lead responsibility for implementing the EFS. In this role, the FC is increasingly integrating its work with other government departments and contributing to wider policy reviews. As part of Modernising Rural Delivery, FC relinquished its strategic policy role to concentrate on delivery.

### **Key results in 2004-05**

During 2004-05, FC:

- transferred strategic forestry policy to Defra; and
- taken over Farm Woodland Premium Scheme (FWPS) and support for Community Forests from Defra.

### *Sustainable forest management*

Although England has more trees now than at any time since the 1700s, it remains one of the world's least wooded countries, with just 8.4 per cent woodland cover. This cover, however, is among the most intensively used. Forest Enterprise manages 22 per cent of the woodland resource. A diverse range of other bodies and individuals owns the remainder. Half of the woodland area is currently the subject of active management plans agreed with the FC, which supports the management and expansion of private woodland through the Woodland Grant Scheme, felling licences and other mechanisms. The Woodland Grant Scheme is part of the England Rural Development Programme (ERDP).

### **Key results in 2004-05**

During 2004-05, FC:

- piloted a computer system to support the England Woodland Grant Scheme (EWGS); and
- established the research requirements of the EFS to contribute to a revised FC Research Strategy.

### *Rural development*

Woodlands and woodland businesses provide a significant contribution to the sustainable development of rural areas. There are over 14,000 people engaged in forestry and related processing industries. More jobs are sustained through recreation, tourism and game management. This programme focuses on how FC can help our woodlands and woodland businesses deliver more benefits to local communities and economies.

### Key results in 2004-05

During 2004-05 FC:

- worked with the England Forestry Industry Partnership, where a secretariat was appointed, and commissioned an industry baseline study and worked on e-business and timber procurement;
- developed a generic framework for evaluating rural development projects;
- worked with the Greenwood Trust piloted open college network courses for accrediting greenwood skills;
- continued to support wood as a source of biomass with two outreach seminars; and
- drafted a woodfuel action plan for the Southwest which has been agreed in principle with regional partners.

And through Forest Enterprise:

- supplied over 1.4 million cubic metres of Forest Stewardship Council (FSC) certified timber; and
- provided over 700,000 bed nights in its cabin and campsites.

### *Economic regeneration*

This programme is evolving to support the Government's broader urban regeneration and development objectives in line with the *Rural Strategy* and the Office of the Deputy Prime Minister's (ODPM) Sustainable Communities Plan. As a result, FC continues to focus on deprived areas, the coalfields and brownfield land, (through initiatives such as Newlands in the North West), but are now also increasingly working with partners to add its support to green infra-structure issues in the Growth Areas and Northern Growth Corridor.

### Key results in 2004-05

During 2004-05 FC:

- worked with the Countryside Agency and Groundwork to develop a vision for the countryside in and around towns;
- worked with the Land Restoration Trust to secure the role for sustainable woodlands in their green space restoration programme;
- worked with others to develop delivery plans for the Thames Gateway and the other Southern Growth Areas; and
- continued to advance the Public Benefit Recording System with partners.

And through Forest Enterprise:

- secured ODPM funding for Salcey Forest.

### *Recreation, access, and tourism*

Woodland and forests can provide many benefits for individuals, communities and society as a whole. Benefits such as health and well-being; and education and learning have been better researched and demonstrated during 2004-05. FC continues to provide a high quality recreation and education service on the public forest estate and is supporting others through the development of Regional Forestry Frameworks to improve both the quality and quantity of access opportunities close to where people live.

### **Key results in 2004-05**

During 2004-05 FC:

- with the Woodland Trust, completed the first inventory of accessible woodland which has been analysed to help target regional support;
- using the Woodland Trust's Woodland Access Standard, identified access opportunities in existing or newly created woods;
- helped the Forest School England Network to share and disseminate good practice; and
- identified the training needs of staff in the East Midlands, who are involved in the development of health interventions within woodland and forests. The project, a partnership with the British Heart Foundation, will help identify a range of resources which can help build capacity in this area.

And through Forest Enterprise:

- continued a health demonstration project at Chopwell Wood, near Gateshead. The project has worked with six primary schools on the National Healthy Schools Scheme and encouraged cycling through GP referral courtesy of a number of mountain bikes received from Raleigh;
- ran a pilot project in the Forest of Dean to encourage black and ethnic minority communities from inner city Bristol and communities and schools within the Forest of Dean to cycle for health benefits;
- worked on Public Private Partnership (PPP) for Forest Holidays for completion later in 2005-06; and
- started dedicating the freehold estate under the Countryside and Rights of Way Act 2000 with completion due by autumn 2005 and the estate open for access by April 2006.

### *Environment and conservation*

The FC's Environment and Conservation programme covers the role of woodlands in conserving and enhancing the environment. This includes protecting natural resources, such as water and soil and conserving the biodiversity associated with woodland. Protecting and enhancing the contribution of woodland to our landscapes and to the historic environment is also included in this programme.

The FC leads implementation of the Woodland and Forestry workstream of the *England Biodiversity Strategy*, and is lead partner for the native woodland Habitat Action Plans. It has statutory responsibility under the Countryside and Rights of Way Act 2000 to promote the conservation of Sites of Special Scientific Interest (SSSIs), habitats and species. It also has statutory obligations to 'have regard to' the purposes of National Parks and to conserving and enhancing Areas of Outstanding Natural Beauty (AONBs).

The woodland and areas of greatest priority under this programme are SSSIs, ancient woodland and designated landscapes (AONBs and National Parks).

### **Key results in 2004-05**

During 2004-05 FC:

- with input from over 500 stakeholders developed a new statement of policy, and draft management guidance, for ancient and native woodland;
- ensured that the mechanisms operated by other parts of Defra and Government protect ancient woodlands;
- published a Defra family Action Plan for the sustainable management of wild deer;
- produced draft guidance for woodland managers on protecting bats and conserving woodland birds, and supported specific studies of nightjar and willow tit;
- developed a spatial database of non-woodland semi-natural habitats on the FC estate, and published a report on the conservation and expansion of heathland habitats;
- produced a consultative document on the restoration of open habitats, informed by an assessment of experience in the regions;
- appointed staff to promote the role of woodland across ten AONBs;
- held seminars for stakeholders on the contribution of Ancient Woodland to the historic environment; and
- developed a method for recording veteran trees which is being piloted.



And through Forest Enterprise:

- managed all 242 SSSIs and 732 Scheduled Ancient Monuments on the public forest estate in accordance with plans agreed with English Nature and English Heritage; and
- continued access to, and interpretation of, historic environment features on the estate.

## Forest Enterprise England

The agency expects to achieve 12 of its 13 key performance indicator targets. Details of the Agency's achievements will be published in the *Agency's Annual Report and Accounts*.

### *What Forest Enterprise England aim to do*

Its challenges for 2005-06 are:

#### Government policy

- to ensure that FC develops to meet the needs of the Modernising Rural Delivery Review.

#### Sustainable forestry

- launch the new EWGS (incorporating FWPS incentives) in summer 2005; and
- with the Defra family, support the sustainable management of wild deer.

#### Rural development

- pilot a harvesting, processing and marketing grant to inform the next ERDP (2007-2013);
- work with Defra to ensure that forestry is given due consideration within the next ERDP; and
- complete and publish the England forestry industry baseline study.

#### Economic regeneration

- continue to work with ODPM in delivering the Sustainable Communities Plan and develop the FC's role in Growth Areas and the Northern Approach;
- work with and support the Land Restoration Trust to deliver its woodland objectives;

- provide tools and guidance to develop woodlands in and around our towns and cities; and
- seek approval of Newlands 2 and the Derwent Forest in the North West.

### **Access, recreation and tourism**

- maintain and improve the 'Woods for People' evidence base;
- continue to support the development of the Forest School England network and investigate a Forest School quality assurance scheme;
- complete the dedication of the freehold estate and ascertain the potential for leasehold dedication;
- encourage linking woodlands and healthy living through a co-ordinated campaign, Active Woods – Naturally Good for You;
- work closely with Natural England in promoting access, recreation and well being; and
- complete the Forest Holidays Public Private Partnership.

### **Environment and conservation**

- agree with English Nature the actions to achieve favourable condition on all woodland SSSIs and appropriate non-woodland sites;
- develop and launch incentives under the EWGS to achieve favourable condition in woodland SSSIs and improve or restore ancient woodland;
- establish an 'inter-agency' project and other mechanisms to engage and assist owners of unmanaged ancient woodland in 'unfavourable' condition;
- disseminate the research results into the possible causes of the decline in woodland birds, and agree an action plan to address them;
- agree targets for the improvement, restoration and expansion of native woodland under the Habitat Action Plans;
- consult on management guidance for ancient and native woodland and several protected species associated with such woodland;
- publish a statement of policy and practice for the restoration of open ground habitats from forest;
- pilot techniques for rapid field assessment of woodland heritage, and support these via the EWGS; and
- through regional projects, promote greater understanding and appreciation of the cultural aspects of ancient woodlands.

## Funding

The table below sets out funding and expenditure in full resource terms.

**Figure 44: Forestry Commission funding 2004-05 to 2007-08**

£ millions	2004-05 Forecast	2005-06 Plan	2006-07 Plan	2007-08 Plan
<b>Source of Funds</b>				
Funding provided by Parliament	85.9	84.7 <sup>1</sup>	84.9 <sup>1</sup>	82.4 <sup>1</sup>
EU co-financing of Woodland Grants	5.5	6.0	6.0	6.0
Forest Enterprise receipts	37.5	34.0	34.0	34.0
<b>Total funding</b>	<b>128.9</b>	<b>124.7</b>	<b>124.9</b>	<b>122.4</b>
<b>Use of Funds</b>				
<b>GB Core</b>				
Research and Development	10.7	11.2	11.2	11.2
GB policy, administration and support	6.5	5.8	5.8	5.8
Other resource costs <sup>2</sup>	1.3	1.3	1.3	1.3
<b>Total GB expenditure</b>	<b>18.5</b>	<b>18.3</b>	<b>18.3</b>	<b>18.3</b>
<b>Forestry Commission England</b>				
Woodland grants and partnerships	21.5	21.3	21.5	19.0
Policy, regulation and administration	12.3	10.7	10.7	10.7
Other resource costs <sup>2</sup>	2.5	0.1	0.1	0.1
<b>Total Forestry Commission England expenditure</b>	<b>36.3</b>	<b>32.1</b>	<b>32.3</b>	<b>29.8</b>
<b>Forest Enterprise England</b>				
Operating costs	34.3	34.0	34.0	34.0
Recreation, Conservation and Heritage	18.6	19.0	19.0	19.0
Capital	1.9	2.0	2.0	2.0
Other resource costs <sup>2</sup>	19.3	19.3	19.3	19.3
<b>Total Forest Enterprise England expenditure</b>	<b>74.1</b>	<b>74.3</b>	<b>74.3</b>	<b>74.3</b>
<b>Total Expenditure</b>	<b>128.9</b>	<b>124.7</b>	<b>124.9</b>	<b>122.4</b>

### Notes

1 Subject to agreement of transfer of funds from Defra. Expenditure plans have been constructed on the basis that this will be the level of funding.

2 This includes cost of capital.

### *Overall review of outturns and plans*

Parliamentary funding in 2004-05 includes £3.4 million transferred from Defra to meet the shortfall in timber income and the cost of dedicating the freehold estate under the Countryside Rights of Way (CRoW) Act. Timber income is currently £3.0 million below the level required to support programmes but the market does not appear to be declining any further. The cost of dedication was £0.4 million. Forest Enterprise are concluding a development sale which will raise in excess of £4.0 million in 2005.

Expenditure on woodland grants has been increased to £21.5 million in order to meet the demand reported last year. Prudent management of the demand has prevented a suspension of grant payments as experienced in 2003-04.

The stabilisation of the timber market has allowed the expenditure on the estate to reach a steady state.

### *Efficiency*

The Forestry Commission is conducting a business improvement programme to release resources by streamlining structures and processes. FC will also seek efficiencies from the further computerisation of grants administration to help accommodate the work transferring from Defra.

### *Departmental investment strategy*

It is government policy to continue investment in the forest estate of 258,000 hectares. It produces over one million cubic metres of timber annually, attracts in the region of 300 million day visitors per annum and provides environmental, landscape and heritage benefits. Expansion of the woodland area is now being achieved by partnerships with other woodland owners to create approximately 5,000 hectares of woodlands per annum.

There will continue to be a programme of disposal to support FC expenditure and to reposition the estate to reflect objectives. Proposals to sell land will be considered case by case. Sales of land for development are also being pursued.

The Forest Holiday cabin sites have been provided with new cabins. A Public Private Partnership is being explored to develop the holiday business further.

## Performance

The following table records FC's performance against its targets for 2002 Spending Review.

Target	Forecast of progress at 31 March 2005
<b>Sustainable Development</b>	
Achieve positive trends in specified UK Indicators of Sustainable Forestry in the 2002 Spending Review period: A2 – new woodland creation A6 – area of sustainably managed woodland D3 – timber production and future availability E3 – public awareness	On course
Strengthen the role of woodlands and forestry in the sustainable development strategy of each region through promoting the preparation of regional expressions of the <i>England Forestry Strategy</i> by 2004.	Some slippage
Create 15,000 hectares of new woodland from 2003 to 2006 in accordance with the <i>England Forestry Strategy</i> and the England Rural Development Programme.	On course
Promote an increase in the area of woodland certified against the UK Woodland Assurance Standard for sustainable forest management in England to 350,000 hectares (32 per cent) by 2006.	On course
<b>Rural Development</b>	
Promote the sustainable utilisation of England's woodland resource by facilitating the harvesting of 38 per cent of the annual timber growth each year until 2006.	Not known
Carry out a baseline study to establish the confidence of woodland and forestry related businesses and set a target for improvement.	On course
<b>Economic Regeneration</b>	
Improve the environment of disadvantaged urban communities and help to attract investment by creating 2,700 hectares of new woodlands in priority areas from 2003-06.	Major slippage

## Chapter 5

Target	Forecast of progress at 31 March 2005
<b>Recreation, Access and Tourism</b>	
Promote healthier lifestyles and increase environmental awareness by expanding the area of woodlands with public access by 10,000 hectares in priority areas over the period 2003-06 in relation to the 2003 baseline study.	Ahead
Increase the number of day visits to woods and forests to 350 million by 2006.	Not known
<b>Conservation and Environment</b>	
Bring into favourable condition by 2010, 95 per cent of all SSSIs where the Forestry Commission has statutory responsibilities.	On course
Lead implementation of the UK Biodiversity Habitat Action Plans for woodlands in England for delivery by 2015.	On course
Reverse the long-term decline in the number of woodland birds by 2020 as measured annually against underlying trends using the Woodland Birds Index.	On course
<b>Value for Money</b>	
Reduce the unit cost of administering grant aid to 16p/£ by 2006 while maintaining a minimum of 85 per cent compliance with the FC Customer Service Standard for the Woodland Grant Scheme and achieving 100 per cent electronic serving delivery capability for such payments by 2005.	Some slippage
Reduce the unit cost of producing a cubic metre of timber on the Forestry Commission estate to £13.55/m <sup>3</sup> by 2006 while increasing the proportion of woodland managed in accordance with low impact silvicultural systems.	Ahead

### Further reading

FC booklets and leaflets are available from Forestry Commission, Silvan House, 231 Corstorphine Road, Edinburgh EH12 7AT. A wide range of information on forestry is available at [www.forestry.gov.uk](http://www.forestry.gov.uk)







## A Department fit for purpose

Defra continues its major programme of internal reform to develop as a Department well placed to deliver its new *Five Year Strategy*.

Defra aims to build on the changes made so far to further become a Department which:

- is focused strongly on the achievement of clear outcomes;
- constantly searches for ways to strengthen its capacity for delivery;
- is outward looking, professional and expert, and is respected internationally, among stakeholders and within Government;
- is flexible and agile and understands the needs and behaviours of its customers; and
- attracts, retains and motivates the best people.

The chapter begins with an overview of the Departmental Reform Programme and the three programmes driving internal change, and concludes by setting out how Defra is aiming to become more efficient. The chapter then moves on to look at:

- how the Department develops policy based on sound evidence;
- the professional services which underpin the work of the Department, which includes financial control, commercial management, information technology, estates and communications; and

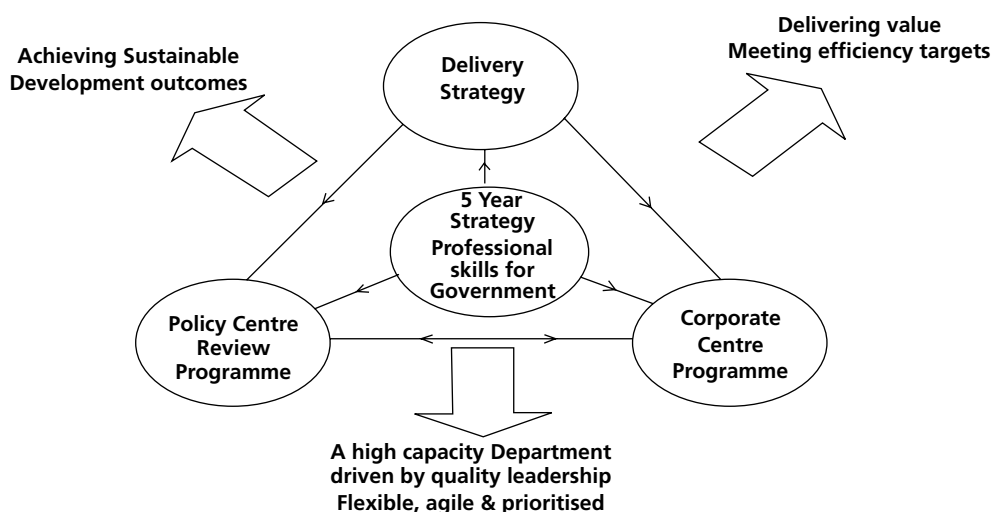
- how Defra manages its people and how the Department is responding to the challenges posed by Professional Skills for Government agenda<sup>135</sup>.

### Departmental Reform Programme

The three programmes driving internal change are Defra's Delivery Strategy, the Policy Centre Review Programme, and the Corporate Centre Programme.

#### Changing the way the Department does business – Internal Reform Programme

*A single, integrated whole with a markedly new culture (Prime Minister: June 2001)*



### Defra's Delivery Strategy

Defra still has a serious challenge to make the best use of its delivery capacity – whether in the form of internal delivery, executive agencies, national public bodies or through partnership with regional and local government or the private and voluntary sectors.

Defra's Delivery Strategy describes how Defra will achieve its outcomes through more effective partnerships between policy and delivery. This means an organisational separation between the two functions, but one underpinned by consistent and well-understood principles. The core Department will define the outcomes required to deliver government policy, but the business of delivery will be passed to delivery bodies who have a shared understanding with the Department on their role in both delivering Defra's outcomes and supporting the development of policy. These organisations will have clear governance and accountability arrangements, and their roles and responsibilities will be strategically aligned to the Department's objectives. Where possible delivery bodies will share core information and systems, and provide customers with one-stop entry points.

<sup>135</sup> Details on Professional Skills for Government can be found at: [www.civil-service.gov.uk/skills](http://www.civil-service.gov.uk/skills)

The Delivery Strategy and its new policy and delivery partnership is rapidly becoming a reality across Defra, supported by the Management Board's decision in 2004 that all remaining delivery or operational functions will be placed outside the core Department by March 2008.

Some key areas of implementation to date include:

- in the animal health and welfare area the British Cattle Movement Service was transferred to the Rural Payments Agency in 2003, resulting in speedier payments and improved customer experience;
- the State Veterinary Service became an Executive Agency in April 2005, enabling it to build capacity and competence, increase its customer focus and play a full part in delivering the *Animal Health and Welfare Strategy*;
- in rural policy, the new Natural England Agency, announced in July 2004 will provide more coherent management of the natural environment, as the Haskins Review recommended; and
- across the Department, a large number of inspectorate and licensing functions will leave the core Department and will be managed more effectively as delivery functions by 2008. The future organisation of these functions is still to be determined, and will take into account the recommendations of the Hampton Review of Regulation.

The Delivery Strategy framework is now being further developed to include guidance on:

- devolving delivery to regional and local government, and to other bodies beyond the Defra family and the public sector, and the accountability frameworks which would govern such arrangements;
- the scope for common corporate services across the core Department and delivery bodies; and
- developing more robust models for governance, sponsorship and accountability for Defra and its national delivery bodies.

Defra is developing formal programme management structures for this development of the Delivery Strategy framework, within which the Department can track the progress of the many implementation projects. A Delivery Strategy Programme Board, including representatives of the key delivery bodies, has also been created to oversee the implementation of the strategy.

A consequence of the Delivery Strategy is that core Defra will require an organisation and culture which reflects the new focus on delivery, and will need to develop skills which meet the requirements for a stronger capability to set the strategic agenda and to monitor performance of delivery through others.

### Defra's Policy Centre Review Programme

The second part of Defra's strategy for internal change is its Policy Centre Review Programme (PCRP). This is looking at the kind of core Department Defra needs to deliver its *Five Year Strategy*. The programme, underpinned by implementation of Defra's Delivery Strategy as well as commitments made about policy core efficiency in its Efficiency Programme, is examining:

- how Defra can rebalance its policy work to give emphasis to its new strategic priorities;
- the policy role, and the skills and expertise the Department needs to deliver effective policy. This will include distinguishing between 'policy development' and 'policy maintenance', and looking at how Defra forms and disbands policy teams – and will be linked to the work across Government on Professional Skills for Government;
- Defra's approach to industry sponsorship;
- Defra's approach to the use of specialists – both generic (such as economists and lawyers), and to business-specific specialists in policy teams; and
- how policy support functions should be organised to make them more efficient and effective, building on existing work to improve desktop delivery of information and library services and to make better use of the Department's information and knowledge. This includes: electronic document management; improved facilities for secure remote access to allow more flexible working patterns; and better capabilities for capturing knowledge and making it accessible.

As well as this radical medium-term review, Defra is already working to professionalise its policy development, by:

- making greater use of programme and project management techniques; and
- following the principles of good regulation, and using alternatives to regulation wherever possible, in line with the recommendations of the Better Regulation Taskforce. (More detail can be found in this chapter and Appendix 9)

## Defra's Corporate Centre Programme

The third leg of internal reform concerns Defra's corporate centre. By 2008 Defra will have restructured its corporate services, in order to deliver a more strategic, high quality, and professional support to the new Department. Some key elements of this programme are:

- working towards more common service provision across the wider Defra family;
- strengthening the Department's information technology (IT) and business change capabilities through a long-term partnership contract with IBM, effective from 1 October 2004;
- increasing professional expertise in Human Resources (HR), finance, estates and IT, and developing more efficient, electronically enabled (e-nabled) and self service models for these services;
- implementing the Transforming HR programme to create an HR function which demonstrably improves the Department's capacity to deliver;
- improving Defra's programme and project management capability;
- on science, the Horizon Scanning programme, the Science Advisory Council, 10 Year forward Look, the upcoming *Evidence and Innovation Strategy* and a programme on professional development will strengthen Defra's evidence based approach to policy making; and
- ensuring that Defra has the necessary services, processes and technology, and that staff are able and motivated, to understand, gather and use information and knowledge effectively.

Transforming HR is one area where significant progress has been made in the past year. Building on the development of a Service Centre (handling first line enquiries and data processing) and a Resource Centre (which handles recruitment and deployment). Key achievements in 2004-05 included:

- installing a new Oracle e-HR system and rolling it out for HR staff;
- starting the work to simplify, streamline and e-enable key HR processes which paved the way for self-service allowing employees to authorise decisions and complete transactions electronically;
- appointing a Customer Care Champion to improve services and make better use of feedback. The Department has also developed a set of key performance indicators covering essential HR services; and
- reviewing the HR strategy and policy function and beginning the implementation of the new structure.

The Department is moving forward swiftly on this programme of internal reform and will further develop plans already in place so that by summer 2005 it will have clear timetabled plans to:

- re-structure the central Department and complete the removal of delivery and operational functions;
- re-structure Defra's corporate centre; and
- deliver on Defra's efficiency commitments.

### Efficiency

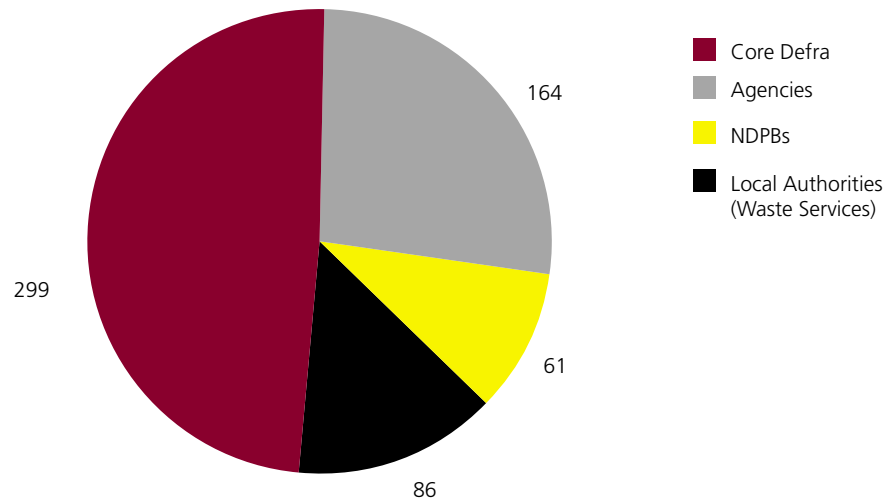
The Gershon Cross-Departmental Review of Efficiency, *Releasing resources to the front line: Independent Review of Public Sector Efficiency*,<sup>136</sup> was a major component of the 2004 Spending Review. Its aim was to identify efficiency savings in order to move resource to front line delivery across government. It did this by exploring a number of workstreams (for example, procurement, corporate services, and transactional services) across the whole of the public sector and identifying where individual organisations could generate efficiency savings either through their own initiatives or by making better use of joined-up arrangements. The review was run by an HM Treasury and Cabinet Office team and led by Sir Peter Gershon.

Defra's response was prepared through a process of discussion with business areas across the Defra family (core Department, Executive Agencies and Non-Departmental Public Bodies) and with Sir Peter Gershon's team and was submitted in April 2004. The response identified an efficiency target in excess of the minimum specified 2.5 per cent a year. This equates to £610 million in annual efficiencies by 2007-08 as well as staff savings of 2,400 by 2007-08. These targets were announced on 12 July as part of the outcome of the 2004 Spending Review.

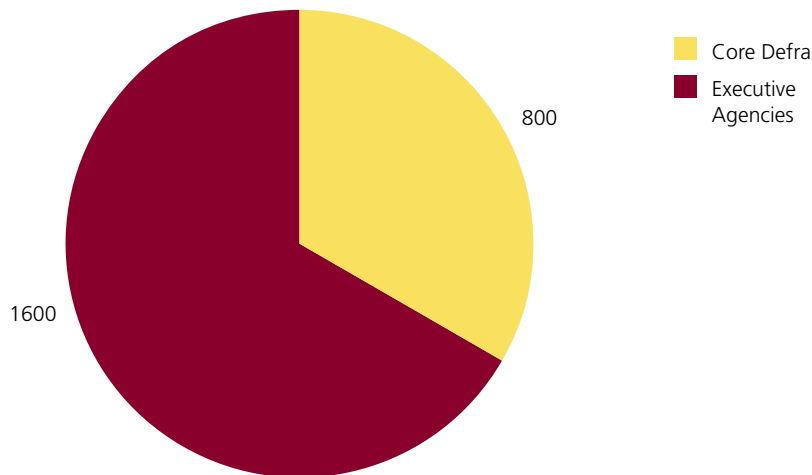
Defra is continuing its work to deliver the efficiency targets of some £610 million as set out in the 2004 Spending Review settlement for the financial years 2005-06 to 2007-08. Defra delivered for the financial year 2004-05 some £41 million efficiency savings against a target of £33 million. The majority of efficiencies were delivered through the Environment Agency, through improved procurement, and through the England Rural Development Programme (ERDP) IT system. These were allied to staff efficiencies of 356 posts, including some 90 as a consequence of restructuring of Defra's HR function and 250 from the RPA change programme.

<sup>136</sup> [http://www.hm-treasury.gov.uk/media/879E2/efficiency\\_review120704.pdf](http://www.hm-treasury.gov.uk/media/879E2/efficiency_review120704.pdf)

**Figure 45: Efficiency Savings**



**Figure 46: Efficiency – Headcount reductions**



### *Efficiency Programme*

The efficiency target will be delivered through a portfolio of programmes being undertaken across the Defra family as well as through improved waste services which are undertaken by local authorities (for which Defra has policy responsibility).

An Efficiency Programme Office was established in October 2004, within Defra's Programme and Project Management Unit, to oversee delivery of the targets and to address overall governance, risk and contingency arrangements for the portfolio. The Programme works closely with the Finance Team which is setting out 3-year allocations for the business areas so that efficiencies are built into forward allocations.



The Efficiency Programme also works particularly closely with the programme which is delivering Defra's target for relocation of 390 posts from London and the South East. This target was also agreed as part of the 2004 Spending Review settlement as a result of the *Well Placed to Deliver? Shaping the Pattern of Government Service: Independent Review of Public Sector Relocation* carried out by Sir Michael Lyons<sup>137</sup>. An Efficiency Technical Note<sup>138</sup> has been published on Defra's website to illustrate how Defra will deliver and measure the efficiencies.

### Evidence-based policy-making

Strategic thinking and policies depend not only on the right skills but also on a clear, accurate and accessible evidence base. This section outlines some of the major events and key outputs during 2004-05. Chapter 2 describes how these outputs are being used to inform the work of the Department thereby ensuring that its policy-making is based on sound evidence.

### Science in Defra Change Programme: delivering the evidence

Defra spends around one-third of a billion pounds annually on science. The forecast for 2004-05 was £153 million on research and development and £170 million on other types of science, including scientific advice, field trials, knowledge transfer, surveillance and monitoring.

Science (including the social and economic sciences) is at the heart of good policy-making in Defra. The insights that science generates:

- form a major part of the evidence on which Defra base its policies and strategies;
- promote shared understanding of the issues which concern us; and
- provide tools and solutions, for example, through successful innovation.

Science is developing at an accelerating rate. The science within Defra's remit can often be contentious or uncertain. There is an increasingly important public dimension to the use of science in policy-making. This places increasing demands on Defra's scientific capabilities and performance.

Defra's response to these demands was the establishment in 2003 of the Science in Defra Change Programme. Its purposes are to ensure that Defra policies are soundly based on good science; that Defra science is respected by the wider scientific community; and to regain public trust in the way that science is used to inform policy (such as in the management of risk in areas of scientific uncertainty).

The Programme consists of a number of projects, designed to ensure that:

<sup>137</sup> [http://www.hm-treasury.gov.uk/consultations\\_and\\_legislation/lyons/consult\\_lyons\\_index.cfm](http://www.hm-treasury.gov.uk/consultations_and_legislation/lyons/consult_lyons_index.cfm)

<sup>138</sup> <http://www.defra.gov.uk/corporate/busplan/efficiencynote-0410.pdf>

- Defra is carrying out the **right scientific activities** to underpin current and future policy needs and to anticipate emerging risks and opportunities;
- the scientific advice Defra obtain, and the science activities supporting it, is of a **high quality**;
- Defra has access to the **right expertise and skills** to procure and interpret scientific information, and that scientific advice is used appropriately in the policy-making process; and
- Defra science is **open and transparent**, and its aims and results are effectively communicated.

### *Performance in 2004-05*

During 2004-05:

- the Science Advisory Council (SAC) was established in February 2004 to provide the Chief Scientific Adviser, and through him Ministers, with expert, independent science advice. The SAC will help to ensure the quality and appropriateness of Defra's various scientific activities and use of science, by providing strategic advice on all of Defra's science activities and their relationship with both Defra's policy goals and the wider UK and international science base and horizons. The Council met four times with a very successful open meeting being held in January 2005. The majority of the Councils work is carried forward through the formation of sub-groups with independent experts co-opted as appropriate to provide specialist advice;
- Defra published its first Science Forward Look *Evidence and Innovation*<sup>139</sup> in July 2004 which took a strategic look over the next ten years. This was followed by a stakeholder consultation;
- the Department is piloting Statements of Evidence across Defra to ensure Defra meets the requirements of the Freedom of Information Act 2000 to publish the evidence on which policy submissions are based;
- the Department has strengthened its science communication activities to raise awareness of Defra science among stakeholders and the public and to help increase public confidence in its use of science;
- the Defra Horizon Scanning programme expanded under the guidance of the Science Advisory Group, and a wide-ranging research programme has been established;
- launch of a new Science Handbook in January 2005 for use within Defra to ensure consistency and best practice in procuring research, together with a new series of forms to standardise data capture on its research programmes;

<sup>139</sup> <http://www.defra.gov.uk/science/ForwardLook/default.asp>

- the Department has promoted the EU Sixth Framework Programme<sup>140</sup> and have highlighted Defra's priority research areas in its response to the European Commission's consultation on identifying the main research themes for the Seventh Framework Programme;
- following recommendations of the agency review Science for Sustainability, Defra's science agencies are undergoing strategic change (new governance and financial arrangements). A five-year strategy is being developed for the laboratories, closely linked with the work on Defra's future requirements for science;
- the Sustainable Farming and Food Research Priorities Group (RPG) was established in 2003, to provide the Department with independent advice on strategic priorities for farming and food research. It undertook a widespread stakeholder consultation on priorities for research to promote the sustainability of the farming and food industries in 2004. Six workshops were held in England and Wales. The RPG report was published on 22 March 2005;
- the Department has made further progress with its Science Quality Agenda. Defra has assessed the compliance or readiness to comply with the Joint Code of Practice<sup>141</sup>. The Code officially came into force in June 2004;
- during 2004 Defra established a Science Head of Profession Project for the Chief Scientific Adviser and explored the aims and requirements of this role with over 2,500 scientists in Defra. First outputs of the Project have been used to inform the Government's Chief Scientific Adviser, Sir David King and have made a further contribution to the Professional Skills for Government Agenda; and
- during 2004, the two Directorates concerned with the delivery of evidence, Science and Economics and Statistics, were brought together under the Chief Scientific Adviser to provide central strategic co-ordination and support to specialists working in policy-making teams.

### *Looking forward to 2005-06*

During 2005-06 Defra will:

- publish Defra's Evidence and Innovation Strategy for 2005-08. This follows on from the *Science Forward Look* and will set a new strategy for Defra's procurement and use of evidence and innovation to 2008;
- further develop Defra's internal scientific expertise and capacity through the Head of Profession function led by the Chief Scientific Adviser;

<sup>140</sup> The Framework Programmes are European Community funded, multi-annual Research and Technological Development programmes (started in 1984), to improve the competitiveness of European industry and provide support for the development of common policies. The Programmes provide a framework and financial support for collaborative research in areas defined as being high priority where collaboration at European level provides added value.

<sup>141</sup> Joint Code of Practice for research, 2003 (Defra, BBSRC, FSA, NERC, UK devolved administrations)  
[http://www.defra.gov.uk/science/documents/QACoP\\_V8.pdf](http://www.defra.gov.uk/science/documents/QACoP_V8.pdf)

- continue to develop the role of the new Science Advisory Council, ensuring that it makes effective input to the development of Defra's science programmes and activities;
- continue to improve Defra's approach to evidence based policy making, working with the Office of Science and Technology and other central departments;
- build and foster a new, focused relationship between Defra and its science agencies by developing a laboratory procurement strategy; and
- maximise Defra's opportunities to benefit from international collaborative research, notably in the development of the next EU Framework Programme, through science initiatives under the Sixth Environment Action Programme and through bodies such as the EU's Standing Committee on Agricultural Research.

### Economics, statistics and social research

The principal function of the economics, statistics and social research teams in Defra is to provide relevant, timely and high quality analysis and advice to Ministers and policy makers, and to publish a wide range of analyses, statistics and information relating to policy matters.

There are close links between economists, social researchers and statisticians and professionals in other departments and disciplines. Members of these teams also represent Defra on a range of inter-departmental groups and committees and the government at a variety of European Union and other international groups and meetings.

Defra's policies increasingly require the Department to bring together key data sources (both statistical and administrative) from within and beyond the Department. To ensure the development of a co-ordinated approach, the Defra Co-ordinating Committee for Statistics (DCCS) was set up in October 2004 to provide the vision and strategic direction for statistical work in Defra and ensure close contact with customers. The National Statistics Code of Practice will be implemented across the Department in accordance with its published Statement of Compliance.

### *Performance in 2004-05*

During 2004-05:

- the Climate Change Review Programme has involved close working with other government departments to evaluate existing climate change mitigation policies and appraise new policies for further greenhouse gas (GHG) reductions; and
- leading on preparing the allocations for the National Allocation Plan for installations covered by the first phase of the EU Emissions Trading Scheme.

Statisticians and economists have worked closely with policy colleagues on a number of Sustainable Consumption and Production (SCP) related projects, including:

- the revision of a basket of 'decoupling' SCP indicators following comments received from the consultation in 2003-04;
- providing the evidence and analysis in support of the Landfill Allowance Trading Scheme introduced in April 2005;
- the successful development of a municipal waste management model;
- publication of research quantifying and valuing the health and environmental impacts of waste management options for municipal solid waste and similar wastes;
- several research projects on the economics of biodiversity contributed to a programme of work supporting the *England Biodiversity Strategy*<sup>142</sup>. Work on improving the way in which biodiversity is incorporated into public sector decision making has culminated in guidance on the inclusion of biodiversity considerations and values in Regulatory Impact Assessments;
- work continued on building the evidence base on the economic impact of air pollution policies with reports in May 2004<sup>143</sup> and January 2005 respectively providing a range of monetary values for various key mortality and morbidity benefits and evidence on the success of existing policies in reducing air pollution;
- close working with other government departments, agencies and organisations has continued, ensuring that the evidence on rural areas is included in developing policy. 2004-05 highlights include:
  - a new rural definition (further information can be found in chapter 2); and
  - the launch of the Rural Evidence Hub pilot, providing user-friendly access to rural statistics along with a Geographical Information Systems (GIS) mapping facility.
- on the *Sustainable Farming and Food Strategy* there was a significant amount of other activity supporting the economic, environmental and social dimensions of the Strategy. For example:
  - comprehensive analyses of the implications of the Single Payment Scheme;
  - the successful launch of advisory booklets on management accounting and business planning for farmers and a prototype on-line benchmarking system, based on Farm Business Survey data;

<sup>142</sup> <http://www.defra.gov.uk/wildlife-countryside/biodiversity/biostrat/>

<sup>143</sup> <http://www.defra.gov.uk/environment/airquality/valuation/index.htm>

- analysis and evidence on economic instruments and other policy options, were brought together in the publication of the first consultation on Catchment Sensitive Farming;
  - analysis to inform the response to the *Net Benefits* report recommendations; and
  - the *National Statistics Strategic Review of Farming and Food Statistics* report published in June 2004 made 15 recommendations. The Farm Practice Survey was introduced and will fill major evidence gaps in relation to the environment, animal welfare and economic sustainability.
- an indicator framework has been produced to monitor progress with the *Animal Health and Welfare Strategy*, and further statistically robust data sources have been developed to populate the indicators and enhance the evidence base.

### Looking forward to 2005-06

#### Climate change and energy

The Defra-chaired Interdepartmental Group on the Social Cost of Carbon (IGSCC) will conclude its review by issuing new Government guidance on social cost of carbon estimates and their use in policy appraisal. Defra economists will continue to support Defra's work on the international climate change agenda, including feeding into work for the UK presidencies of the EU and G8, and will be called upon to advise on future action post 2012 (post-Kyoto) and on the competitiveness implications of different climate change policy regimes.

#### Sustainable consumption and production

Considerable work will be directed towards improving the evidence base on Defra's Sustainable Consumption and Production strategic priority through, for example:

- launching a model developed by Defra economists in consultation with the Environment Agency and the Landfill Allowance Trading Scheme (LATS) Stakeholder Group to assist local authorities in developing their LATS;
- working with other government departments to provide economic advice and analyses on the sustainability implications of different levels of house building;
- providing economic advice on the environmental impacts of global trade liberalisation;
- development of waste statistics in accordance with the new EU Waste Statistics Regulation; and
- examining the potential form of, and implementing pilots for, household incentive schemes to increase household recycling and minimise residual waste.

### Natural resources

Work will continue on a number of fronts in this area with, for example, in working closely with policy colleagues in assessing and taking forward the recommendations from the *Air Quality Strategy Review*.

### Sustainable rural communities

Further development of the rural evidence base will be complemented by the continuing implementation of the Rural Policy Evaluation Framework. A paper on Rural Productivity, to be published in summer 2005, and based on research carried out by a number of different authors, will make use of the new Rural Definition to cover and analyse existing data and research, looking at the drivers of productivity in rural areas, associated issues including social exclusion and overall policy implications.

### Sustainable farming and food

Key challenges will include analysis to support negotiations on reform of the sugar regime and those on reform of trade in agricultural products in the World Trade Organisation (WTO). Further work will be needed to develop the evidence base for longer-term developments in the CAP, including further changes to the rice import regime, the dairy regime and the future of set-aside<sup>144</sup>. Development of monitoring and evaluation of CAP Reforms will also figure prominently with a monitoring observatory being set up to provide early warning of changes to farm practices arising from CAP Reform on the environment. The scope for further work to promote financial risk management will be explored and support for benchmarking will continue to develop.

The Environmental Accounts and *Strategy for Sustainable Farming and Food* indicators will continue in development while analysing the financial, environmental and social issues involved in redesigning/replacing the Hill Farm Allowance. This will involve carrying out an environmental valuation exercise and should represent a significant contribution to developing policy in this area.

The statistical outputs and services are being developed to provide a fuller range of information on farming structures and how farms are changing in response to the new policies and the food industry. The data sources will continue to be developed including a two year programme to improve the farming registers.

### Animal health and welfare

The contribution of economic and statistical analysis will continue to expand with a strategic research project being undertaken to examine the potential for economic analysis to contribute to the understanding, formulation and implementation of policy relating to the health and welfare of animals.

<sup>144</sup> The CAP reforms of 2003 which led to the decoupling of support from production and the introduction of the Single Payment Scheme have altered the context in which set-aside operates, in terms both of its supply control function and its environmental role. It is therefore timely to critically assess the role that set-aside plays and to consider whether there are more effective and efficient means of achieving the environmental benefits while minimising the inefficiencies of the current set-aside regime.



## Legal services

The Legal Services Directorate General provides legal and investigation services to Defra and its agencies. It maintains close links with legal teams in other Whitehall and territorial departments to help to ensure the effectiveness and consistency of its legal advice and litigation activities.

### *Performance 2004-05*

During 2004-05 Defra's legal services:

- supported transposition and implementation of Common Agricultural Policy reform measures;
- made continuing progress in implementing EC environmental legislation (including transposition of EU Law);
- contributed to Defra's continuing efforts regarding regulatory reform;
- prepared the Hunting Bill and supported its Parliamentary process and implementation;
- prepared the Clean Neighbourhoods and Environment Bill and supported its Parliamentary passage;
- prepared the Natural Environment and Rural Communities Bill;
- prepared the Animal Welfare Bill;
- developed an Enforcement Policy for Defra; and
- dealt with outstanding litigation, investigations and contractual disputes following the foot-and-mouth disease outbreak.

### *Looking forward to 2005-06*

During 2005-06 Defra's legal services will:

- assist in the effective and timely implementation of Common Agricultural Policy reform;
- assist in the modernisation of rural delivery structures and functions;
- assist in Defra's major procurement and development projects;
- embed a more outcome driven approach to enforcement;
- help to develop Bill skills and focus resource;
- develop and apply a thorough training programme on Better Regulation for lawyers (to increase the added value of their internal challenge function);

- promote the effectiveness and the survival of the Kyoto Protocol;
- contribute to optimum targeting of fisheries control and enforcement for conservation purposes;
- contribute to Defra's efforts to ensure that it remains fully responsive to developments on the information agenda (including the Freedom of Information Act 2000);
- build on legal links with the wider community of enforcers of Defra's objectives, especially local authorities; and
- provide legal support throughout the UK Presidency of the EU.

### Better regulation and the Regulation Taskforce

Defra is one of Whitehall's biggest regulators, and aims to be the most effective. The Department will build on its success of using non-regulatory instruments where they are most appropriate to achieve the desired outcomes. Defra accepts the recommendations made by the Regulation Task Force in 2004, and has established a Better Regulation Unit to take these forward.<sup>145</sup>

The Department's action plan for implementing the Taskforce's recommendations has been endorsed at the highest level. At the request of the Prime Minister, Defra's Regulatory Reform Minister, met with David Arculus, Chairman of the Better Regulation Task Force, in November 2004 to present the Action Plan. It was agreed then that Defra should publish the Action Plan and is available on the Department's website.

Defra's commitment to regulating better was further outlined in its *Five Year Strategy*<sup>146</sup>. The Strategy includes a number of targets, including a commitment to reduce the administrative burden from Defra regulation by at least 25 per cent over the next five years, showing the seriousness of Defra's commitment to this objective.

Action to address some of the Taskforce themes and recommendations has already begun; further detail on the Department's progress can be found in Chapter 2 and Appendix 9 of this Report.

### Programme and project management

Defra's Programme and Project Management Unit (PPMU) was set up in 2003 to:

- develop programme and project management (PPM) and Delivery Planning expertise in key delivery areas;

<sup>145</sup> More detail on Defra's approach to regulation, along with the Regulation Task Force's report, can be found on Defra's website at <http://www.defra.gov.uk/corporate/regulat/regulat.asp#review>

<sup>146</sup> In particular see Chapter 8 of the *Five Year Strategy*, which can be found at <http://www.defra.gov.uk/corporate/5year-strategy/5year-strategy.pdf>

- disseminate and monitor PPM practice and ensure that PPM becomes the natural way of working in Defra; and
- manage the scope of key programmes and projects within a single portfolio, providing assurance to, among others, the Management Board on its progress in delivering its top programmes and projects.

The Department has developed a PPM skills matrix to assess the skills of staff occupying key roles within Defra's portfolio of top programmes. The matrix, which was based on the Office of Government Commerce (OGC) best practice and tailored to Defra, identified the skills and knowledge for the key roles in programmes and projects. As a result, the Defra Management Board approved a three-module development route for key programme and project staff. By the end of 2004-05, over 200 key staff had attended the modules and the evaluation process has shown it has been effective and well received.

In addition to OGC Gateway<sup>TM</sup> Reviews<sup>147</sup> and internal audits, PPMU has a PPM health check model to ensure that the key PPM controls are in place and operating effectively within Defra's top programmes. PPMU has conducted health checks with a number of programmes, which has helped to direct the Unit's support activities to ensure programmes proceed on a firm footing.

### Risk management

Effective handling of risk is key to the successful delivery of Defra's policy outcomes. Not only do Defra's policy responsibilities encompass areas that are traditionally viewed as high risk (such as climate change, flooding and animal and plant disease) but the size and complexity of the Department's programme of work and the range of delivery partners it must work through demand systematic and consistent management of risk at all levels.

2004-05 has seen consolidation and improvement of Defra's risk management in key areas of the Department. At the strategic level, the Management Board's identification and management of Defra's top threats is one particular success. More generally, the continued roll-out of project management techniques means that an increasing part of the Department's business handles risk more systematically and this is now backed up by specific training in risk management for staff in policy directorates.

To continue these improvements, throughout 2005-06 we will be working in two priority areas: developing the quality of the risk discussions with Ministers and improving the risk relationships with our delivery partners.

<sup>147</sup> The OGC Gateway Process examines a programme or project at critical stages, from the start of the project to when it finishes, to provide assurance that it can progress successfully to the next stage; the process is based on well-proven techniques that lead to more effective delivery of benefits together with more predictable costs and outcomes. More information is available at: [www.ogc.gov.uk/index.asp?id=377](http://www.ogc.gov.uk/index.asp?id=377)

### Corporate services and systems aligned to business needs

The various parts of the corporate centre in Defra are engaged in programmes to improve their performance, for example, programmes to ensure that Defra makes best use of information technology (IT), and to improve the finance function, and to ensure more effective co-ordination between them. This part of the chapter looks in turn at the following areas of corporate activity:

- finance;
- information technology in Defra;
- Defra's estates strategy; and
- communications.

#### Finance

Defra's total budget for 2004-05, including its Agencies, is £5.8 billion. Of this, £2.3 billion is for payments under the Common Agricultural Policy that are funded as Annually Managed Expenditure and reimbursed by the EU. The balance reflects funding within the Departmental Expenditure Limit and is split £3.2 billion for Resource and £0.3 billion for Capital.

#### *Improvements in financial control*

Following receiving unqualified audit reports for the resource accounts in 2002-03 and 2003-04, whilst meeting the faster closing timetable for both years, the Department has continued to pursue improvements to its financial management. These include introducing clearer and more directly relevant monthly financial reports to the Department's Management Board.

The implementation of a single system for financial control has been completed successfully. The system provides a common set of monthly financial reports throughout the Department, supporting more comprehensive financial monitoring at all levels.

During 2005-06 the Department will implement HM Treasury's new integrated financial reporting system (COINS), as part of Defra's overall Finance Change Programme. COINS will be used by all departments. This single system will replace three existing databases dealing with the preparation of the Estimates and the core tables for this report, monthly financial reporting to HM Treasury and Defra's input to the Whole of Government Accounts process.

The Finance Change Programme continues the embedding of financial, procurement and project management skills within Defra's policy areas and the Department's delivery agents, alongside further improvements to the systems, procedures and organisational structure used to provide financial management control.

The Department is also investigating the creation of a Shared Service Organisation to secure further value for money from its administrative systems. This organisation would combine the provision of financial, human resources, accommodation and procurement services to the core Department and its delivery agents, seeking improvements through economies of scale and quality of services delivered.

### Commercial management and procurement

The Department reported value for money savings to the Office of Government Commerce (OGC) of £84.3 million on an expenditure of £1.5 billion for the financial year 2003-04. The return confirmed Defra's position as one of the leading contributors to the Government's value for money procurement agenda. As part of Defra's Efficiency Programme, the central procurement group reported cash savings of £13 million (out of £20 million for Defra) for the financial year 2004-05. Defra's value for money return for 2004-05 will be available for Defra's 2006 Departmental Report.

The Delivering Efficient and Effective Procurement Solutions (DEEPS) Programme was launched in late 2004 as the means by which Defra will deliver its challenging Gershon procurement value for money targets. The Department has been chosen as the change agent for delivering efficiencies in waste procurement across the public sector. It is working with the Greater London Authority on a waste procurement pilot study and determining value for money metrics for wastes procurement across the wider public sector. The Department has also developed a public sector wastes procurement toolkit for use by the local authorities in achieving the efficiency savings required by Gershon from environmental services.

The Department's e-procurement strategy is a further cornerstone of the efficiency programme designed to generate the required efficiency cash and efficiency savings. The OGC has categorised the strategy as advanced and has used it as a best practice exemplar in OGC guidance. The Department has run its first and very successful e-auction. The Department settled 39 foot-and-mouth commercial disputes generating savings for the tax payer of £20.6 million.

Working cross governmentally and across industry with a broad range of departments, stakeholders and suppliers, the Department continues to sponsor the public sector food procurement initiative, changing demand side and supply side practices to ensure sustainable farming and food principles are embedded into public sector food procurement. The Department hosted a National Food Suppliers conference in March 2005, which brought together key suppliers, buyers, customers and stakeholders concerned with the public sector's procurement of food, will be hosting a Defra suppliers conference in early summer 2005, and a sustainable procurement conference late autumn 2005.

The Department has published its public sector catering services toolkit and is running a further series of regional training seminars on public sector food procurement which began in spring 2005.

On timber, Defra is regarded nationally and internationally as an important contributor to timber procurement policy and continues to develop the central point of expertise on timber procurement. The body will provide guidance and advice in assisting departments and the wider public sector to purchase legal and sustainable timber. The UK Government's timber procurement policy has received international recognition for its contribution to tackling illegal logging and it will feature in G8 discussions during 2005.

The Department has worked with NHS Purchasing and Supply Agency (PASA) and with the University of Bath on the development of an education and training programme on sustainable procurement for public sector buyers. During 2005 it will be applying the principles of category management to the sustainable procurement agenda working closely with OGC 'buying.solutions'. In November 2004 Defra sponsored the National Sustainable Procurement Conference at which the commitment for annual Departmental action plans for sustainable procurement was established.

### Departmental Investment Strategy

Defra's *Departmental Investment Strategy 2005-08* describes the investment programmes planned for the 2004 Spending Review, and outlines the outcome of previous investment activity. This strategy is available on the Defra website<sup>148</sup>.

The net book value of the Department's total fixed assets is approximately £740 million<sup>149</sup>. The principal assets are land and buildings, which make up 75 per cent of the total. The rest comprises of IT, scientific equipment, vehicles, office furniture and fittings, and marine research vehicles.

Where these assets are no longer required for the Department's business, the Department disposes of them by sale to other departments or private businesses, by recycling (where possible), or by other environmentally safe means. Defra expects to generate income of approximately £18 million in 2005-06 from sales of its surplus assets.

The Department continues to invest in upgrading and developing its own internal infrastructure, and maintaining the asset base of its executive agencies and non-departmental public bodies. It also invests in essential assets deployed by local authorities to act on behalf of Defra; for example, the provision and maintenance of flood and coastal defences.

<sup>148</sup> [www.defra.gov.uk/corporate/busplan/dis/index.htm](http://www.defra.gov.uk/corporate/busplan/dis/index.htm)

<sup>149</sup> We do not expect the 2004-05 accounts, which will show the position at 31 March 2005, to be available until September 2005. Further information on Defra's Resource Accounts 2003-04 can be found at the following web page: [www.defra.gov.uk/corporate/finance/resource-accounts/accounts0304/index.htm](http://www.defra.gov.uk/corporate/finance/resource-accounts/accounts0304/index.htm)

HM Treasury also provides a limited amount of additional funding for assets that are outside the mainstream activity of the Department, but which nevertheless provide a step forward in the benefits that the Department delivers to taxpayers. Small-scale developments, for example, that yield immediate improvements in the efficiency of the Department are supported by the Invest to Save budget, some of which activities relate to capital.

### Internal audit and fraud

Defra requires all staff at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible. The Department will not accept any level of fraud or corruption. All cases will be thoroughly investigated and dealt with appropriately.

The Department is committed to protecting public resources, revenue, property, information and other assets from any attempt, either by members of the public, contractors, sub contractors, agencies, sponsored bodies, or its own employees, to gain by deceit, financial or other benefits.

Internal Audit's primary role is to provide an independent opinion of assurance on risk management, control and governance, to the Departmental Accounting Officer. Internal Audit undertakes this role through a programme of agreed assignments, designed to address the main risks to the achievement of the Department's objectives. The recommendations arising from this work assist managers in improving the effectiveness of control.

Internal Audit provided a positive assurance on the Department's system of risk management, control and governance for 2003-04. A risk-based programme of internal audit is being undertaken across the whole range of the Department's business in support of the audit opinion for 2004-05.

Defra's Audit and Risk Committee comprises three independent members, including the Chairman who is a non-Executive Member of the Departmental Management Board. The Audit and Risk Committee is an advisory body which supports and advises the Accounting Officer on issues of risk, control, governance and other related matters. It also supports the internal audit, external audit and risk management roles and status within the Department.

The findings of an external standards review of Internal Audit which reported during the year have largely been implemented. This included the development and approval by the Audit and Risk Committee of a new Internal Audit Strategy, identifying and mapping the assurance framework for the Department and planning the level of internal audit work to reflect this. This new approach should enable Internal Audit to demonstrate that it is providing the necessary level of audit coverage over a changing Department and continuously improving the quality and efficiency of the service it provides.

### Information technology in Defra

Information technology (IT) is essential to the delivery of Defra's Business.



### *Activities during 2004-05*

During the last 12 months, Defra has done much work to carry forward the implementation of its IT strategy. Progress is being made on the development of major new grant payment systems for the CAP Single Payment Scheme and Environmental Stewardship Schemes, new corporate registers for customers, land and livestock, a new electronic document and records management (EDRM) system, and preparation of systems for the new State Veterinary Service and confederated working of Natural England partners (the Rural Development Service, English Nature and parts of the Countryside Agency).

Defra has also carried out a significant update of its IT strategy to reflect the latest thinking in the new *Five Year Strategy* and pays particular attention to implementation of the Delivery Strategy, the Policy Centre Review Programme and the Corporate Centre Programme. The latest version of the IT strategy is more focused on plans for implementation. It outlines a programme of work up to 2009 and lays down a strong and flexible foundation for the future.

Fundamental to delivery of the IT strategy is the E-enabling Programme which has resulted in Defra's IT services being outsourced to IBM. Defra and IBM have signed a seven-year agreement for IT and business transformation services, which came into effect in October 2004, and involved the transfer of approximately 320 IT staff from Defra to IBM. IBM works closely with Defra to deliver its IT enabled strategy for change, improving the Department's internal processes and leading to better services for customers. They will help Defra devise new approaches to business problems through 'Innovation Services' and will deliver IT applications more efficiently using new 'Rapid Application Centre' facilities and a jointly-developed Project Lifecycle process. The E-enabling contract currently supports core Defra and the Rural Payments Agency. It is intended that, subject to suitable agreement, the contract will be extended to cover the State Veterinary Service and Natural England. Discussions are also taking place with other members of the Defra family.

Along with the outsourcing arrangement, Defra has established an internal Intelligent Customer Function (ICF) of around 80 people, who's role is to:

- ensure that the IT strategy remains in tune with business objectives;
- drive through the implementation of the IT strategy – acting as an IT enabling change agent;
- ensure that operational IT service levels are achieved;
- ensure that maximum strategic, operational and commercial value is derived from the outsourcing contract;
- manage the relationship between the outsourcing supplier and the business in delivering IT; and
- ensure that governance and communications mechanisms are fit for purpose to achieve all of the above.

Defra is making good headway in implementing electronic services and applying government infrastructure standards. IT will make a significant contribution to Defra's Efficiency Programme. To ensure Defra is getting value for money, the Department introduced a more comprehensive demand planning and approvals processes to align IT investment with strategic priorities and bring more rigour and challenge to where IT expenditure is placed.

During the year, the Department has recognised the need for improving its IT skills to complement the new systems that will be introduced by its IT partner. Defra has implemented an IT Skills Learning and Development Strategy to address end-user IT capabilities and ensure that staff are able to make effective use of the IT that is available to them.

### Estates strategy

The Department's drive on estate rationalisation is influenced by the outcome of a comprehensive internal review linked to both the outcomes of the Gershon and Lyons reports and is preparing a comprehensive estates strategy.

The Department is committed to making the best use of its available estate. For example, the London estate is being improved to make the best use of the available space by open plan working which will help to further more flexible ways of working. This approach is also being adopted in the regional estate.

The Department is committed to exploring opportunities with other departments and the wider public sector to sharing accommodation and is ensuring that its sites are maximised.

### Communications

It is essential that all communications across government are now customer-focused and based on robust evidence. The need for sound strategic planning resulting in the delivery of integrated communications plans is now a key requirement across government. During 2004-05, Defra continued to embed a strategic approach to communications by all in the Department enabling better communication of Defra's work to its wide range of audiences both internal and external.

Work has also been underway on developing an overarching Corporate Communications Strategy which, in addition to outlining corporate standards on branding, internal communication, e-communications, stakeholders relations and briefing, will also provide the Departmental framework for communicating the Defra priorities and the Department's *Five Year Strategy*.

For 2004-05, the key objectives for Defra's Communications Directorate (CD) were to:

- ensure that all internal and external communications are clear, coherent and consistent and reflect the Department's values, vision, aims, objectives and corporate identity;
- develop a more systematic, co-ordinated and open approach to groups and individuals who have an interest in Defra's policies by guiding, supporting and helping them to engage with, and influence, the policy and delivery areas;
- evaluate the effectiveness of Defra's communications and modify its activities in the light of feedback; and
- apply structured management of risk, contingency planning and training, to prevent and mitigate undue impact of hazards and to ensure the continued effective operation of the business in the event of natural disasters or other disruptive incidents.

### Supporting the delivery agenda: focus on communications

During 2004-05, Defra's marketing teams managed 25 campaigns with nearly 300 elements, which included press advertising, posters, direct mail, publications, literature, promotional materials, public relations activity, online, and e-mail campaign activity. The teams also managed approximately 100 events ranging from Defra's presence at international trade and public exhibitions, to organising ministerial conferences and receptions.

Examples of Defra's communication activity include:

- commissioning of primary research to identify the perceptions of Defra's stakeholders and what they see as the barriers to adopting better and more effective sustainable practices;
- Public Sector Food Procurement Initiative – enabling small and medium sized growers, food suppliers, and catering service providers to competitively bid for public sector food contracts;
- communicating with Farmers –through a pilot publication, *Farming Link*;
- Fresh Start – providing business and information support to farmers joining and leaving the farming industry;
- Environmental Stewardship – raising awareness among key target groups affected by the Environmental Stewardship initiative;
- Horse Passports – providing information and support to horse owners applying for the passports which ensure that horses that have been treated with veterinary medicines not authorised for use in food-producing animals cannot be slaughtered for human consumption;
- Bio-Security – building a collaborative approach between industry, local authorities, and farmers in implementing good bio-security practice in livestock markets; and
- Personal Food Imports – raising awareness among multi-ethnic groups on the risks of importing foodstuffs from outside the UK and EU.

#### Event activity

Duties have included:

- exhibiting at events including the Royal Show, Pig and Poultry Fair, Cereals, Royal Smithfield, Fruit Focus, Recycling and Waste Management, Environment 2004, CBI Annual Conference, Destinations (travel show), Crufts, Horse of the Year Show and the Outdoor Show (Countryside Access); and
- providing event and conference management in support of the Secretary of State and Ministerial programmes. This includes; Climate Change Regional Roadshows, celebrating the ratification of the Kyoto protocol via a live video link, hosting EU Presidency reception, and stakeholder/press launches.

### Ministerial correspondence

Defra has a target to respond to letters within 15 working days. A Ministers Correspondence unit deals with the majority of letters to MPs and Peers signed by Ministers. In the period April 2004 to March 2005, Ministers received 11,245 letters, and 80 per cent of these were answered within the 15 working day target.

**Figure 47: Performance against target for answering Ministerial correspondence  
1 April 2004 to 31 March 2005**

Letters received	Percentage of letters replied to within 15 days
11,245	80

### People and performance

Defra's Pay and Workforce Strategy (PWS) provides the strategic integration between Defra's *Five year Strategy*, its internal reform programme and other major structural changes, and its plans for the implementation of Human Resources (HR) policies, procedures and workforce planning to achieve its objectives.

The PWS gives a broad overview as to how the Department intends to ensure it has a suitably skilled and dynamic workforce with the capacity to deliver Defra's Public Service Agreement targets. It supports Defra's substantial and complex change agenda across the full range of its business.

The Department's latest assessment of progress is covered in the May 2005 PWS. It demonstrates how workforce planning and development will be used to implement organisational change and achieving the Department's efficiencies and Lyons targets. The areas covered are:

- **Workforce Strategy.** Defra is engaged in analysing the roles and new structure required for 2008 and to forecast the staff numbers, roles, skills and capabilities required;
- **Delivering Capacity.** Defra is planning to increase its professional capacity while achieving its efficiency and Lyons targets through the business planning process, natural wastage, controlled recruitment and redeployment over the next three years;
- **Delivering the right skills.** Defra is undertaking a skills gap analysis to ensure that it has the right skills to deliver its *Five Year Strategy* while re-structuring and downsizing;

- **Leadership development.** Defra has identified 5 leadership behaviours which it needs to embed;
- **Performance management.** Defra will improve its performance management through improved communications, the Corporate Balanced Scorecard, building organisational capacity, appraisal and rewards linked to performance;
- **Process improvement.** Streamlining and simplifying HR processes wherever possible;
- **Improved ways of working.** Maximising the use of IT, and flexible working; and
- **Pay Strategy.**

## Pay

Defra has put in place a modernised pay structure via a multi-year pay settlement which runs until June 2006. A key strategic aim of the pay structure is the continuing harmonisation of pay for staff following the creation of the Department in 2001. Work is underway to review the pay structure and to further develop pay arrangements for 2006 and beyond.

## Resourcing: recruitment and redeployment

Recruitment into the Home Civil Service is governed by the Civil Service Order in Council 1995. This sets out the legal basis for our recruitment policies and practice. It requires the Office of the Civil Service Commissioners to provide a recruitment code on the interpretation and application of the principles for recruitment into the Civil Service. The principles and this code are mandatory. They must be followed whenever a post is opened to competition from outside the Civil Service.

The recruitment principles – and permitted exceptions to them – are those detailed in the Civil Service Commissioners' Recruitment Code. The fundamental principle is that appointments must be made on merit on the basis of fair and open competition. Defra introduced a competency based selection system in 2003, and recruitment is managed centrally by a team based in Worcester.

## Redeployment measures

The Department took measures to ensure that any staff displaced by any of its internal restructuring exercises were managed in a fair and open way with the overriding requirement to avoid compulsory redundancies. The approach adopted also takes into account the protocols issued by the Cabinet Office for the civil service as a whole in the latter part of 2004, to help with the redeployment of staff in order to minimise recourse to compulsory redundancy.

## Performance management

Improving Defra's performance is a key priority. Managers are being encouraged to ensure that conditions for maximising performance such as clear objectives, regular feedback on performance and recognition and reward of high achievement are in place in their areas.

A new performance appraisal system focused on delivery was introduced on 1 April 2005. This combines simpler reporting arrangements, regular reviews of performance against objectives, in-year awards to recognise and reward particular instances of high achievement, together with annual bonuses to reward the highest level of sustained delivery over the previous year.

The new arrangements are supported by a range of development tools on performance management and monitored by a rolling programme of 'health checks' conducted by a team of assessors, who will check that performance is being properly managed throughout Defra, and report to Senior Management.

### Use of permitted exceptions

The Commissioners' Recruitment Code allows a limited number of circumstances in which exceptions are permitted to the recruitment principles of fairness, openness and merit. The primary objective of permitting certain exceptions is to provide flexibility where it is genuinely necessary to meet the needs of the Department. Figure 48 shows the appointments that have been made under the permitted exceptions rules.

**Figure 48: Recruitment practice: use of permitted exceptions**

Permitted Exception	Numbers
Inward secondments into Defra	53*
Re-appointment of former civil servants	9
Short-term appointments	65**

\* Including four inward attachments of under three months

\*\* Casual appointments extended beyond 12 months

### Managing attendance

Defra is committed to reducing the level of sickness absence and recognises the importance of regular and effective management of attendance. New policy and procedures for Sickness Absence Management have recently been introduced and work is nearing completion to update procedures for identifying and addressing levels of sickness absence that give cause for concern or are unsatisfactory.

The latest available figure for sickness absence in Defra is an average of 8.1 days per person in 2003, compared with the Civil Service average of 10 days<sup>150</sup>. The Department's new electronic HR system will provide for more timely, accurate and meaningful management information on sickness absence.

<sup>150</sup> Analysis of Sickness Absence in the Civil Service 2003. AON, October 2004



## Interchange

Defra's vast change agenda, and the cultural shifts now focusing on delivery mean that interchange is having an increased role in developing Defra's capability. The bridging of capability gaps will be achieved by a number of means, including learning and development, recruitment, coaching, mentoring and interchange.

Interchange is part of the overall strategy for leadership development. This opportunity for secondments of a few weeks up to five years to other public and private sector organisations is intended to provide senior staff with the opportunity to broaden their experience by working in different sectors.

The new interchange strategy is aimed at generating the following business benefits:

- improved understanding of how other sectors and organisations work and of 'life at the sharp end' and, vice versa, improved understanding of government and departmental working among other sectors and organisations;
- greater understanding of the role other sectors and partners do and could play in achieving Defra's aim and delivery;
- wider perspectives and access to new knowledge and skills pool;
- better understanding of the obstacles and inefficiencies often caused as an unintended bi-product of policy making; and
- personal and professional development opportunities for Defra staff.

*Take 5* was introduced in July 2004 for short, 5 day secondments to industry or to delivery bodies and has been taken up by a number of senior managers. A report on the level of take up and the effectiveness of the programme will be produced in mid-2005.

## Learning and development

The Defra Learning and Development Strategy sets out Defra's highest priority learning and development needs and aims to ensure that our staff has the skills needed to deliver our strategic priorities. The Learning and Development Strategy for 2004-07 identified the key capability gaps to be as follows:

- **Leading and managing people.** This includes: growing the leadership competencies in current and future leaders and building skills in the wider management population in leading change, effective performance management and coaching;
- **Professional expertise.** This includes: better policy making and better regulation, enhancing EU relationships, improving customer perception and service standards and enhancing professional expertise in service functions, especially HR and finance;

- **Business management.** Covering: programme and project management, business planning skills, IT desktop skills, risk management, promoting diversity both internally and in policy making and delivery; and
- **Working in partnership.** Developing effective partnership skills to promote widely the sustainable development agenda and to strengthen the reputation of Defra, by building strong working relationships with local and regional delivery agencies to support the achievement of the Delivery Strategy; and building the skills to establish effective working relationships with suppliers and enhancing the Department's understanding of and relationship with the EU.

### Professional Skills for Government

The Professional Skills for Government (PSG) programme was launched by Sir Andrew Turnbull in October 2004. It is a new programme to develop and improve the Civil Service by providing clear career paths and better support to staff to develop their careers.

The focus is on three broad professional areas, each with a Head of Profession to lead the development of professional skills to complement a set of core skills, the three areas are:

- Policy Delivery – Head of Profession, Brian Bender (Defra);
- Operational Delivery – Head of Profession, Ian Magee (Department for Constitutional Affairs); and
- Corporate Services Delivery – Head of Profession, Alice Perkins (Cabinet Office).

In addition to skills, the PSG programme emphasises the requirement for a breadth, depth and diversity of experience to progress. Appointment to the Senior Civil Service, for example, will require candidates to demonstrate experience of two of the professional areas.

In the first stage of implementation in late 2004, Defra conducted a wide ranging consultation exercise across the Department with the broad result that PSG was welcomed as being both timely and fitting well with a number of things that the Department is already doing. In particular, the three programmes driving internal change and its work on leadership.

As part of the next stage of implementation in the first half of 2005, Defra is beginning to embed the PSG principles and skills requirements in personal development plans, learning and development, and recruitment and selection.

## Leadership

The Senior Managers Leadership Development Programme (SMLDP) was launched in July 2003 with the aim to increase the leadership effectiveness of senior staff in Defra. The programme included a 360° degree feedback exercise and a Development Centre, followed by a year-long development programme including individual action planning and coaching and group activities.

By October 2005, 700 senior managers will have been through the full programme. Early evaluation suggests that senior managers have an increased sense of personal awareness and responsibility.

The Department has identified five key leadership behaviours which are most fundamental to improving Defra's ability to deliver over the next few years. These are:

- taking personal responsibility;
- shaping and communicating a vision of the future;
- diversity in practice;
- making things happen through others; and
- facing up to hard choices.

These behaviours will be at the heart of all future leadership development.

## Diversity

Defra aims to embed diversity in to all aspects of the its business. In developing business plans, senior managers are strongly encouraged to consider diversity aspects and build this in at a strategic level. Further work is underway to embed diversity and equality into the way Defra develops and delivers its policies.

All staff have a personal diversity objective as part of the appraisal process. Diversity and equality awareness training is available to all staff and is being updated to meet the needs of the Department and reflect future changes in legislation. This includes a computer based training package, which is being rolled out across the Department.

Networks of Diversity Champions, Harassment and Bullying Support Advisors are well established to promote and support diversity initiatives. The Department also has six staff networks:

- The Ethnic Minority Network;
- DISNET (for staff with disabilities);
- The Part-Time Network;

- The Lesbian, Gay, Bisexual and Transgender Network;
- Women's Forum; and
- Young People's Forum (for people under 30 years of age).

These networks are consulted and encouraged to play a part in taking forward diversity initiatives and provide an important source of advice and views on policies.

The staff survey included diversity and culture, and responses are used to inform policies and initiatives. As a member of Opportunity Now, Defra takes part in an annual benchmarking exercise which compares diversity practices across the public and private sector. Defra is also a member of a number of inter-departmental networks which aim to develop a common approach to diversity. In particular Defra is a leading member of the Interdepartmental Diversity Champions Network group, at which the head of Defra's Diversity and Equality Unit is chair of the networks key working groups.

**Figure 49: Percentage of men, women, part-time, minority ethnic and disabled staff by grade April 2004 compared to May 2005<sup>151</sup>**

	Men %		Women %		Part time %		Minority Ethnic %		Disabled %	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
All SCS	75	70	25	30	6	6	2	3	1	1
Pay Band 2		74		26		0		7		0
Pay Band 3		71		29		0		0		0
Grade 6	74	66	26	34	7	9	1	2	4	4
Grade 7	68	64	32	36	7	7	3	3	5	4
SEO	66	65	34	35	13	10	1	2	4	3
HEO	56	55	44	45	11	9	4	5	4	4
EO	51	48	49	52	9	9	10	12	6	5
AO	40	38	60	62	14	15	11	12	6	6
AA	42	44	58	56	16	20	12	11	12	12
<b>Total</b>	<b>53</b>	<b>52</b>	<b>47</b>	<b>48</b>	<b>12</b>	<b>11</b>	<b>7</b>	<b>8</b>	<b>5</b>	<b>5</b>

Figure 49 indicates that progress is being made to increase the representation of women. There has also been some progress in relation to minority ethnic at EO grade.

<sup>151</sup> Data included in the table is for the core Department only. The 2004 data is based on the MANDATE specification and therefore excludes staff such as individuals on loan to other government departments and casual staff. The 2005 data were extracted from the new personnel database. It must be viewed with some caution as it includes staff in the new State Veterinary Service Agency and staff who will be part of the new non departmental public body, Natural England. As with the MANDATE data the 2005 data excludes staff on long term sick leave, maternity leave, fee paid staff and consultants etc.

**Figure 50: Defra and all agencies: percentage of men, women, part-time, minority ethnic and disabled staff by grade April 2004 compared to May 2005<sup>152</sup>**

	Men %		Women %		Part time %		Minority Ethnic %		Disabled %	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
All SCS	77	72	23	28	5	5	2	3	1	1
Pay Band 2 <sup>153</sup>		78		22		0		6		0
Pay Band 3 <sup>153</sup>		71		29		0		0		0
Grade 6	78	71	22	29	6	8	2	2	4	4
Grade 7	71	66	29	34	7	6	2	3	4	4
SEO	66	65	34	35	11	10	2	2	4	4
HEO	56	56	44	44	11	9	3	4	4	5
EO	48	46	52	54	11	13	6	7	6	7
AO	40	39	60	61	14	14	6	6	9	7
AA	40	43	60	57	18	21	7	5	12	9
<b>Total</b>	<b>50</b>	<b>51</b>	<b>50</b>	<b>49</b>	<b>12</b>	<b>12</b>	<b>5</b>	<b>5</b>	<b>7</b>	<b>6</b>

Work continues on the cultural aspects of diversity. Guidance is available on alternative working patterns, bullying, harassment and recruitment. Information on disability includes a specific e-learning course. Mentoring schemes for junior and mid-level staff include a special option for minority ethnic staff. There is also a mentoring scheme for women at Grades 6 and 7 to help them progress into the Senior Civil Service.

<sup>152</sup> Data in this table is based on the MANDATE data for Agencies as at 1 April 2005 and data for the core Department as at 4 May 2005.

<sup>153</sup> Note: In April 2002 the Cabinet Office introduced a new Civil-Service-wide performance management system for the Senior Civil Service. It reduced the number of pay bands to three (or the option of four). Defra opted to use three pay bands: Pay Band 1 (Heads of Division), Pay Band 2 (Directors) and Pay Band 3 (Directors General).

## Staff Survey

Defra ran four, sample-based, staff surveys between April 2004 and January 2005. This approach enables the results to be fed directly into the Department's Corporate Balanced Scorecard and Performance Partnership Agreement targets.

Results show that progress has been made in most of the priority areas identified from the January 2004 full census survey:

- **Blame and challenge** – more people are now confident they will not be blamed if they make a decision that proves to be wrong, and 56 per cent of people are encouraged to challenge the accepted way of doing things (this is 12 percentage points above the central government benchmark);
- **Bullying, harassment and discrimination** – Defra remains in line with the central government benchmark. Defra's Diversity and Equality Unit is co-ordinating efforts to eliminate all forms of unacceptable behaviour in the Department;
- **Consultation** – 80 per cent of respondents said their line manager encourages them to express their views, but fewer people now feel they are given the chance to contribute their views before changes are made which affect their job;
- **Performance management** – more people think that Defra recognises good managers but dealing with poor performance remains an area in need of further improvement;
- **Pride in working for Defra** – more people now say they are proud to work for Defra; and
- **Resources, people, skills and workloads** – more managers say they have enough people with the right skills and more people say they are able to strike the right balance between their work and home life.

An action plan addressing these priority areas (corporately and locally) is being implemented. Progress will be measured against the results of the next full staff opinion survey which will take place later in 2005-06.







# Core tables

This is the fifth year that the expenditure plans have been published since the introduction of Resource Accounting and Budgeting. The details of the Parliamentary Main Estimate are published separately.

The aim of the published tables is to provide an explanation of what Defra spends its money on. They provide an analysis of Departmental expenditure in resource terms, showing resource consumption and capital investment. The information includes Voted and non-Voted expenditure.

This year includes three new tables outlining how Defra spends its money by country and region.

### Table 1 – Defra public spending

This table sets out a summary of the expenditure on functions which are now administered by the Department, covering the period from 1998-99 to 2007-08. Because the Department was only formed during 2001, past years' figures have been determined on the basis of the expenditure incurred by each of the various business areas brought together by the Machinery of Government changes in June 2001. Current and future year figures reflect the budgeted figures agreed with HM Treasury for the Department.

### Table 2 – Defra resource budget detail

This table provides the resource consumption details in Table 1, broken down into greater detail. It shows the expenditure for each of the Department's functions indicating the activities that the Department spends its money on. The breakdown by activity within each function has been updated since 2003, so the detailed figures are not directly comparable with last year's Report.

### Table 3 – Defra capital budget details

This table provides details of the capital expenditure plans in the same format as Table 2.

### Table 4 – Defra capital employed

This table shows the capital employed by the Department, in a balance sheet format. It provides a high-level analysis of the value of the various categories of fixed assets, debtor and creditor values, and also the extent of provisions made.

### Table 5 – Defra administration costs

This table presents in more detail information concerning the administration costs of running the Department. For the current year and past years there is an analysis of administration expenditure showing paybill costs and other costs.

### Table 6 – Staff numbers 1997-98 to 2006-07

This table shows actual and projected staffing in the Department, split between permanent staff, casuals and overtime.

### Table 7 – Defra's identifiable expenditure on services, by country and region

This table shows actual and projected identifiable expenditure on services, by country and region.

### Table 8 – Defra's identifiable expenditure on services, by country and region, per head

This table shows actual and projected identifiable expenditure on services, by country and region per head.

### Table 9 – Defra's identifiable expenditure on services by function, country and region, for 2003-04

This table shows actual identifiable expenditure on services by function, country and region, for 2003-04.

**Table 1: Resource plans summary (£ millions)**

	1999-00 Outturn	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Estimate	2005-06 Plans	2006-07 Plans	2007-08 Plans
<b>Consumption of Resources:</b>									
Environment	743	748	1,702	799	814	1,185	1,268	1,489	1,595
Animal Health and Welfare	199	2,539	706	384	273	237	334	322	322
Sustainable Farming, Food and Fisheries	253	164	178	180	210	220	203	182	182
Natural Resources and Rural Affairs <sup>(#)</sup>	302	309	398	493	435	369	486	478	488
Departmental Operations	165	247	229	329	309	467	347	337	327
Rural Payments Agency	2,625	2,275	2,162	2,263	2,748	3,054	2,742	2,779	2,787
Other Executive Agencies	-3	-4	-6	-6	-6	-2	-11	-1	-1
<b>Total resource budget</b>	<b>4,285</b>	<b>6,279</b>	<b>5,370</b>	<b>4,442</b>	<b>4,784</b>	<b>5,530</b>	<b>5,370</b>	<b>5,587</b>	<b>5,701</b>
of which:									
Resource DEL <sup>(1)</sup>	2,102	2,650	2,516	2,631	2,615	3,085	3,019	3,221	3,326
<b>Capital Spending:</b>									
Environment	144	120	171	131	206	185	241	238	239
Animal Health and Welfare	0	0	0	0	11	28	6	0	0
Sustainable Farming, Food and Fisheries	3	2	2	5	4	3	2	0	0
Natural Resources and Rural Affairs <sup>(#)</sup>	6	7	10	15	36	27	3	3	3
Departmental Operations	26	22	36	60	20	54	57	61	57
Rural Payments Agency	5	6	8	9	36	9	5	5	5
Other Executive Agencies	13	10	22	27	38	27	27	33	35
<b>Total capital budget</b>	<b>197</b>	<b>166</b>	<b>248</b>	<b>247</b>	<b>351</b>	<b>333</b>	<b>340</b>	<b>339</b>	<b>339</b>
of which:									
Capital DEL <sup>(1)</sup>	195	165	247	245	350	331	339	339	339
<b>Total public spending<sup>(2)</sup></b>	<b>4,388</b>	<b>6,328</b>	<b>5,493</b>	<b>4,536</b>	<b>4,996</b>	<b>5,662</b>	<b>5,504</b>	<b>5,721</b>	<b>5,835</b>

<sup>(1)</sup> Departmental Expenditure Limits, set as part of the 2002 and 2004 Spending Reviews.

<sup>(2)</sup> Total public spending calculated as the total of the resource budget plus the capital budget, less depreciation.

<sup>(#)</sup> Land Use and Rural Affairs has been renamed Natural Resources and Rural Affairs to reflect the work undertaken by this Directorate General.

\* Figures may not sum due to rounding

**Table 2: Resource budget for the Department for the Environment, Food and Rural Affairs (£ millions)**

	1999-00 Outturn	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Plans	2005-06 Plans	2006-07 Plans	2007-08 Plans
<b>Environment</b>	<b>743</b>	<b>748</b>	<b>1,702</b>	<b>799</b>	<b>814</b>	<b>1,185</b>	<b>1,268</b>	<b>1,489</b>	<b>1,595</b>
of which:									
Environment Quality and Waste	112	110	122	135	103	144	204	276 <sup>(1)</sup>	312
Climate, Energy and Environmental Risk	222	250	342	283	362	313	348	413 <sup>(2)</sup>	483
Environment Strategy	118	119	950 <sup>(3)</sup>	175	154	165	78 <sup>(4)</sup>	163	164
Water (including Drinking Water Inspectorate)	265	243	262	180	170	526 <sup>(5)</sup>	603	603	602
Environment Administration Costs	25	25	26	25	25	37	34	34	34
<b>Animal Health and Welfare</b>	<b>199</b>	<b>2,539</b>	<b>706</b>	<b>384</b>	<b>273</b>	<b>237</b>	<b>334</b>	<b>322</b>	<b>322</b>
of which:									
Animal Welfare	59	65	66	54	61	63	76	64	64
BSE (and other TSEs)	63	56	51	63	66	41	81 <sup>(6)</sup>	81	81
Disease Prevention	25	2,363 <sup>(7)</sup>	523	142	50	42	65	65	65
Endemic Disease & Zoonoses (inc Bovine TB)	27	29	34	67	56	41	58	58	58
National Scrapie Plan	0	0	8	11	16	24	27	27	27
Animal Health and Welfare Administration Costs	26	26	25	47	25	26	27	27	27

<sup>(1)</sup> Increase in funding due to the recycling of Landfill Tax established under 2004 Spending Review.

<sup>(2)</sup> Increase in funding for fuel poverty and Carbon Trust under 2004 Spending Review.

<sup>(3)</sup> Includes provision of £827million for Environment Agency Closed Pension Scheme.

<sup>(4)</sup> The department was not required to provide funding for the Environment Agency closed pension scheme due to the use by the scheme of the existing pension fund investment. Contributions will resume in 2006-07.

<sup>(5)</sup> The 2004-05 and 2005-06 plans include a baseline transfer from the Office of the Deputy Prime Minister of £271million and £319million respectively for flood management purposes.

<sup>(6)</sup> Increase in testing due to the replacement of the Over Thirty Month cattle culling scheme.

<sup>(7)</sup> The foot-and-mouth disease outbreak occurred in February 2001. The balance reflects direct costs incurred in-year and the establishment of a provision in the accounts.

**Table 2: Resource budget for the Department for the Environment, Food and Rural Affairs (£ millions)***(continued)*

	1999-00 Outturn	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Plans	2005-06 Plans	2006-07 Plans	2007-08 Plans
<b>Sustainable Farming, Food and Fisheries</b>	<b>253</b>	<b>164</b>	<b>178</b>	<b>180</b>	<b>210</b>	<b>220</b>	<b>203</b>	<b>182</b>	<b>182</b>
of which:									
Food Industry, and Crops	52	51	57	56	70	55	58	47	47
Sustainable Agriculture and Livestock Products	53	55	57	60	61	75	64	63	63
Fisheries	128 <sup>(8)</sup>	38	44	36	53	53	55	45	45
Sustainable Farming, Food and Fisheries Administration Costs	21	20	20	27	24	36	27	27	27
<b>Natural Resources and Rural Affairs<sup>(9)</sup></b>	<b>302</b>	<b>309</b>	<b>398</b>	<b>493</b>	<b>435</b>	<b>369</b>	<b>486</b>	<b>478</b>	<b>488</b>
of which:									
Land Management and Rural Development	62	66	78	55	84	49	141 <sup>(9)</sup>	141	141
Wildlife, Countryside and Land Use	83	77	93	187 <sup>(10)</sup>	128	119	136	129	137
Rural Policy (inc Rural Development Service)	140	148	210	231	202	184	185	184	186
Natural Resources and Rural Affairs Administration Costs	18	17	17	18	21	18	23	23	23
<b>Departmental Operations</b>	<b>165</b>	<b>247</b>	<b>229</b>	<b>329</b>	<b>309</b>	<b>467<sup>(11)</sup></b>	<b>347</b>	<b>337</b>	<b>327</b>

<sup>(8)</sup> A provision of £90million was charged to the accounts for the legal costs of compensation relating to the Factortame case.

<sup>(9)</sup> The 2005-06 plans include increased DEL funding for the England Rural Development Programme, including the implementation of the new Entry Level Scheme.

<sup>(10)</sup> The 2002-03 figure includes a £92million pension scheme transfer from English Nature to the Principal Civil Service Pension Scheme.

<sup>(11)</sup> Includes EYF held centrally pending allocation to business areas.

**Table 2: Resource budget for the Department for the Environment, Food and Rural Affairs (£ millions)**

*(continued)*

	1999-00 Outturn	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Plans	2005-06 Plans	2006-07 Plans	2007-08 Plans
<b>Rural Payments Agency</b>	<b>2,625</b>	<b>2,275</b>	<b>2,162</b>	<b>2,263</b>	<b>2,748</b>	<b>3,054</b>	<b>2,742</b>	<b>2,779</b>	<b>2,787</b>
of which:									
OTMS	411	332	307	367	310	297	155 <sup>(12)</sup>	155	155
Direct Payments under CAP	2,102	1,831	1,597	1,704	2,013	2,304	2,161	2,132	2,117
Other funding	10	9	151	77	250	251	239	304 <sup>(13)</sup>	328
Administration	103	102	108	115	176	202	188	188	188
<b>Other Executive Agencies</b>	<b>-3</b>	<b>-4</b>	<b>-6</b>	<b>-6</b>	<b>-6</b>	<b>-2</b>	<b>-11</b>	<b>-1</b>	<b>-1</b>
<b>Total resource budget</b>	<b>4,285</b>	<b>6,279</b>	<b>5,370</b>	<b>4,442</b>	<b>4,784</b>	<b>5,530</b>	<b>5,370</b>	<b>5,587</b>	<b>5,701</b>
of which: in £m									
Resource DEL <sup>(1,2)</sup>	2,102	2,650	2,516	2,631	2,615	3,085	3,019	3,221	3,326

<sup>(12)</sup> Decline is due to the replacement of the Over Thirty Month Scheme by a rigorous testing regime together with contributions from the Department of Health.

<sup>(13)</sup> The plans for 2006-07 and 2007-08 include increased Annually Managed Expenditure (AME) funding for England Rural Development Programme

<sup>(#)</sup> Land Use and Rural Affairs has been renamed Natural Resources and Rural Affairs to reflect the work undertaken by this Directorate General.

**\* Figures may not sum due to rounding**



**Table 3: Capital budget details (£ millions)**

	1999-00 Outturn	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Estimated Outturn	2004-05 Plans	2005-06 Plans	2006-07 Plans	2007-08 Plans
<b>Environment</b>	<b>144</b>	<b>120</b>	<b>171</b>	<b>131</b>	<b>206</b>	<b>185</b>	<b>241</b>	<b>238</b>	<b>239</b>
of which:									
Environment Quality and Waste	20	20	20	37	90 <sup>(1)</sup>	50	48	48	48
Climate, Energy and Environmental Risk	0	0	0	1	0	0	0	0	0
Environment Strategy	0	0	0	0	34	35	20	20	20
Water (including Drinking Water Inspectorate)	124	99	151	93	82	100	172 <sup>(2)</sup>	170	171
DG Capital	0	0	0	1	0	0	0	0	0
<b>Animal Health and Welfare</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>28</b>	<b>6</b>	<b>0</b>	<b>0</b>
of which:									
Animal Welfare	0	0	0	0	5	19 <sup>(3)</sup>	0	0	0
Disease Prevention	0	0	0	0	0	0	6	0	0
Endemic Disease & Zoonoses (inc Bovine TB)	0	0	0	0	0	3	0	0	0
National Scrapie Plan	0	0	0	0	0	1	0	0	0
DG Capital	0	0	0	0	5	5	0	0	0
<b>Sustainable Farming, Food and Fisheries</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>0</b>
of which:									
Food Industry and Crops	0	0	0	2	0	1	1	0	0
Sustainable Agriculture and Livestock Products	2	1	1	1	1	1	1	0	0
Fisheries	1	1	0	0	0	1	1	0	0
DG Capital	0	0	0	1	2	0	0	0	0

<sup>(1)</sup> All the LA waste management was classified as capital.

<sup>(2)</sup> Increased investments in flood defence works.

<sup>(3)</sup> Increase in funding for livestock ID.

### Table 3: Capital budget details (£ millions)

(continued)

	1999-00 Outturn	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Estimated Outturn	2004-05 Plans	2005-06 Plans	2006-07 Plans	2007-08 Plans
<b>Natural Resources and Rural Affairs<sup>(#)</sup></b>	<b>6</b>	<b>7</b>	<b>10</b>	<b>15</b>	<b>36</b>	<b>27</b>	<b>3</b>	<b>3</b>	<b>3</b>
of which:									
Land Management and Rural Development	0	0	0	6	32 <sup>(4)</sup>	24	0	0	0
Wildlife, Countryside and Land Use	5	5	8	8	2	2	2	2	2
Rural Policy (inc Rural Development Service)	0	3	1	1	1	1	1	1	1
DG Capital	0	0	0	0	1	0	0	0	0
<b>Departmental Operations</b>	<b>26</b>	<b>22</b>	<b>36</b>	<b>60</b>	<b>20</b>	<b>54<sup>(5)</sup></b>	<b>57</b>	<b>61</b>	<b>57</b>
<b>Rural Payments Agency</b>	<b>5</b>	<b>6</b>	<b>8</b>	<b>9</b>	<b>36</b>	<b>9</b>	<b>5</b>	<b>5</b>	<b>5</b>
of which:									
Other funding	5	6	8	9	36	9	5	5	5
<b>Other Executive Agencies</b>	<b>13</b>	<b>10</b>	<b>22</b>	<b>27</b>	<b>38</b>	<b>27</b>	<b>27</b>	<b>33</b>	<b>35</b>
<b>Total capital budget</b>	<b>197</b>	<b>166</b>	<b>248</b>	<b>247</b>	<b>351</b>	<b>333</b>	<b>340</b>	<b>339</b>	<b>339</b>
of which: in £m									
Capital DEL	195	165	247	245	350	331	339	339	339

<sup>(4)</sup> Increase in funding for the England Rural Development Programme IT.

<sup>(5)</sup> Increase reflects the centralisation of the funding of IT projects across the Department.

<sup>(#)</sup> Land Use and Rural Affairs has been renamed Natural Resources and Rural Affairs to reflect the work undertaken by this Directorate General.

\* Figures may not sum due to rounding

**Table 4: Capital employed (£ millions)**

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Assets on Departmental Consolidated Balance Sheet at end of year</b>									
<b>Fixed Assets</b>									
Intangible	1	3	5	6	13	10	8	5	5
Tangible	473	509	520	628	741	722	607	596	556
of which:									
Land & Buildings	360	393	391	453	537	450	411	405	395
Vehicles, Plant & Machinery	24	27	39	35	33	33	27	30	29
Equipment & IT	87	89	90	111	184	249	177	166	137
Investments	1	1	2	16	16	16	16	16	16
<b>Liabilities and Current Assets</b>									
Current Assets	887	884	1,054	1,404	973	992	1,012	1,033	1,053
Creditors (due sooner than 1 year)	-430	-965	-911	-1,378	-944	-968	-992	-1,017	-1,042
Creditors (due later than 1 year)	-35	-14	-19	-42	-38	-39	-40	-41	-42
Provisions {#1}	-105	-2,058	-359	-238	-1,039	-990	-979	-926	-850
<b>Capital employed within the main department and Executive Agencies {#2}</b>	<b>792</b>	<b>-1,640</b>	<b>292</b>	<b>396</b>	<b>-268</b>	<b>-248</b>	<b>-362</b>	<b>-330</b>	<b>-300</b>
NDPB net assets	1,934	2,009	2,079	2,197	1,202	1,124	1,537	1,497	1,461
<b>Total capital employed within the Departmental Group</b>	<b>2,726</b>	<b>369</b>	<b>2,371</b>	<b>2,593</b>	<b>934</b>	<b>876</b>	<b>1,175</b>	<b>1,167</b>	<b>1,161</b>

## Notes

As in 2004, minor differences are due to roundings and the existence of Debtors payable later than 1 year.

{#1} The increased Provision in the main department is to cover liabilities arising from the EA Closed Pension Fund.

A detailed explanation was supplied in the 2004-05 Resource Accounts for the Department. Provision in 2001 was for Foot and Mouth disease.

{#2} Negative figures reflect the Department bearing Provisions against its Reserves in excess of its other net assets.

**\*Figures may not sum due to rounding**

## Chapter 7

**Table 5: Administration costs for the Department for the Environment, Food and Rural Affairs (£ millions)**

	1999-00 Outturn	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Plans	2005-06 Plans	2006-07 Plans	2007-08 Plans
<b>Gross Administration Costs</b>									
Paybill	110	113	229	232	235	231			
Other	66	167	53	191	129	206			
<b>Total Gross Administration Costs</b>	<b>176</b>	<b>280</b>	<b>283</b>	<b>423</b>	<b>364</b>	<b>437</b>	<b>369</b>	<b>362</b>	<b>352</b>
Related Administration Cost Receipts	-33	-36	-51	-44	-77	-56	-52	-55	-55
<b>Total Net Administration Costs</b>	<b>143</b>	<b>245</b>	<b>232</b>	<b>378</b>	<b>287</b>	<b>381</b>	<b>317</b>	<b>307</b>	<b>297</b>
<b>Analysis by Activity:</b>									
Animal Health & Welfare	26	26	25	47	25	26	27	27	27
Environment	25	25	26	25	25	37	34	34	34
Sustainable Farming, Food and Fisheries	21	20	20	27	24	36	27	27	27
Natural Resources and Rural Affairs <sup>(#)</sup>	18	17	17	18	21	18	23	23	23
Departmental Operations	48	149	137	254	186	261	202	192	182
Executive Agencies	5	5	6	8	6	3	4	4	4
<b>Total Net Administration Costs</b>	<b>143</b>	<b>245</b>	<b>232</b>	<b>378</b>	<b>287</b>	<b>381</b>	<b>317</b>	<b>307</b>	<b>297</b>

<sup>(1)</sup> Includes EYF held centrally pending allocation to the business areas.

<sup>(2)</sup> Developing Defra funding discontinued.

<sup>(#)</sup> Land Use and Rural Affairs has been renamed Natural Resources and Rural Affairs to reflect the work undertaken by this Directorate General.

**\* Figures may not sum due to rounding**

**Table 6: Staff numbers 1998-99 to 2006-07**

Staff-years	1998-99 Actual	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 Actual	2004-05 Est. Outturn	2005-06 Plans	2006-07 Plans
<b>Intervention Board</b>									
CS FTEs	1,141	1,268	1,197	1,080 <sup>(9)</sup>	–	–	–	–	–
Overtime	48	33	22	85	–	–	–	–	–
Casuals <sup>(1)</sup>	238	56	132	30	–	–	–	–	–
<b>Total</b>	<b>1,427</b>	<b>1,357</b>	<b>1,351</b>	<b>1,195</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Department for Environment, Food and Rural Affairs (Gross Control Area)<sup>(2)</sup></b>									
CS FTEs	7,977	8,183	6,855 <sup>(4)</sup>	7,970 <sup>(7)</sup>	10,034	10,132	9,898	9,719	9,085
Overtime	468	420	180	777 <sup>(8)</sup>	245	174	168	150	150
Casuals <sup>(1)</sup>	818	476	284	1,110 <sup>(8)</sup>	925	642	785	596	365
<b>Total</b>	<b>9,263</b>	<b>9,079</b>	<b>7,319</b>	<b>9,857</b>	<b>11,204</b>	<b>10,948</b>	<b>10,851</b>	<b>10,465</b>	<b>9,600</b>
<b>Veterinary Laboratories Agency (Net Control Area)</b>									
CS FTEs	1,023	1,049	1,127	1,160	1,244	1,303	1,218	1,195	1,165
Overtime	31	21	22	77	26	25	25	23	23
Casuals <sup>(1)</sup>	42	34	28	20	36	32	17	20	20
<b>TOTAL</b>	<b>1,096</b>	<b>1,104</b>	<b>1,177</b>	<b>1,257</b>	<b>1,306</b>	<b>1,360</b>	<b>1,260</b>	<b>1,238</b>	<b>1,208</b>
<b>ADAS/Farming and Rural Conservation Agency (Net Control Area)</b>									
CS FTEs <sup>(6)</sup>	534	540	670	–	–	–	–	–	–
Overtime	6	6	6	–	–	–	–	–	–
Casuals <sup>(1)</sup>	88	74	76	–	–	–	–	–	–
<b>Total</b>	<b>628</b>	<b>620</b>	<b>752</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Central Science Laboratory (Net Control Area)</b>									
CS FTEs	556	564	594	598	642	646	669	686	711
Overtime	3	6	4	32	8	8	8	0	0
Casuals <sup>(1)</sup>	30	27	36	40	47	32	42	42	42
<b>Total</b>	<b>589</b>	<b>597</b>	<b>634</b>	<b>670</b>	<b>697</b>	<b>686</b>	<b>719</b>	<b>728</b>	<b>753</b>

## Table 6: Staff numbers 1998-99 to 2006-07

(continued)

Staff-years	1998-99 Actual	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 Actual	2004-05 Est. Outturn	2005-06 Plans	2006-07 Plans
<b>Veterinary Medicines Directorate (Net Control Area)</b>									
CS FTEs	104	114	126	110	116	124	130	140	140
Overtime	1	1	1	1	1	1	1	1	1
Casuals <sup>(1)</sup>	4	2	1	0	0	0	0	0	0
<b>Total</b>	<b>109</b>	<b>117</b>	<b>128</b>	<b>111</b>	<b>117</b>	<b>125</b>	<b>131</b>	<b>141</b>	<b>141</b>
<b>CEFAS (Net Control Area)</b>									
CS FTEs	–	458	497 <sup>(5)</sup>	505	514	521	525	537	527
Overtime	–	20	21	21	15	12	14	13	13
Casuals <sup>(1)</sup>	–	40	40	15	7	7	5	5	5
<b>Total</b>	<b>–</b>	<b>518</b>	<b>558</b>	<b>541</b>	<b>536</b>	<b>540</b>	<b>544</b>	<b>555</b>	<b>545</b>
<b>Total Defra</b>	<b>11,685</b>	<b>12,035</b>	<b>10,568</b>	<b>12,436</b>	<b>13,860</b>	<b>13,659</b>	<b>13,505</b>	<b>13,127</b>	<b>12,247</b>

<sup>(1)</sup> The outturn and estimated figures include casuals filling vacant permanent posts.

<sup>(2)</sup> Gross Control Area includes core – Defra (core-MAFF before 8 June 2001), Pesticides Safety Directorate (from 1 April 1993), Meat Hygiene Service (MHS) (from 1 April 1995 to 31 March 2000), CEFAS (from 1 April 1997 to 31 March 2000), FRCA (from 1 April 2001 when it was renamed RDS), RPA (from 16 October 2001) and SVS from 1 April 2005.

<sup>(3)</sup> Reflects the transfer of the Veterinary Investigation Service from core-MAFF into VLA.

<sup>(4)</sup> Excludes JFSSG and MHS following the establishment of the Food Standards Agency from 1 April 2000.

<sup>(5)</sup> CEFAS became a Net Control Agency on 1 April 2000.

<sup>(6)</sup> ADAS ceased to exist as a MAFF executive Agency and FRCA ran as a Net Running Cost Agency from 1 April 1997 to 31 March 2001. On 1 April 2001 FRCA merged with core-MAFF and was renamed the Rural Development Service (RDS).

<sup>(7)</sup> Defra was created on 8 June 2001 from MAFF and approximately 650 staff from the Department of Environment, Transport and the Regions (DETR).

<sup>(8)</sup> Includes FMD related work.

<sup>(9)</sup> The IBEA was abolished on 15 November 2001 and its functions were taken over by the Rural Payments Agency (RPA).

**Table 7: Defra identifiable expenditure on services, by country and region (£ millions)**

	1999-00 Outturn	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Plans	2005-06 Plans	2006-07 Plans	2007-08 Plans
North East	159.2	177.4	300.5	221.3	233.0	250.4	239.4	237.5	238.8
North West	517.7	522.8	677.8	599.2	520.7	547.3	495.0	498.7	503.5
Yorkshire and Humberside	652.1	652.1	906.9	553.9	528.8	587.9	533.4	513.3	516.2
East Midlands	445.1	438.5	610.8	492.1	492.9	550.4	480.4	473.2	476.2
West Midlands	388.1	416.3	649.6	425.9	437.6	471.0	437.7	428.6	431.8
South West	725.0	739.7	1137.1	748.9	752.7	803.5	689.9	682.0	686.8
Eastern	440.4	465.1	681.5	484.8	527.3	599.4	538.1	520.8	524.7
London	304.9	275.6	328.3	401.8	384.4	452.9	446.9	447.2	447.9
South East	540.7	531.3	688.2	597.9	595.3	650.4	631.1	634.4	639.6
<b>Total England</b>	<b>4173.1</b>	<b>4218.7</b>	<b>5980.8</b>	<b>4525.7</b>	<b>4472.8</b>	<b>4913.0</b>	<b>4491.7</b>	<b>4435.7</b>	<b>4465.4</b>
Scotland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Northern Ireland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total UK identifiable expenditure</b>	<b>4173.1</b>	<b>4218.7</b>	<b>5980.8</b>	<b>4525.7</b>	<b>4472.8</b>	<b>4913.0</b>	<b>4491.7</b>	<b>4435.7</b>	<b>4465.4</b>
Outside UK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total identifiable expenditure</b>	<b>4173.1</b>	<b>4218.7</b>	<b>5980.8</b>	<b>4525.7</b>	<b>4472.8</b>	<b>4913.0</b>	<b>4491.7</b>	<b>4435.7</b>	<b>4465.4</b>
Non-identifiable expenditure	229.0	373.0	262.0	338.0	500.0	466.0	423.0	449.0	527.0
<b>Total expenditure on services</b>	<b>4402.1</b>	<b>4591.7</b>	<b>6242.8</b>	<b>4863.7</b>	<b>4972.8</b>	<b>5379.0</b>	<b>4914.7</b>	<b>4884.7</b>	<b>4992.5</b>



**Table 8: Defra identifiable expenditure on services, by country and region, per head (£ millions)**

	1999-00 Outturn	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Plans	2005-06 Plans	2006-07 Plans	2007-08 Plans
North East	62.4	69.7	118.3	87.2	91.8	98.8	94.6	93.9	94.5
North West	76.4	77.2	100.1	88.3	76.5	80.3	72.6	73.0	73.6
Yorkshire and Humberside	131.6	131.5	182.2	110.9	105.6	117.0	105.9	101.7	101.9
East Midlands	107.2	105.2	145.8	116.5	115.9	128.8	111.8	109.5	109.6
West Midlands	73.6	79.0	123.0	80.3	82.3	88.4	81.9	80.1	80.5
South West	148.5	150.4	230.0	150.7	150.6	159.7	136.2	133.8	133.9
Eastern	82.5	86.5	126.2	89.4	96.5	109.0	97.2	93.5	93.5
London	42.6	38.1	44.8	54.5	52.0	60.9	59.8	59.5	59.2
South East	68.0	66.5	85.8	74.3	73.7	80.1	77.3	77.3	77.5
<b>Total England</b>	<b>85.1</b>	<b>85.7</b>	<b>120.9</b>	<b>91.2</b>	<b>89.7</b>	<b>98.1</b>	<b>89.4</b>	<b>87.9</b>	<b>88.1</b>
Scotland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Northern Ireland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total UK identifiable expenditure</b>	<b>71.1</b>	<b>71.6</b>	<b>101.2</b>	<b>76.3</b>	<b>75.1</b>	<b>82.2</b>	<b>74.8</b>	<b>73.6</b>	<b>73.8</b>

**Table 9: Defra identifiable expenditure on services by function, country and region, for 2003–04 (£ millions) (continued)**

	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern
<b>Defra</b>							
<b>Enterprise and economic development</b>							
Regional Policy	5.2	7.3	5.8	2.8	5.6	2.6	2.0
<b>Total Enterprise and economic development</b>	<b>5.2</b>	<b>7.3</b>	<b>5.8</b>	<b>2.8</b>	<b>5.6</b>	<b>2.6</b>	<b>2.0</b>
<b>Agriculture, fisheries and forestry</b>							
Forestry	0.3	0.7	0.5	0.4	0.6	0.5	0.6
Market support under CAP	116.8	253.4	303.1	322.5	215.2	453.2	346.8
Other agriculture food fisheries policy	74.4	133.4	125.9	92.6	132.1	209.4	107.2
<b>Total Agriculture, fisheries and forestry</b>	<b>191.5</b>	<b>387.5</b>	<b>429.6</b>	<b>415.5</b>	<b>347.8</b>	<b>663.1</b>	<b>454.6</b>
<b>Environment protection</b>							
Environmental protection	36.3	125.9	93.5	74.7	84.1	87.0	70.7
<b>Total Environment protection</b>	<b>36.3</b>	<b>125.9</b>	<b>93.5</b>	<b>74.7</b>	<b>84.1</b>	<b>87.0</b>	<b>70.7</b>
<b>Total for: Defra</b>	<b>233.0</b>	<b>520.7</b>	<b>528.8</b>	<b>492.9</b>	<b>437.6</b>	<b>752.7</b>	<b>527.3</b>

**Table 9: Defra identifiable expenditure on services by function, country and region, for 2003–04 (£ millions)**

London	South East	England	Scotland	Wales	Northern Ireland	UK Identifiable expenditure	Outside UK	Total Identifiable expenditure	Not Identifiable	£ Millions Totals
<b>Defra</b>										
<b>Enterprise and economic development</b>										
7.3	3.3	41.9	0.0	0.0	0.0	41.9	0.0	41.9	0.0	41.9
<b>7.3</b>	<b>3.3</b>	<b>41.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>41.9</b>	<b>0.0</b>	<b>41.9</b>	<b>0.0</b>	<b>41.9</b>
<b>Agriculture, fisheries and forestry</b>										
0.8	0.8	5.2	0.0	0.0	0.0	5.2	0.0	5.2	0.0	5.2
175.2	298.9	2,485.1	0.0	0.0	0.0	2,485.1	0.0	2,485.1	0.0	2,485.1
98.4	148.8	1,122.1	0.0	0.0	0.0	1,122.1	0.0	1,122.1	140.0	1,262.1
<b>274.4</b>	<b>448.6</b>	<b>3,612.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3,612.4</b>	<b>0.0</b>	<b>3,612.4</b>	<b>140.0</b>	<b>3,752.4</b>
<b>Environment protection</b>										
102.7	143.5	818.4	0.0	0.0	0.0	818.4	0.0	818.4	360.0	1,178.4
<b>102.7</b>	<b>143.5</b>	<b>818.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>818.4</b>	<b>0.0</b>	<b>818.4</b>	<b>360.0</b>	<b>1,178.4</b>
<b>384.4</b>	<b>595.3</b>	<b>4,472.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>4,472.8</b>	<b>0.0</b>	<b>4,472.8</b>	<b>500.0</b>	<b>4,972.8</b>



## Relationship between 2004 and 2002 Spending Review targets

2004 Spending Review	Relationship	2002 Spending Review
<p>1. To promote sustainable development across Government and in the UK and internationally, as measured by:</p> <ul style="list-style-type: none"> <li>the achievement of positive trends in the Government's headline indicators of sustainable development;</li> <li>the UK's progress towards delivering the World Summit on Sustainable Development commitments, notably in the areas of sustainable consumption and production, chemicals, biodiversity, oceans, fisheries and agriculture; and</li> <li>progress towards internationally agreed commitments to tackle climate change.</li> </ul>	1	<p>1. To promote sustainable development across Government and the country as a whole as measured by achieving positive trends in the Government's headline indicators of sustainable development.</p>
<p>2. To reduce greenhouse gas emissions to 12.5 per cent below 1990 levels in line with our Kyoto commitment and move towards a 20 per cent reduction in carbon dioxide emissions below 1990 levels by 2010, through measures including energy efficiency and renewables. Joint with DTI and DfT.</p>	2	<p>2. Improve the environment and the sustainable use of natural resources, including through the use of energy saving technologies, to help reduce greenhouse gas emissions by 12.5 per cent from 1990 levels and moving towards a 20 per cent reduction in carbon dioxide emissions by 2010. Joint target with DTI.</p>
<p>3. Care for our natural heritage, make the countryside attractive and enjoyable for all and preserve biological diversity by:</p> <ul style="list-style-type: none"> <li>Reversing the long-term decline in the number of farmland birds by 2020, as measured annually against underlying trends; and</li> <li>Bringing into favourable condition by 2010 95 per cent of all nationally important wildlife sites.</li> </ul>	3	<p>3. Care for our natural heritage, make the countryside attractive and enjoyable for all, and preserve biological diversity by: reversing the long-term decline in the number of farmland birds by 2020, as measured annually against underlying trends; bringing into favourable condition by 2010 95 per cent of all nationally important wildlife sites; and opening up public access to mountain, moor, heath and down and registered common land by the end of 2005.</p>
<p>4. Reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2008, demonstrating progress by 2006, and improve the accessibility of services for people in rural areas.</p>	4	<p>4. 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.</p>
<p>5. Deliver more customer-focused, competitive and sustainable farming and food industries and secure further progress via CAP and WTO negotiations in reducing CAP trade-distorting support.</p>	5	<p>5. Deliver more customer-focused, competitive and sustainable food and farming as measured by the increase in agriculture's gross value added per person excluding support payments; and secure CAP reforms that reduce production-linked support, enabling enhanced EU funding for environmental conservation and rural development.</p>
<p>6. To enable at least 25 per cent of household waste to be recycled or composted by 2005-06, with further improvement by 2008.</p>	6	<p>6. Enable 25 per cent of household waste to be recycled or composted by 2005-06.</p>
<p>7. Eliminate fuel poverty in vulnerable households in England by 2010 in line with the Government's Fuel Poverty Strategy Objective. Joint target with DTI.</p>	7	<p>7. Reduce fuel poverty among vulnerable households by improving the energy efficiency of 600,000 homes between 2001 and 2004.</p>
<p>8. Improve air quality by meeting the Air Quality Strategy targets for carbon monoxide, lead, nitrogen dioxide, particles, sulphur dioxide, benzene and 1,3- butadiene. Joint target with DfT.</p>	8	<p>8. Improve air quality by meeting our National Air Quality Strategy objectives for carbon monoxide, lead, nitrogen dioxide, particles, sulphur dioxide, benzene and 1,3-butadiene. Joint target with DfT.</p>
<p>9. To improve the health and welfare of kept animals, and protect society from the impact of animal diseases, through sharing the management of risk with industry, including:</p> <ul style="list-style-type: none"> <li>a reduction of 40 per cent in the prevalence of scrapie infection (from 0.33 per cent to 0.20 per cent) by 2010;</li> <li>a reduction in the number of cases of BSE detected by both passive and active surveillance to less than 60 in 2006, with the disease being eradicated by 2010; and</li> <li>a reduction in the spread of Bovine TB to new parishes to below the incremental trend of 17.5 confirmed new incidents per annum by the end of 2008.</li> </ul>	9	<p>9. Protect public health and ensure high standards of animal welfare by reducing: the annual incidence of Bovine Spongiform Encephalopathy (BSE) to less than 30 cases by 2006; and the time taken to clear up cases of poor welfare in farmed animals by 5 per cent by March 2004.</p>
	This target is not being rolled forward	<p>10. Achieve a reduction of 10 per cent of the unit cost of administering CAP payments by 2004-05 and an increase to 95 per cent electronic service delivery capability for such payments by 31 March 2005.</p>

# Summary of progress against outstanding Comprehensive Spending Review 1998 Public Service Agreement target

Target	Performance
<p><b>8. Cut the overall cost of the Common Agricultural Policy to European Union (EU) consumers and taxpayers from its current level of 88 billion ecus (£62 billion) a year.</b></p> <p><b>This target was carried forward in the 2000 Spending Review as Public Service Agreement target 8 and subsequently into the 2002 Spending Review as Public Service Agreement target 5. More detail can be found on progress in Chapter 2 and Appendix 4 of the Report.</b></p>	<p><b>On course.</b> Radical reform of the Common Agricultural Policy was agreed in June 2003 and is currently being implemented.</p>

# Summary of progress against outstanding 2000 Spending Review Public Service Agreement targets

Target	Performance
<p><b>1. Improve air quality by meeting our <i>National Air Quality Strategy</i> targets for carbon monoxide, lead, nitrogen dioxide, particles, sulphur dioxide, benzene and 1,3- butadiene. Joint target with the Department for Transport.</b></p>	<p><b>Some Slippage.</b> The Department met the Strategy's and Public Service Agreement target's first four objectives in 2004 and is broadly on course to meet most of the air quality target as a result of national measures by Government and local authorities.</p> <p><b>This target has now been reformulated and carried forward into the 2002 Spending Review Public Service Agreement target 8. More detail can be found on progress in Chapter 2 and Appendix 4 of the Report.</b></p>
<p><b>2. Improve the environment and the sustainable use of natural resources, for example, by reducing greenhouse gas emissions by 12.5 per cent from 1990 levels and moving towards a 20 per cent reduction in carbon dioxide emissions by 2010. Joint target with the Department of Trade and Industry.</b></p>	<p>Taking the effect of measures to reduce emissions into account, Defra remains <b>on course</b> to meet the UK's commitment under the Kyoto Protocol. However, <b>more needs to be done</b> to achieve the more difficult national goal.</p> <p><b>This target has now been reformulated and carried forward into the 2002 Spending Review Public Service Agreement target 2. More detail can be found on progress in Chapter 2 and Appendix 4 of the Report.</b></p>
<p><b>3. Enable 17 per cent of household waste to be recycled or composted by 2004.</b></p>	<p><b>Met. Provisional</b> data from the latest Municipal Waste Management Survey show that the proportion of household waste recycled (including composting) has continued to increase, rising from 14.5 per cent in 2002-03 to 17.7 per cent in 2003-04. This increase of 3.2 percentage points in the recycling rate is greater than the growth rate of 1 or 2 percentage points achieved in previous years.</p> <p><b>This target has been increased and carried forward into the 2002 Spending Review Public Service Agreement target 6. More detail can be found on progress in Chapter 2 and Appendix 4 of the Report.</b></p>
<p><b>5. Deliver the environmental and economic benefits envisaged in the England Rural Development Programme by 2004, including an increase in the area farmed organically and development of the rural economy under the new Rural Enterprise Scheme.</b></p>	<p><b>On course.</b> Defra is collecting data on progress towards meeting England Rural Development Programme targets throughout the period of the Programme, and cumulative results are published annually in reports to the European Commission. The latest report for 2003 can be found at: <a href="http://www.defra.gov.uk/erdp/docs/ann_rep_03/">www.defra.gov.uk/erdp/docs/ann_rep_03/</a></p> <p>A final analysis of the position up to the end of 2004 will be carried out in 2005-06.</p> <p><i>(continued overleaf)</i></p>



## Appendix 3

Target	Performance
	<p>126,939 hectares of land have been approved for organic conversion or have been converted to organic production between October 2000 and December 2004. Applications under the Organic Farming Scheme in 2004 were not as high as expected, with only 6,337 hectares of new land being entered into the Scheme against a target of 45,000 hectares per annum. Many farmers lack confidence in the organic sector and are reluctant to sign up for a five-year agreement at the present time. Future support for Organic Farming will be provided through an organic element of the new Environmental Stewardship Scheme which was launched in March 2005. This organic element has been designed in light of the experience of operating the Organic Farming Scheme and will offer further incentives for encouraging farmers to convert to organic production methods.</p> <p>By June 2004 over 1,300 Rural Enterprise Scheme projects had been approved, against a target for the Programme period as a whole (up to the end of 2006) of 6,000-7,000. Because the Rural Enterprise Scheme operates on a set budget, success against the target is dependent on the size of individual projects approved. These have generally been larger than anticipated, though it remains an objective to encourage a good mix and diversity of successful applications. To encourage more small-scale applications under the Rural Enterprise Scheme, a fast-track appraisal system for applications for grants up to £15,000 has been implemented nationally during 2004. Whilst the number of actual Rural Enterprise Scheme (RES) projects has been lower than originally anticipated in 2000, the benefits and outputs associated with successful projects have been encouragingly high. For example, by the end of June 2004, 6,803 full-time equivalent jobs had been created or sustained under approved RES projects compared with the original 7-year target of 4,211.</p> <p><b>Now linked to the 2002 Spending Review target 5, also contributing to the 2002 Spending Review target 1 and 6. More detail on progress can be found in Chapter 2.</b></p>
<p><b>6. Bring into favourable condition by 2010 95 per cent of all nationally important wildlife sites, compared with 60 per cent of sites currently estimated to be in such condition.</b></p>	<p><b>On Course.</b> The accurate baseline for this target was established in March 2003 as 56.9 per cent of the total area of SSSIs in target condition. On the basis of condition assessments completed by the end of March 2005, 67.4 per cent of the total area of SSSIs was in target condition.</p> <p><b>Merged (with the 2000 Spending Review targets 7 and 14) in the 2002 Spending Review as target 3. More detail can be found on progress in Chapter 2 and Appendix 4 of the Report.</b></p>
<p><b>7. Care for our living heritage and preserve natural diversity by reversing the long-term decline in the number of farmland birds by 2020, as measured annually against underlying trends.</b></p>	<p><b>On course.</b> The farmland birds target is a long-term programme with many factors that will influence its achievement. The effects on farming practice of Common Agricultural Policy reform may be highly influential in achieving this target and monitoring systems are being put in place.</p> <p><b>Merged (with the 2000 Spending Review targets 6 and 14) in the 2002 Spending Review as target 3. More detail can be found on progress in Chapter 2 and Appendix 4 of the Report.</b></p>

## Summary of progress against 2000 Spending Review Public Service Agreement targets

Target	Performance
<b>8. Secure agreement, by March 2004, to reforms that reduce the cost of the Common Agricultural Policy to consumers and taxpayers.</b>	<p><b>On course.</b> Radical reform of the CAP was agreed in June 2003 and is currently being implemented. It should lead to a small real terms decrease in taxpayer costs over the next few years. The UK continues to press for further reform in the EU and in the context of the WTO which will bring further taxpayer and consumer savings.</p> <p><b>Merged (with the 2000 Spending Review target 9) in the 2002 Spending Review as target 5. More detail can be found on progress in Chapter 2 and Appendix 4 of the Report.</b></p>
<b>11. Reduce the annual incidence of bovine spongiform encephalopathy (BSE) to fewer than 650 cases by 2001, and by 2004 to be on track for fewer than 30 cases by 2006 – a 99 per cent reduction compared with 1997, when there were 4,312 cases.</b>	<p><b>On course.</b> The epidemic continues to show a steady decline.</p> <p><b>Merged with the 2000 Spending Review target 12 in the 2002 Spending Review as target 9. More detail can be found on progress in Chapter 2 and Appendix 4 of the Report.</b></p>
<b>14. Open up public access to mountain, moor, heath and down and registered common land by the end of 2005.</b>	<p><b>On course.</b> This target relates to implementation of Part I of the Countryside and Rights of Way Act 2000, which gives people a new right to walk over open country (mountain, moor, heath and down) and registered common land. The programme remains on target to open access land in the whole of England by the end of 2005.</p> <p><b>Merged (with the 2000 Spending Review target 6 and 7) in the 2002 Spending Review as target 3. More detail can be found on progress in Chapter 2 and Appendix 4 of the Report.</b></p>

# Summary of progress against outstanding 2002 Spending Review Public Service Agreement targets

Target	Performance
<p><b>1. To promote sustainable development across Government and the country as a whole as measured by achieving positive trends in the Government's headline indicators of sustainable development.</b></p>	<p><b>On Course.</b> The Government describes Sustainable Development as 'a better quality of life for everyone, now and for generations to come'. Achieving it requires four objectives to be met at the same time, in the UK and the world as a whole:</p> <ul style="list-style-type: none"> <li>• social progress that recognises the needs of everyone;</li> <li>• effective protection of the environment;</li> <li>• prudent use of natural resources; and</li> <li>• maintenance of high and stable levels of economic growth and employment.</li> </ul> <p>This target is designed to be aspirational and cannot be achieved within the period of one Spending Review. The Department has refined the methodology and delivery plans for this target and is building on the results of the 2004 Spending Review via the review of the UK Sustainable Development Strategy, which defines commitments and actions for the future.</p> <p><b>Quality of life barometer</b></p> <p>The latest update of the indicators shows 11 of the 19 assessments with positive trends since the strategy was published in 1999. In particular, the latest figures for household waste show that in both 2002-03 and 2003-04 the amount not recycled or composted fell, and is now below the level in 1997-98, and warrants a green 'traffic light' assessment. The household waste recycling target for 2003-04, that 17 per cent of household waste should be recycled or composted has also been met.</p> <p>Of the remaining assessments, two assessments (robbery, and road traffic volumes) show negative trends. Six assessments (investment, health, air quality, farmland birds, woodland birds and all waste arisings<sup>154</sup> and management) are showing no significant change.</p> <p>The current set of indicators, however, provides only a broad measure of direction of travel, which can take a long time to show the results of changed approaches to policy. Although on balance the Department is making progress across the three pillars (economic, social and environmental) of sustainable development, the Department recognises that there is still much more to be done. The Sustainable Development Commission also assessed progress in their report, <i>Shows promise. But must try harder</i><sup>155</sup>.</p> <p><b>More detail on progress can be found in Chapter 2.</b></p>

<sup>154</sup> Which is defined as the 'Total household, industrial and commercial waste production'.

<sup>155</sup> SDC Report, *Shows promise. But must try harder*, April 2004, SDC. Available on-line at:

[http://www.sd-commission.org.uk/news/resource\\_download.php?attach\\_id=SMD0B79-7JQMZF-1OHI1PA-UFRDL3I](http://www.sd-commission.org.uk/news/resource_download.php?attach_id=SMD0B79-7JQMZF-1OHI1PA-UFRDL3I)

## Summary of progress against 2002 Spending Review Public Service Agreement targets

Target	Performance
<p><b>2. Improve the environment and the sustainable use of natural resources, including through the use of energy saving technologies, to help reduce greenhouse gas emissions by 12.5 per cent from 1990 levels and moving towards a 20 per cent reduction in carbon dioxide emissions by 2010.</b> <i>Joint target with the Department of Trade and Industry.</i></p>	<p>Taking the effect of measures to reduce emissions into account, Defra remains <b>on course</b> to meet the UK's commitment under the Kyoto Protocol to reduce greenhouse gas emissions by 12.5 per cent below 1990 levels by 2008–12. Provisional estimates suggest that in 2004 UK greenhouse gas emissions were about 12.5 per cent below base year levels. However, <b>more needs to be done</b> to achieve the more difficult national goal of reducing carbon dioxide (CO<sub>2</sub>) emissions by 20 per cent below 1990 levels by 2010. Provisional estimates show that emissions of CO<sub>2</sub>, the main greenhouse gas, were about 4.2 per cent below the 1990 level in 2004.</p> <p><b>More detail on progress can be found in Chapter 2.</b></p>
<p><b>3. Care for our natural heritage, make the countryside attractive and enjoyable for all, and preserve biological diversity by reversing the long-term decline in the number of farmland birds by 2020, as measured annually against underlying trends, bringing into favourable condition by 2010 95 per cent of all nationally important wildlife sites, and opening up public access to mountain, moor, heath and down and registered common land by the end of 2005.</b></p>	<p><b>Overall assessment: On Course.</b></p> <p><b>Farmland birds. On course.</b> The farmland birds target is a long-term programme with many factors that will influence its achievement. The new Environmental Stewardship Scheme was launched in March 2005. The outcome of the Common Agricultural Policy mid-term review was favourable. The effects on farming practice of Common Agricultural Policy reform may be highly influential in achieving this target and monitoring systems are being put in place.</p> <p><b>Sites of Special Scientific Interest. On Course.</b> The accurate baseline for this target was established in March 2003 as 56.9 per cent of the total area of SSSIs in target condition. On the basis of condition assessments completed by the end of March 2005, 67.4 per cent of the total area of SSSIs was in target condition. Defra has now set out a trajectory which sets out the area of land to be in target condition each year, leading to 95 per cent by 2010. Within this trajectory, Defra and English Nature have agreed a milestone of 72 per cent of the area of SSSIs to be assessed as in being in target condition by 31 March 2006. In future, Defra will assess progress towards the target on the basis of the trajectory which sets out this and future milestones.</p> <p><b>Access to mountain, moor, heath and down. On course.</b> This target relates to implementation of Part I of the Countryside and Rights of Way Act 2000, which gives people a new right to walk over open country (mountain, moor, heath and down) and registered common land. The programme remains on target to open access land in the whole of England by the end of 2005.</p> <p><b>More detail on progress can be found in Chapter 2.</b></p>

## Appendix 4

Target	Performance
<p><b>4. 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.</b></p>	<p><b>Not yet assessed.</b> This target went 'live' on 1 April 2003. It represents a shift in policy with a number of challenging aspects to delivery. It is therefore too soon to assess results on the ground.</p> <p>The Department:</p> <ul style="list-style-type: none"> <li>• is securing action through key stakeholders, such as Regional Development Agencies and local authorities, which manage the necessary programmes to achieve delivery;</li> <li>• has established a major programme of evidence gathering to inform necessary action to deliver; the latest position on this was summarised in the <i>Rural Strategy 2004</i>; and</li> <li>• has agreed that the target will form part of the new tasking framework for Regional Development Agencies.</li> </ul> <p><b>More detail on progress can be found in Chapter 2.</b></p>
<p><b>5. Deliver more customer-focused, competitive and sustainable farming and food as measured by the increase in agriculture's gross value added per person excluding support payments; and secure Common Agricultural Policy reforms that reduce production-linked support, enabling enhanced EU funding for environmental conservation and rural development.</b></p>	<p><b>Sustainable farming and food. On course.</b> A methodology has been developed to remove the effects of the exchange rate from UK agriculture's GVA (Gross Value Added per person). This has been based on analysis of agricultural output and input price movements for the UK and the Euro zone in relation to exchange rate changes. The methodology has been agreed with HM Treasury. The target is for GVA for UK agriculture to return to the levels of the early 1990s a ratio of 1.5, by 2010. In 2003, the ratio was 1.31 (i.e. UK GVA was 31 per cent above the average for EU14). The ratio has increased steadily since 1998.</p> <p><b>CAP reform. On course.</b> On 26 June 2003, Agriculture and Fisheries Ministers reached agreement on reform of the Common Agricultural Policy. It breaks the link between the vast bulk of direct payments and production. It introduces modulation, for the first time on an EU-wide basis, switching support from production subsidies to targeted support for environmental and rural development objectives. In April 2004 these reforms were extended to the Mediterranean crop regimes (tobacco, cotton and olive oil) and hops, following the principles of the June 2003 reforms. Proposals have also been published to reform the CAP sugar regime and the Government will be pressing for a transition to full liberalisation. Defra will also be using the current review of the EU Rural Development Regulation to press for a greater transfer of funding from subsidy payments to environmental and rural development schemes. The Government will continue to create and use opportunities such as these to press for reforms which reduce the cost and increase the value of the CAP.</p> <p><b>More detail on progress can be found in Chapter 2.</b></p>

## Summary of progress against 2002 Spending Review Public Service Agreement targets

Target	Performance
<p><b>6. Enable 25 per cent of household waste to be recycled or composted by 2005-06.</b></p>	<p><b>On course.</b> Provisional data for 2003-04 from the Municipal Waste Management Survey show that 17.7 per cent of household waste in England was recycled or composted and that the rate of increase in total recycling is greater than that achieved in previous years. Achievement of the 25 per cent target for 2005-06 remains challenging however. For example, in 2003-04 there was a wide variation in household recycling rates across the country. The highest recycling regions in 2003-04 were the East (23.3 per cent) and the South East (22.7 per cent). The North East had the lowest rate of 11.9 per cent. Government recognises the need to provide effective support in order to drive up local government performance on waste across all authorities, and has put in place a range of measures to support them in meeting the challenge. These measures include further increases in funding for PFI credits for waste management in the 2004 Spending Review settlement, a new Waste Performance and Efficiency Grant for local authorities and a range of support measures from Defra's Waste Implementation Programme. In addition, all local authorities with waste management responsibilities have been set individual Statutory Performance Standards for recycling and composting in 2005-06 and are required by law to meet them.</p> <p><b>More detail can be found in Chapter 2.</b></p>
<p><b>8. Improve air quality by meeting our National Air Quality Strategy objectives for carbon monoxide, lead, nitrogen dioxide, particles, sulphur dioxide, benzene and 1,3-butadiene. Joint target with the Department for Transport.</b></p>	<p><b>Some slippage.</b> Defra met the Strategy's and Public Service Agreement's first four objectives in 2004 and is broadly on course to meet most of the Public Service Agreement air quality targets as a result of measures by central Government and local authorities. But on the basis of present policies and technologies, it will be questionable whether the targets for nitrogen dioxide and particles will be met, particularly in some urban areas, by the relevant dates. Defra, the Department for Transport and other departments concerned, are considering what additional measures may be practicable to generate health benefits and move closer to its air quality objectives through a number of processes, including, reviews of the <i>Air Quality Strategy</i> and the <i>Climate Change Programme</i>. Local authorities continue to work towards the achievement of the targets as part of their duties for local air quality management.</p> <p>Around, 120 authorities in England have designated Air Quality Management Areas and, so far, over 90 authorities have prepared action plans setting out proposals to tackle the problems.</p> <p><b>More detail can be found in Chapter 2.</b></p>
<p><b>9. Protect public health and ensure high standards of animal welfare by reducing the annual incidence of Bovine Spongiform Encephalopathy (BSE) to less than 30 cases by 2006.</b></p>	<p><b>On course.</b> The epidemic continues to show a steady decline. The final total for passive surveillance cases in 2001 was 781, a 40 per cent reduction from the 2000 total of 1,311. The final total for 2002 was 445, a 43 per cent reduction on the previous year. The final totals for 2003 and 2004 were 175 and 82 representing year on year reductions of 61 and 53 per cent respectively from the previous years' totals.</p> <p>The existing Public Service Agreement target is based entirely on clinical cases detected by passive surveillance (clinical cases reported to Defra). There is also a major programme of active surveillance in place which detects cases before they show clinical signs. The long-term challenge remains to eradicate the disease.</p> <p><b>More detail can be found in Chapter 2.</b></p>

## Appendix 4

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Target	Performance
<b>10. Achieve a reduction of 10 per cent of the unit cost of administering Common Agricultural Policy payments by 2004-05 and an increase to 95 per cent electronic service delivery capability for such payments by 31 March 2005.</b>	<p><b>Partly met. The Department met the unit cost reduction element of the target.</b></p> <p>During 2004, the programme schedule had been under pressure from a combination of delays in the development and testing of the Rural Land Register and Customer Register elements of the new system, slippage in the timescales for and content of the final EC Regulations and policy decisions regarding the Single Payment Scheme (SPS).</p> <p>Given these factors and the importance of making timely SPS payments to claimants, a decision was taken to re-plan the programme schedule in order to reduce risks to SPS in 2005 by deferring non essential elements to later in the programme schedule. The Department is on course to pay farmers in time for 2006.</p> <p>This rescheduling of the programme delays the delivery of the on-line (e-capability) functionality which means the target of having 95 per cent e-capability by 31 March 2005 will not be met, but <i>will</i> be delivered in 2006.</p> <p><b>More detail on progress can be found in Chapter 3.</b></p>



# Measuring performance against 2002 Spending Review Public Service Agreement targets

This Appendix sets out how Defra measures performance against each of its 2002 Spending Review Public Service Agreement targets. The Department's Technical note<sup>156</sup> also provides additional detail. The Department aims to refine and improve the way it measures its progress against its targets and will update future reports as it improves its methodology.

## Sustainable development

The 15 headline indicators cover a broad range of economic, environmental and social issues.

They have been monitored and reported on annually in *Achieving a better quality of life* reports<sup>157</sup>, throughout the year on the sustainable development website<sup>158</sup>, and have been summarised periodically in Quality of Life Barometer leaflets. The indicators are generally based on National Statistics published by the responsible Government Department or by the Office for National Statistics. Following the publication of the new *Sustainable Development Strategy* a new wider ranging set of indicators has been selected.

Current Headline Indicators are:

- economic output (GDP at constant prices);
- total and social investment;
- employment;
- poverty and social exclusion (a composite indicator showing single elderly households in fuel poverty, children in low income households, working age people without qualifications and working age people in workless households);

<sup>156</sup> <http://www.defra.gov.uk/corporate/busplans/sda/technotespsa0306.pdf>

<sup>157</sup> [www.sustainable-development.gov.uk/ar.htm](http://www.sustainable-development.gov.uk/ar.htm)

<sup>158</sup> [www.sustainable-development.gov.uk/indicators/headline/index.htm](http://www.sustainable-development.gov.uk/indicators/headline/index.htm)

## Appendix 5

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- educational qualifications (level 2) at 19;
- expectancy of good or fairly good health;
- households in non-decent housing;
- crime (two assessments – theft of and from vehicles and burglary (composite) and robbery);
- emissions of greenhouse gases;
- air quality (days of moderate or higher pollution in urban and rural sites);
- road traffic (two assessments – road traffic volumes and road traffic intensity (traffic per GDP));
- rivers of good or fair water quality;
- populations (two assessments) of woodland and farmland birds;
- homes built on previously developed land; and
- waste arisings – 2 assessments – household waste and total household, commercial and industrial controlled waste production and management.

### Climate change

#### *Greenhouse gas inventory*

Defra is responsible for submitting the UK's greenhouse gas inventory (GHGI), which includes a detailed national inventory report, to the UN Framework Convention on Climate Change (UNFCCC) and the EU Monitoring Mechanism. The National Environmental Technology Centre (NETCEN) of AEA Technology compiles and maintains the GHGI on behalf of Defra and the devolved administrations. The GHGI is compiled using the same database as the National Atmospheric Emissions Inventory<sup>159</sup>(NAEI). The NAEI is the air emissions inventory for the UK and includes emission estimates for a wide range of important pollutants, including greenhouse gases.

Energy statistics required for compilation of the NAEI and GHGI are obtained from the *Digest of UK Energy Statistics* (DUKES), compiled and published by the Department of Trade and Industry. Information on industrial processes is provided either directly to NETCEN by the individual sectors responsible for emissions or from the Environment Agency's Pollution Inventory (PI). The PI is the only statutory part of the national system. Large companies are required to report emissions of key pollutants to the Environment Agency. The PI is also used to help to confirm some information provided voluntarily by companies directly to NETCEN.

The Institute for Grassland and Environmental Research (IGER) compiles the inventory for

<sup>159</sup> <http://www.naei.org.uk>

agricultural emissions using agricultural statistics from Defra. The Centre for Ecology and Hydrology (CEH) compiles estimates of emissions and removals from land-use change and forestry using Defra land-use data and information on forestry from the Forestry Commission.

Defra also funds research contracts to improve emissions estimates for certain sources. For example, in recent years contracts have been let to update landfill methane emissions estimates and emissions of HFCs, PFCs and SF<sub>6</sub>, which was done in consultation with industry.

The GHGI is compiled according to the Inter-governmental Panel on Climate Change (IPCC) Good Practice Guidance and guidelines, and is peer reviewed annually by independent experts appointed by the UNFCCC. Each year the inventory is updated to include the latest data available. Where appropriate, improvements to the methodology are made and are backdated to ensure a consistent time series. Methodological changes are made to take account of new data sources, new methodologies developed by IPCC, new research, specific research programmes sponsored by Defra or, recommendations from the UNFCCC or other independent reviews. Full details of data uncertainties for each greenhouse gas are described within the national inventory report.<sup>160</sup>

The annual GHGI is published by NETCEN, usually within 15 months of the end of the calendar year in question. Data is available on an annual basis back to 1990.

### *Emissions projections*

Projections of greenhouse gas emissions to 2010 and 2020 are produced regularly. Revised projections for energy-related emissions of carbon dioxide will be published in 2005 as part of the review of the UK Climate Change Programme. Projections for non-carbon dioxide emissions are also in the process of being updated.

### **Farmland birds**

This element of Defra's Public Service Agreement target reinforces Government's adoption, in 1999, of wild bird populations as one of 15 'headline indicators' of sustainable development in the UK. In previous years the target has been based on data from the Common Bird Census for the whole of the UK. Because the data are now derived from the more statistically powerful Breeding Bird Survey<sup>161</sup> (BBS), the target can now be based on BBS data for England only. Since Defra's policies relate to England, this makes the Public Service Agreement a more relevant measure of Defra performance.

Twenty species of birds were originally identified as being representative of the overall population of farmland birds. The selected species were approved by the Joint Nature Conservation Committee (JNCC) and the Royal Society for the Protection of Birds (RSPB), and are a mixture of farmland specialists and farmland generalists. Although these species are

<sup>160</sup> Further information can be found at the following website [www.naei.org.uk/reports.php](http://www.naei.org.uk/reports.php)

<sup>161</sup> Details of the 2003 Breeding Bird Survey can be found at <http://www.bto.org/bbs/results/BBSreport03.pdf>

## Appendix 5

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strongly associated with farmland, the methods of data collection used in the BBS means that their numbers are counted when identified in any habitat (not just that classified as farmland) and are used to compile the data that makes up the farmland bird index. Research by the RSPB and British Trust for Ornithology (BTO) has shown that the trend for the populations of birds found on farmland was very similar to the trend for birds found on farmland on all habitats<sup>162</sup>.

The data used to calculate the long-term trend in farmland bird populations are taken from the BBS, carried out by the BTO, the JNCC and the RSPB. This survey has now replaced the Common Bird Census (CBC), on which the indicator was previously based. The data series from the CBC began in the 1960s and its last year was 2000. The Breeding Bird Survey began in 1994 and overlapped with the CBC until 2000 but is now the only survey. Detailed work was carried out (see Defra's Technical Note) on the statistical techniques for combining data across the two surveys in order to ensure continuity and check that the resulting index was not significantly different.

Further work was also done to check that the indicator based only on English data was not significantly different from the one based on all UK data. As this was shown to be the case, the decision was taken to switch to an England basis from the current report onwards.

The index of farmland bird populations is calculated annually on the breeding populations of 19 species, (this excluded one of the original twenty species, Barn Owl, because it is not counted every year and trends had previously been extrapolated). The index is a National Statistic, which means that it meets National Statistics quality criteria, and is updated annually (although as there were no figures for 2001 since the foot-and-mouth disease outbreak prevented sufficient access to farmland, estimates for 2001 are based on the average of 2000 and 2002 for individual species).

Research completed in 2001 by the BTO and RSPB produced an agreed methodology to measure the annual underlying trend in populations (see Technical Note). The methodology enables the production of a smoothed indicator showing the long-term trend by combining the 19 individual species' indices. In this way the effects of any short-term fluctuations due to the weather or special factors affecting one or two species are reduced.

This element of the Public Service Agreement target will have been achieved when the long-term trend in the farmland bird index (the smoothed indicator) and the associated upper and lower confidence limits (using a 95 per cent confidence interval) are all positive. Statistically, a positive annual change is defined as when all three lines on the trend graph are above the zero annual percentage change axis. However, it will be important to ensure that the benefits

<sup>162</sup> The completed report, *Preliminary BBS-based habitat-specific indicators for wild bird populations 1994-2002* can be found at: <http://www.defra.gov.uk/environment/statistics/wildlife/kf/wdkf03.htm>

achieved are safeguarded and sustained since the target may be achievable in various, undesirable ways – such as by facilitating the increase in some of the 20 species while other species diminish in numbers or disappear altogether. The Government's aim is to bring each species into a stable or increasing position and then to safeguard and sustain that achievement.

### Sites of Special Scientific Interest

Our performance against this target is measured using data provided by English Nature. The technical notes for the target define a 'nationally important wildlife site' as any land that has been notified as a Site of Special Scientific Interest (SSSI). English Nature is responsible for assessing the condition of all the special interest features of SSSIs in England. SSSIs are, where appropriate, divided by English Nature into management units based on ownership patterns and/or habitat boundaries, and the condition of each feature is assessed and reported on a unit by unit basis. Basing information on condition at the unit level, rather than for whole SSSIs, gives a more accurate picture of the SSSI series. Condition assessments are carried out by local English Nature Conservation Officers and are governed by nationally agreed Common Standards (which are agreed at the UK level through the Joint Nature Conservation Committee (JNCC)). Details of the standards for assessing the condition of individual habitats and species are being prepared through the JNCC<sup>163</sup>.

All units are assessed as part of a six-year rolling programme, with more frequent assessments being made of vulnerable units or those not on target. Condition assessment information is collated in English Nature's Site Information System (ENSIS) and is also available on the English Nature website. ENSIS shows the latest assessment completed by an English Nature Conservation Officer for each unit, and is continuously updated. It should be noted, however, that the condition of a unit is dynamic and may improve or deteriorate over time.

Units are assessed as being in one of seven Common Standards condition categories. The top three categories (favourable maintained, favourable recovered and unfavourable recovering) comprise 'favourable condition' for the purposes of the target and is referred to in this report as 'target condition'. Units assessed as being in 'target condition' are those which have notified features that are in favourable condition, or those that are currently unfavourable but have the necessary management measures in place such that English Nature predicts, using expert judgement, that the interest feature will in due time reach favourable recovered condition.

Performance against the target is measured by calculating at any time, on the basis of the latest condition information available, the percentage of the area of the SSSI series which is in target condition. The SSSI series in England is largely complete. However, in order to ensure that it continues to represent the full range of natural and semi-natural habitats and the most important geological or physiographical sites, minor changes are made from time to

<sup>163</sup> These will be made available on the JNCC website [www.JNCC.gov.uk](http://www.JNCC.gov.uk)

time by amending the boundaries of SSSIs or by notifying new areas as being of special interest<sup>164</sup>. Reported changes to the overall condition of the SSSI series therefore reflect any changes made to the area of the SSSI series as a whole.

The percentage of the area of the SSSI series in target condition is reported monthly, on the basis of the latest information available, on English Nature's website<sup>165</sup>. This figure is also reported by Defra in its Departmental Report and Autumn Performance Report, and in English Nature's annual reports. In addition, the latest condition assessment of each and every SSSI and its component units in England is also available on the English Nature website.

### Access to the countryside

The key delivery agents for this element of the Public Service Agreement target are Defra, the Planning Inspectorate and the Countryside Agency. There is already a very close working relationship, since the roles are both complementary and interdependent.

A Programme Board has been established. The membership includes the Defra, Countryside Agency and Planning Inspectorate project managers and the chairs of working groups covering the individual activities that make-up the access programme. The Board meets every six weeks to monitor progress and drive forward delivery.

The key performance measure is the publication of the draft/provisional/conclusive maps of open country and registered common land in England by the Countryside Agency. The Agency has produced draft and provisional maps for all eight mapping regions and conclusive maps for the South East and lower North West. These maps may be viewed on the Countryside Agency website<sup>166</sup>. The major milestones are set out in the timetable for commencing access in each region (Figure 51) and Defra is on course to achieve these dates.

<sup>164</sup> English Nature have a duty under section 28(1) of the Wildlife and Countryside Act 1981 to notify land as a SSSI where they believe it to be of special interest. Sections 28A-D allow English Nature to amend the boundaries and notification documents of existing SSSIs, subject to following certain procedures.

<sup>165</sup> [www.english-nature.org.uk](http://www.english-nature.org.uk)

<sup>166</sup> [www.openaccess.gov.uk](http://www.openaccess.gov.uk)

**Figure 51: Mapping areas of England with start dates for the new right of access**



## Rural productivity

The measure will be applied to a set of indicator districts that encapsulate economic underperformance in rural areas. Selection methodology is set out in the Public Service Agreement Technical Note. To ensure that they reflect realities on the ground and are not distorted by sampling variation, the final list has been validated by Regional Development Agencies and government offices.

The indicator districts are not a comprehensive identification of all economic underperformance in rural England. For example, a number of predominantly urban districts contain sub-district rural areas with serious economic problems and even some prosperous rural districts contain smaller areas, groups or sectors facing economic difficulty.



### Reform of the Common Agricultural Policy

Defra is commissioning a suite of research to monitor the impacts of the Common Agricultural Policy (CAP) reforms and to inform and help make the case for further reform. This includes a monitoring observatory which is being set up in 2005 to provide early warning of changes to farming practices arising from the CAP reforms and the impacts on the environment. Defra is also undertaking research on the consequences of world trade liberalisation which will cover a range of effects including those related to prices and production of agricultural products, the environment, and the implications for producers, consumers and taxpayers in the EU and in less developed countries.

The indicator and projections of production linked support used to measure progress on this target is derived from the definitions articulated in the Uruguay Round Agreement on Agriculture which classified agricultural support into Amber, Blue and Green Boxes, with Amber the most and Green the least distorting. A description can be found on the World Trade Organisation (WTO) website<sup>167</sup>. The indicator is the sum of Amber and Blue Box notified by the EU to the WTO. The estimates include both market price support and production-linked direct payments. The former are calculated by multiplying the volume of production by the difference between the domestic support price and an historic world price: the latter are calculated by summing expenditures on direct payment budget lines which are deemed to fall under the Amber and Blue Boxes.

The measure for the Government's Public Service Agreement target 5 will be widened to include the other two dimensions of WTO support classification: expenditure on export refunds and a measure of the level of tariffs facing EU agricultural imports.

### Sustainable farming and food

This target measures Defra's success in helping to increase farming productivity. Gross value added (GVA) per person is used as a measure of the economic sustainability of the agricultural sector. It is comparable across other industrial sectors and with other countries. The raw data are prepared by Eurostat using the aggregate agricultural accounts of the 15 EU Members States, before the 2004 accessions. Value added per person is calculated using agricultural work units: the equivalent of a full time worker engaged in agriculture. Direct production and other subsidies, as well as changes in the £/€ exchange rate, have been removed.

However, success in implementing the *Strategy for Sustainable Farming and Food* will be measured much more widely by progress towards a set of nine strategic outcomes, using 11 headline indicators – including the gross value added indicator<sup>168</sup>. The strategic outcomes are grouped under three themes (economic, environment and social sustainability). The headline indicators are:

<sup>167</sup> [www.wto.org/english/tratop\\_e/agric\\_e/agboxes\\_e.htm](http://www.wto.org/english/tratop_e/agric_e/agboxes_e.htm)

<sup>168</sup> More detail about the outcomes and indicators is provided in the paper *Farming and Food's Contribution to Sustainable Development: Economic and Statistical Analysis* available on the Defra website [www.defra.gov.uk/farm/sustain/newstrategy](http://www.defra.gov.uk/farm/sustain/newstrategy)

- gross value added per person, excluding support payments;
- productivity of food and drink processing;
- cost of production-related CAP subsidies;
- river water quality;
- reduced greenhouse gas emissions from food and farming;
- soil nutrient status;
- favourable condition of designated wildlife sites;
- reverse decline in farmland birds;
- consumption of fresh fruit and vegetables;
- improved time taken to clear up cases of farmland and transportation animal welfare cases; and
- reduced gap in productivity between the less well performing quartile of rural areas and the English median by 2006, and improved accessibility of services for rural people.

## Waste and recycling

Measurement of progress towards the Public Service Agreement target of 25 per cent household waste recycling and composting by 2005-06 is based on data from the Municipal Waste Management Survey. The response rate to the 2003-04 survey was 95 per cent. This gives national and regional statistics on the collection and management of municipal waste by local authorities in England, and is based on information supplied by those authorities. The response rate to the 2002-03 survey was 97 per cent. Missing data and data for individual local authorities that did not respond to the survey have been estimated. The survey is published approximately 12 months after the end of the relevant financial year. The survey is a National Statistics publication produced by Defra. National Statistics are produced to high professional standards set out in the *National Statistics Code of Practice*<sup>169</sup>.

Waste management is a key service provided by local authorities and a number of Best Value Performance Indicators (BVPI) have also been set for waste management services. The Audit Commission visits local authorities to determine if BVPI targets have been met. These data provide further evidence on local authority recycling performance.

The National Audit Office's (NAO) *2004 Memorandum on the Validation of Data Systems Underlying Defra's 2003-06 Public Service Agreement targets* noted that the data system used for waste and recycling "is relevant to what Defra is aiming to achieve, is well-defined, and significant risks are generally appropriately managed". However, the NAO believe and Defra agrees, that it would be prudent for a further check to be implemented ensuring that

<sup>169</sup> [http://www.statistics.gov.uk/about\\_ns/cop/default.asp](http://www.statistics.gov.uk/about_ns/cop/default.asp)

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the validation checks on survey forms provided by the contractor Entec are robust. Finally, to aid transparency the percentage of forms returned by local authorities and an estimate of the variability of the data should be included. Defra is currently considering how best to implement the recommendations in the report.

Defra has a dedicated work-stream under the Waste Implementation Programme to improve the timeliness of data collection. This includes the introduction of a web-based intranet and central database for the provision of quarterly data on municipal waste. The objective of WasteDataFlow, which was initiated by the Chartered Institution of Wastes Management Environmental Body (CIWM-EB), is to create one online reporting infrastructure leading to more accurate data collected more regularly and efficiently, available for access and/or publication on a timely basis. WasteDataFlow will replace the current Municipal Waste Management Survey for 2004-05 data. The system will also support the monitoring authorities' mandate to monitor progress against Article 5 of the Landfill Directive. The Environment Agency will be using WasteDataFlow to monitor quarterly performance in respect of Article 5 of the Landfill Directive, in Wales from 2004 and in England from April 2005 when the Landfill Allowance Trading Scheme comes into force.

### Air quality

The *Air Quality Strategy* sets different dates for achieving targets for each air pollutant between 2003 and 2010. The targets are expressed in terms of the concentrations of individual pollutants in air to be achieved by a fixed date. Performance, in terms of progress towards the targets, is assessed annually by means of data from the national air quality-monitoring network.

The level of accuracy sought by the Department for the data is to meet mandatory monitoring and modelling requirements in European air quality directives which have been transposed into UK regulations. These provide uncertainties for measured individual data points of between <15 per cent to <25 per cent, depending on the pollutant, and less than 50 per cent for modelled data. The most recent calculations for pollutants recorded at sites in the UK national monitoring network gave an accuracy range of 8 per cent to 11 per cent. Data uncertainties will be recalculated following publication of guidance documents from the European Standards Institute.

Details of the air quality Public Service Agreement target can be found at HM Treasury's website<sup>170</sup>.

<sup>170</sup> <http://www.hm-treasury.gov.uk/performance/Defra.cfm>

It is also possible to check the current quality of the air in your local areas at: [www.airquality.co.uk/](http://www.airquality.co.uk/) and on freephone 0800 556677. This Defra-sponsored website provides information on a number of air quality topics including real time monitoring and the progress on the Local Air Quality Management system for each local authority.

A general assessment of the UK's progress in improving air quality is published each year against the air quality headline indicator for sustainable development<sup>171</sup>.

Defra and Department for Transport have established a joint governance and monitoring procedure to keep track of progress on the air quality targets. Regular reports are made to Ministers and the Management Boards as well as those required by HM Treasury.

## Animal health and welfare

### *Bovine Spongiform Encephalopathy*

The Veterinary Laboratories Agency (VLA) maintains the database for passive surveillance cases for Bovine Spongiform Encephalopathy (BSE) in Great Britain. Data are entered by Defra staff at headquarters and by VLA staff at Weybridge. The diagnoses are conducted by the VLA which is both a world reference laboratory for the Office International des Épizooties (OIE) and the Community Reference Laboratory for the European Union. The incoming data is subject to extensive validation before, during and after data entry. The validity of the data is also subject to scrutiny through its use both internally and by external researchers to produce a large number of routine outputs as well as more complex analyses. The databases have been subject to external scrutiny by visiting groups and scientific audits.

### Methodology

The target is based on the outputs of a model created by the VLA and the results of birth cohort analysis. The latter are particularly important for the estimation of targets for the medium term (three years or more ahead). The accumulating data and improvements in Defra's understanding of the epidemiology of BSE are used when updating and refining targets.

The model does not take account of BSE cases in imported cattle which were infected outside the United Kingdom and makes no allowance for a third route of transmission (other than through feed or maternal transmission). Furthermore, it does not take account of BSE cases identified by the active surveillance programme. These cases are identified and recorded as such and are included in the monthly statistics published on the Defra website.

<sup>171</sup> Details at: <http://www.sustainable-development.gov.uk/indicators/headline/h10.htm>

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### *Animal welfare*

A case of poor welfare is deemed to start when a case of unnecessary pain or unnecessary distress (UPUD) is seen on an enterprise and recorded by the State Veterinary Service. It is completed when the State Veterinary Service is satisfied by a further visit or other information that UPUD no longer exists on that enterprise. The clear up time for the case is the interval in days between the recorded start and finish dates. Clear up rates are recorded on a computerised database.

### **Value for money – reducing the cost of administering Common Agricultural Policy payments**

Defra monitors progress in line with the governance structure:

- the RPA Change Programme reports to the Executive Review Board (chaired by the Permanent Secretary), which monitors the progress of the Programme against the Business Case and the supporting plans using a scorecard approach against the areas of scope (including quality), schedule (time), resources (including costs and benefits realised), stakeholder views, risks and issues. This approach is supported by an integrated set of programme and project reports. The programme controls were recently commended by the Office of Government Commerce (OGC) during a Gateway Review; and
- the Programme is run in accordance with Managing Successful Programmes (MSP) and PRINCE2 methodologies. The Senior Responsible Officer and Programme Director are both qualified in MSP and PRINCE2.

# Non-departmental public bodies

This Appendix reports in more detail on the work of Defra's other Executive non-departmental public bodies (NDPBs), Public Corporations and other public bodies, their relationship to Defra and provides a listing of Defra's advisory and tribunal NDPBs.

## Royal Botanic Gardens – Kew

### Working with Defra

The Royal Botanic Gardens Kew (Kew) was founded in 1759. Under the provisions of the National Heritage Act 1983, Kew has exempt charitable status under a Board of Trustees. Her Majesty the Queen appoints one Trustee, the others are appointed by the Secretary of State. The Chairman of Trustees is Lord Selborne FRS and the Director is Professor Sir Peter Crane FRS. The gardens at Kew and at Wakehurst Place in West Sussex are enjoyed and visited by over 1.4 million visitors a year. In July 2003, Kew Gardens was inscribed as a World Heritage Site. This was subsequently followed by a visit in 2004 by Her Majesty the Queen.

Kew has an international reputation for its scientific research into plants, and its collections are unique in their global scope and coverage. Kew carries out basic research into plants and fungi and is active in conservation, capacity building and horticulture – publishing around 400 scientific papers each year. It provides information, advice, instruction, education and quarantine facilities and cares for the collections. Kew's research and conservation programmes help to support Defra's policies on the sustainable use of natural resources and the conservation of plant biodiversity both nationally and internationally.

### Funding

Kew derives more than half its income from Defra's grant-in-aid. In 2004-05, some £24.9 million contributed to operating costs and £7.6 million was allocated to capital projects. Defra's capital investment reflects Kew's newly acquired status as a World Heritage Site, and is part of a major investment programme in Kew's master Site Plan which will culminate in Kew's 250th anniversary celebrations in 2009.

### Key achievements in 2004-05

Kew's profile was heightened following the 2003 World Heritage Site inscription. Her Majesty the Queen visited Kew in June for the opening ceremony of the inscription.

Visitor numbers also continued to increase towards 1.5 million, supported by the June launch of the new Climbers and Creepers educational play area for children and by a strong media presence throughout the year. In July, a series of live TV news broadcasts from Kew focused attention on climate change, and audiences of 3 million viewers watched the twelve part BBC2 series, *A Year at Kew*.

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In addition, Kew is playing a leading role in contributing to the Global Strategy for Plant Conservation (GSPC), which has been endorsed by the Convention on Biological Diversity. Furthermore, digital imaging and data basing is greatly increasing access to Kew's globally important collections. This year Kew added important new data sources and over half a million new records to the electronic Plant Information Centre (ePIC), its electronic plant information service, and made major progress on its programme to digitise 50,000 important African specimens. The Coordinating Committee for the African Plants Initiative met at Kew in late July and Kew also hosted an international workshop on target 1 of the GSPC to progress a working list of known plant species. The Millennium Seed Bank project took a major step forward with the signing, in May, of an Access and Benefit Sharing Agreement with the Chinese Academy of Sciences.

More information about the work of the Royal Botanic Gardens, Kew including copies of its Corporate Plan and Annual Report can be found at: <http://www.kew.org/>

In November two new Trustees were appointed: Professor Charles Godfray and Dr Sandra Harrison.

### Looking forward look 2005-06

A number of projects are currently being undertaken by Kew and planning permission has been sought for most of these, including the extension to the Herbarium and library. The opening of a spectacular new Alpine House highlighting endangered alpine plants would also raise up Kew's profile. The Chihuly glass sculptures display in 2005-06 is expected to raise Kew's profile further and attract enhanced public attendance.

The Jodrell Laboratory will be extended – this will improve visitor numbers and increase access to Kew's resources. Other contributions will be made to UK and international efforts in sustainable use and conservation, building public awareness, and to delivering the targets of the GSPC.

## Meat and Livestock Commission

### Working with Defra

The Meat and Livestock Commission (MLC) assists Defra in promoting: (i) sustainable, competitive and safe food supply chain, which meets consumers' requirements; (ii) sustainable, diverse, modern and adaptable farming; and (iii) the public's interests in relation to animal health and welfare.

The MLC is a Non-Departmental Public Body set up under the Agriculture Act 1967. It operates under a federal structure comprising of the British Pig Executive (BPEX), English Beef and Lamb Executive (EBLEX), Hybu Cig Cymru/Meat Promotion Wales (HCC) and Quality Meat Scotland (QMS).

The Secretary of State acting jointly with the Welsh Assembly and Scottish Ministers appoint the Chairman and other members of the MLC Board of Commissioners.



### Funding 2004-05

The organisation is funded through the collection of levies on cattle, sheep and pigs slaughtered for human consumption, grants from EU and Government, and its own commercial operations. For 2004-05, this is estimated at £45 million. The Agriculture Act 1967 requires Defra to pay the remuneration and expenses of the MLC Board of Commissioners for which there is a budgetary provision of £278,000.

### Key achievements 2004-05

Key achievements include:

- good progress made in the first full year of the federal structure;
- levy board co-operation – chaired the joint levy-board Applied Research Forum set up by the MLC to remove duplication and give the industry a joined-up voice on areas of common interest such as waste management and biodiversity;
- Red Meat Industry Forum (RMIF) – industry pulled well together on the RMIF to improve overall supply chain competitiveness;
- market recovery – delivered UK red meat consumption up to its highest levels since 1990 above pre-foot-and-mouth disease (FMD) and pre-BSE levels at 2.7 million tonnes;
- improved image – the consumer image of meat improved over 1990 across a range of tracked attributes;
- export recovery – on target for recovery of exports following FMD for sheep meat (86 per cent of pre-FMD volumes) and pig meat (63 per cent of pre-FMD volumes). Worked alongside Defra on achieving export certification to various countries and towards the eventual dismantling of Date Based Export Scheme (DBES) to ensure that British beef can once again be exported on the same basis as for other EU Member States;
- brand development – Protected Geographical Indication (PGIs) achieved for Welsh Lamb, Welsh Beef, Scotch Lamb and Scotch Beef along with Brussels approval for promotional plans of these brands. Also approval was achieved for promotion of English Beef and Lamb Executives (EBLEX's) new Quality Standard for beef and lamb and for a new Quality Standard Mark for pork, bacon and ham;
- enterprise costings – collection, analysis and publication of actual farm cash accounts data of beef and sheep holdings in England and Wales. Producers could compare their own farm's financial performance against published averages in order to identify areas for potential business improvements;
- pig Research and Development Review – substantial progress in identification of industry and government policy requirements of 5/15 year horizon;

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- finishing Systems Research: Pigs – Benefit of 14p/Kg deadweight identified as part of the British Pig Executive (BPEX) Road to Recovery strategy;
- Over Thirty Months (OTM) rule changes – continued to work with Defra, the Food Standards Agency and the red meat industry to ensure there is a smooth reintroduction of over thirty month beef into the food chain. There is a wide scope to this work from economic impact to technical studies;
- diet and health: salt challenge – worked with meat industry to develop and implement a plan to reduce sodium levels in 18,000 meat products over next 2 years;
- Common Agricultural Policy (CAP) – continued to help livestock farming businesses to understand the challenges and opportunities coming out of CAP reform through provision of information, analysis and forecasts and by setting out alternative response strategies by producers to these important changes; and
- menu transparency – in response to consumer research, developed menu transparency guidelines for the foodservice sector to encourage restaurants, pubs and canteens to state the origin of red meat on their menus. Launched in October 2003, industry-monitoring committee set up in 2004, work to raise its profile is ongoing.

### Looking forward 2005-06

The MLC Corporate Plan 2005-08 is due for publication in summer 2005.

### Links to latest reports and details of publication

2004-07 Corporate plan was published in February 2005. 2005 Annual Report due for publication in July 2005. More information can be found on the MLC website at: [www.mlc.org.uk/](http://www.mlc.org.uk/)

### Forward look at key challenges and activities

To progress and help industry adapt to changes within the red meat industry arising from CAP reform, diet and health issues, the forthcoming ending of the OTM rule, export recovery and fundamental review of levy bodies.

## Sea Fish Industry Authority

### Working with Defra

The Sea Fish Industry Authority (Seafish) was established under the Fisheries Act 1981.

Seafish objectives are to work with all sectors of the United Kingdom seafood industry to satisfy consumers, raise standards, improve efficiency and secure a sustainable future. It carries out a wide range of knowledge-based activities including promoting the consumption of sea fish such as shellfish and sea fish products, carrying out research and development work, promoting training for the sea fish industry by providing courses, and developing vocational qualifications. Seafish also publish economic analysis and interpret statistics relevant to the UK seafood market.

## Funding 2004-05

Seafish is sponsored jointly by the four fisheries departments in the UK and is funded by an industry levy on first sales on sea fish in the UK.

There has been no increase in the levy rates since 1998. Funding levels are therefore dependent on market activity, particularly the consumption of seafood in the UK and although income cannot be forecast exactly, Defra expect levy funding in 2004-05 to be approximately £8.5 million. A further £2 million was raised through consultancy work and grant awards from the EU Structural Fund for fisheries, the Financial Instrument for Fisheries Guidance (FIFG).

## Key achievements 2004-05

Key achievements include:

- organised fourth Seafood Week in October 2004, with increased support from all levels and sectors of industry in Seafood Week, participants included seven retail multiples, three major pub chains and three foodservice distributors;
- delivered final stage of FIFG funded safety training through Group Training Association network prior to training becoming compulsory requirement from 2005;
- specified in conjunction with industry and now developing a British Standards Institution (BSI) publicly available standard Accreditation Scheme for fishing vessels combining traceability, vessel operations and environment;
- developed together with industry partners a programme of commercial trials around UK for composting seafood waste and began evaluation of commercial value of resultant compost;
- supported Defra, devolved administrations and industry work towards government response to Prime Minister's Strategy Unit report *Net Benefits* and committed resources to continuing support of resultant policies; and
- raised standards and industry morale by new Seafood Awards event held in March 2005 with 12 award categories recognising excellence and good practice.

Seafish produces an Annual Review and Accounts which is laid before Parliament (available on [www.seafish.co.uk](http://www.seafish.co.uk) or from Seafish at 18 Logie Mill, Logie Green Road, Edinburgh EH17 4HG Tel: 0131 558 3331).

### Home-Grown Cereals Authority

#### Working with Defra

The Home-Grown Cereals Authority (HGCA) was established by the Cereals Marketing Act 1965.

HGCA's statutory remit is to improve the production and marketing of UK cereals and oilseeds. Principal activities include commissioning and funding research and development programmes, providing market information to the industry and government, developing export opportunities for UK grain and processed products, and promoting increased consumption of cereals based food and drink products.

HGCA supports two of Defra's objectives:

- objective 3 – to promote a sustainable, competitive and safe food supply chain which meets consumers' requirements; and
- objective 4 – promote sustainable, diverse, modern and adaptable farming through domestic and international actions.

#### Funding 2004-05

HGCA obtains most of its funding from statutory levies paid by the cereal and oilseeds industries. Levy rates are set annually for the period 1 July to 30 June. For the year commencing 1 July 2004, levy income is forecast at £9.5 million (excluding VAT). The Cereals Marketing Act 1965 specifies that Ministers have a mandatory role in the setting of the annual levy rates by Statutory Instrument.

#### Key achievements 2004-05

Based on the HGCA's reporting year, 1 July 2004 to 30 June 2005, there were a number of key achievements:

- initiated and supported an independent review of the Cereals Industry which reported in November 2004;
- HGCA through the Cereal Industry Forum is managing projects on Value Chain Analysis, Diagnostic Benchmarking and Master classes funded by £2.1 million of Grant Aid awarded by Department of Trade and Industry and Defra;
- HGCA is expected to hold 192 events for levy-payers, attended by over 19,000 people;
- in addition 710 Farmhouse Breakfast events are scheduled throughout the UK, once again promoting both the nutritional benefits of breakfast and regional foods;

- 6 e-clubs<sup>172</sup> have been established with 4,255 subscribers;
- 6 countries attended the International Bread Baking Workshop with a total import requirement of over 13 million tonnes of grain;
- inward missions hosted by British Cereal Exports (BCE) for 10 countries and 71 delegates representing a total import requirement of 23 million tonnes;
- launched new export branding for wheat endorsed by the industry;
- harvest results from the Recommended List trial sites published in Farmers Weekly and on the HGCA website with e-mail notification or sent by fax, and new Recommended Lists of cereals and oilseeds produced and published in a booklet form and electronically;
- revised HGCA 'Grainplan' CD-ROM (electronic grain store manager) published and grain storage workshops held with Assured Combinable Crops Scheme (ACCS);
- 'sow2succeed' initiative held, comprising a series of roadshows, topic breakfasts and field events, helping growers to gain a clearer understanding of how to balance the risks associated with drilling date;
- 'Grain Sampling and Analysis Project' has been successfully completed and continues to be publicised. This is leading to changes in the industry which will result in fewer rejections of grain;
- workshops/field days held with Linking Environment and Farming (LEAF), Farming and Wildlife Advisory Group (FWAG) and the Soil Management Initiative, covering sustainable soil management and practical conservation;
- increased efforts on work involved with biofuels and other non-food uses for cereals and oilseeds;
- held successful Annual market Outlook conference with 183 delegates;
- annual HGCA Cereal Quality Survey (CQS) conducted with sample size above 32,000 and results of survey published by October;
- developed and launched a new Website in July with additional content and improved search facilities, averaging 6,200 unique visitors a month;
- published the report from an Agricultural Development Scheme project to benchmark the competitiveness of the UK Cereals Industry;
- HGCA Farmhouse Breakfast/Grain information Service and Flour and Grain Education campaign continued as a coherent nutrition strategy;
- promoted a British Nutrition Foundation study on cereals and distributed to processors and manufacturers in December;

<sup>172</sup> An on-line club providing anyone with an interest in the subject area with up-to-date information on everything happening in the industry.

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- developed the HGCA Good Health Game for 'Healthy Schools Coordinators' and expected to reach over 11,000 children;
- improved press coverage of HGCA activities and information – 33 per cent increase in national press coverage;
- HGCA's 2004 annual benchmark survey of grower levy-payers showed 17 per cent improvement in the satisfaction ratings given to HGCA for provision of 'value for money services';
- home Computer Initiative implemented providing PC's to staff and for home use; and
- HGCA financial reporting improved by full adoption of activity based formats in the Annual Statutory Accounts and Budget.

### Annual report and Accounts

HGCA's *Annual Report and Accounts* for the year ended 30 June 2004 were laid before Parliament on 29 November 2004 and can be viewed on HGCA's website [www.hgca.com](http://www.hgca.com)

### Looking forward 2005-06

(This is based on the HGCA's reporting year, 1 July 2005 to 30 June 2006).

Key challenges include:

- assessing the recommendations of the Cereal Industry Review which reported in November 2004 on the needs of the industry, its future and the role of HGCA in the provision of those needs;
- implementation of recommendations from the Cereal Industry Review;
- Defra's response to The Haskins Report relating to closer collaboration between Levy Boards was to propose a Levy Board Review. HGCA is well placed to assist with this review having lead a cross-Levy Board study on the collection and analysis of economic data and having participated in an initiative on nutrition;
- continuing to improve co-ordination of Applied Farming and Food Research, to avoid duplication, improve synergies – via the Applied Research Forum (ARF) which resulted from The Curry Commission;
- managing and developing grant aided projects via the Cereals Industry Forum aiming to improve efficiency and collaboration within the 'grain chain';
- developing the export branding of UK cereal varieties;
- development of a strategy to address fluctuating Levy income and the effects of the introduction of the Single Payment Scheme;

- continuing to investigate biofuels and other non-food uses for cereals and oilseeds;
- continuing to improve the transfer of relevant information to levy payers and stakeholders;
- actively delivering industry best practice messages at national and regional level; and
- continuing to search for new sources of funds.

### Food From Britain

#### Working with Defra

Food From Britain (FFB) was established under the Agricultural Marketing Act 1983. At the request of Defra's Ministers, FFB focuses on its recognised areas of expertise, namely, its export promotion role and assisting the marketing of quality regional food and drink. It is based in London and has a network of overseas offices, located in the key primary markets of Western Europe, Scandinavia and North America through which it provides local expertise to British exporters.

The strategic direction of the organisation is reviewed annually by the Council with direction from Defra. This review and others, relating to particular areas of activity, form the basis of detailed annual operational plans that are agreed with the Council and Defra.

FFB's key objectives are to:

- maximise exports of food and drink produced or processed in the UK; and
- to increase production and consumption of quality regional food and drink.

FFB contributes to the achievement of two of Defra's objectives:

- Objective 3 – to promote a sustainable, competitive and safe food supply chain which meets consumers' requirements; and
- Objective 4 – to promote sustainable, diverse, modern and adaptable farming through domestic and international actions.

In particular, FFB's work supports Defra's *Sustainable Farming and Food Strategy* which emphasises the importance to the UK economy generally and to UK producers in particular of exports of value-added food and drink and of a thriving quality regional food and drink sector.

#### Funding 2004-05

FFB received £6.4 million in funding from Defra: £5.1 million for export promotion work and £1.3 million for measures to promote the quality regional food sector.



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Further income of £2.5 million is budgeted to be generated from third-party consulting and marketing services.

### Key achievements 2004-05

During April – September 2004, FFB recorded four key achievements:

- 56 food and drink companies had been supported, at six international shows; with a further 161 companies committed to 4 further events before the end of March 2005;
- 39 companies have been assisted to enter or further develop markets in Central Europe, and Asia-Pacific;
- meetings were held with 73 companies to discuss international opportunities and 672 companies were serviced across the nine FFB international offices; and
- the second year of the programme of activities under the *Regional Food Strategy* is on track to achieve its targets of increased sales and numbers of producers actively participating.

Further information about FFB and its *Annual Report 2003-04* are available on request.

Contact: Food From Britain, 4th Floor, Manning House, 22 Carlisle Place, London, SW1P 1JA or at its website [www.foodfrombritain.com](http://www.foodfrombritain.com)

## National Forest Company

### Working with Defra

The National Forest Company (NFC) works in partnership with a wide range of public, private and voluntary sector organisations. It was established in 1995 to create and develop The National Forest, a 200 square mile area spanning parts of Derbyshire, Staffordshire and Leicestershire, with the mission of:

*Creating, through working partnerships and with community participation, a new 200 square mile multi-purpose forest for the nation in the heart of England.*

The area covered by The National Forest lies within the East and West Midlands Regions. The National Forest project aims to increase woodland cover to around 33 per cent in the region (woodland cover stands at 16 per cent from a starting point of 6 per cent), much of which had been degraded by mineral extraction, providing economic and social regeneration and enhancing biodiversity, landscape, tourism and recreation. The National Forest is being transformed into a rich mosaic of land uses, framed by woodland, to the great benefit of the community, landscape and environment.

The NFC is responsible, through partnership working, for the delivery of the Government approved *National Forest Strategy*. It is the job of the Company to achieve the implementation of the Strategy – the *Great Forest Vision*. This had been taken to full public consultation and won nationwide acclaim. Backed by extensive research it provides the framework for creating the Forest.

The NFC supports the delivery of Defra objectives:

- protecting and improving the rural environment;
- enhancing opportunity and tackling social exclusion in rural areas; and
- promoting sustainable management and prudent use of natural resources.

The creation of The National Forest also contributes to 27 of the UK Sustainable Development Indicators ranging from expansion of woodland cover, public access and improving the health of the population to reversing the decline in woodland and farmland birds. The NFC works to increase biodiversity across the area and is active in increasing public access to the forest and people's participation in the new woodland creation.

### Funding 2004-05

The NFC's annual grant-in-aid budget was £3.3 million. The NFC also attracted £320,000 of non-grant-in-aid income.

### Key achievements 2004-05

The NFC achieved its headline target of converting 350-400 hectares of land for woodland and forest purposes. This performance is helping to deliver its goal of transforming 200 square miles in the heart of England into a new forest for the nation. Jonathon Porritt, Chairman of the Sustainable Development Commission, planted the 6 millionth tree in a special ceremony to mark the occasion. The NFC has also exceeded other targets for the provision of public access and nature conservation, thereby securing real public benefit. The majority of this is achieved through the National Forest Tender Scheme for woodland creation, which is administered jointly with the Forestry Commission (see Chapter 5). The NFC is spearheading pioneering work to develop and promote the forest economy in a sustainable manner, including markets for woodland products, tourism and agricultural diversification.

Further information on the National Forest Company, including its latest Annual Report, can be obtained from <http://www.nationalforest.org/>

## Wine Standards Board

### Working with Defra

Defra and the Vintners' Company sponsor the Wine Standards Board (WSB). Its function is to ensure UK compliance with EU wine regulations at all stages within the production and

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marketing chain other than retailing which rests with local authorities. The WSB's core activity of enforcing and advising on the requirements of the EU wine regime is carried out in close liaison with Defra.

The WSB's function is pursued through a programme of visits, based on risk assessment, which are designed to maintain a high incidence of inspection consistent with the need for maximum cost-effectiveness and efficiency. Its principal aims and objectives centre on promoting understanding and observance of the wine regulations through advice and education, enforcement action and where serious offences have been committed, preparing cases for prosecution.

### Funding 2004-05

The WSB receives 75 per cent of its funding from Defra (£0.4 million) in the form of grant-in-aid. The remaining 25 per cent of funding is provided by the Vintners' Company.

### Key achievements 2004-05

The WSB has carried out enforcement activities according to risk. By the end of the third quarter of 2004-05 the WSB had carried out 1,081 inspections and issued 4 movement controls, 95 temporary movement controls and 2 warning letters.

Further information and the latest *WSB Annual Report and Accounts 2003-2004* is available on the WSB's website at [www.wsb.org.uk](http://www.wsb.org.uk)

## Agricultural Wages Board for England/Wales

### Working with Defra

The Agricultural Wages Board is an independent body established under the Agricultural Wages Act 1948. The Secretary of State acting jointly with the Welsh Assembly Government appoints the Chairman and the other independent members of the Board. Ministers are also responsible for enforcing the Agricultural Wages Order made by the Board.

The Board is required to fix minimum rates of pay for agricultural workers and may also fix other terms and conditions of employment.

### Funding 2004-05

The Agricultural Wages Board's budget of £200,000 is funded by Defra.

### Key achievements in 2004-05

In 2004 a fifth independent member was appointed. Key achievements were:

- minimum pay rates increased by 5-6 per cent;

- the Manual Harvest Worker (MHW) rate increased by 7.8 per cent in line with the National Minimum Wage;
- the MHW category was modified to remove the exclusion of mushrooms and further changes were made to extend the definition to include the hand harvesting of container grown crops and hardy ornamental crops lifted by hand; and
- working parties were established to review the structure of the Agricultural Wages Order, age differentials, qualifications and pensions.

## Agricultural Wages Committee

### Working with Defra

The Agricultural Wages Committees (AWCs) are established under the Agricultural Wages Act 1948.

The Secretary of State appoints impartial members to the AWCs in England and the Welsh Assembly Government appoints impartial members in Wales.

The AWCs have the power to:

- grant a certificate allowing an employer to apply specified Wages Order rates to a worker in receipt of instruction;
- fix a value in excess of or below the value (currently £1.50 a week) set by the Wages Board where a house is provided for a worker as a 'benefit' (for example, as part payment of the minimum wage);
- direct that an employer pays addition wages to a worker on piecework where the piecework rate is so low that an ordinary worker working the piece rate hours would receive less than the minimum rate for timework; and
- determine whether a person is a member of a special class of workers and to issue, revoke, and suspend craft certificates in certain circumstances.

Under section 29 of the Rent (Agriculture) Act 1976, Agricultural Dwelling House Advisory Committees (ADHACs) are established within the area of each AWC and the AWC Chairman is responsible for appointment to the ADHAC and for dealing with appeals arising from hearings.

AWCs support Defra in its pursuit of its targets:

- enhancing opportunity and tackling social exclusion in rural areas; and
- promoting sustainable farming.

### Funding 2004-05

The Agricultural Wages Committees' budget of £50,000 is funded by Defra.

## Horticultural Development Council

### Working with Defra

The Horticultural Development Council (HDC) is a levy-funded body established by Order in 1986. Its main function is to commission a programme of research and development on behalf of the horticulture industry in Great Britain. It is funded by statutory levies on growers.

A statutory review of the HDC took place in 2004. The 1947 Industrial Organisation and Development Act, under which the HDC was founded, requires all development councils to be reviewed 3 years after their formation and again at 5 yearly intervals thereafter. This is to establish whether or not there is still a need for the Council and if any changes need to be made to its functions. The statutory requirement is for a consultation exercise with representative industry bodies to take place and for the views to be put to Ministers, who decide if the Council should continue and what changes need to be made.

Following completion of the review process, Agriculture Ministers in England, Wales and Scotland agreed that the HDC should continue in its present role as the levy body charged with commissioning near-market research and development for the horticulture industry.

Defra's role is to ensure the Council stays within its remit, to oversee regulatory and propriety issues, and to make appointments to the Council. Defra-funded strategic research frequently underpins HDC commissioned near market research.

HDC supports Defra to promote a sustainable, competitive and safe food supply chain, which meets consumers' requirements.

### Key achievements 2004-05

HDC's key achievements include:

- the continuation of the HDC following the quinquennial review – involving industry consultation and an industry ballot;
- working with industry the HDC helped secure in the region of £300,000 for upgrading facilities at research centres to carry out work for the Hardy Nursery Stock sector;
- establishing a Nursery Stock Federation to meet the Research and Development requirements of the Hardy Nursery Stock sector;
- filling 80 per cent of gaps identified in the 2002 analysis of crop protection products being lost following EU Review or manufacturer withdrawal. Subsequently undertook a further gap analysis across 58 edible crops;

- working with industry and the Pesticide Safety Directorate to ensure a smooth transition of approvals to the Specific Off Label Approval system when the long term arrangements for the extension of use come to an end;
- launching a web-based pest forecasting service for field vegetable growers;
- significantly broadening its communications activities by publishing a crop walkers guide, training videos and wall charts, together with an increased number of colour fact sheets; and
- further success in the detection of levy evasion bringing the additional levy added to £171,000 over the past three years.

Further information about the HDC can be obtained by writing to Bradbourne House, East Malling, Kent ME19 6DZ, or from the HDC website at: [www.hdc.org.uk](http://www.hdc.org.uk)

### **British Potato Council**

#### **Working with Defra**

The British Potato Council (BPC), established in 1997 under the Potato Industry Development Council Order 1997, is a statutory levy-funded body. Its main functions are to commission research and development, transfer technology, collect and disseminate market information, advertise and promote potatoes to consumers in the UK and to develop export markets, particularly for seed potatoes.

The levies are raised on producers growing three or more hectares of potatoes per year, and purchasers of potatoes who buy or take delivery of 1,000 tonnes or more of potatoes per year.

Defra's role is to ensure that the Council stays within its remit as specified by the legislation, including oversight of regulatory and propriety issues, and to make appointments to the Council. Defra-funded strategic research frequently underpins the BPC-commissioned near-market research.

A statutory review of the BPC commenced in 2004. The 1947 Industrial Organisation and Development Act, under which the BPC was founded, requires all development councils to be reviewed 3 years after their formation and again at 5 yearly intervals thereafter. This is to establish whether or not there is still a need for the Council and if any changes need to be made to its functions. The statutory requirement is for a consultation exercise with representative industry bodies to take place and for the views to be put to Ministers, who decide if the Council should continue and what changes need to be made. The review will be completed in 2005.

BPC support Defra to deliver its objective to promote a sustainable, competitive and safe food supply chain and promoting sustainable farming.

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### Funding 2004-05

BPC is primarily a levy funded body, but receives an annual contribution from Defra for market information used in the compilation of Defra statistics. In 2004-05, this amounted to £50,000.

### Milk Development Council

#### Working with Defra

The Milk Development Council (MDC) was established on 7 February 1995 by the Milk Development Council Order (as amended) under the Industrial Organisation and Development Act 1947.

The role of the MDC is to advance the competitive position and to enhance the technical strengths of Great Britain's dairy farmers. It does this through funding research and development, economic research, providing nutritional and educational advice, livestock improvement, the gathering and publication of statistics, providing dairy market information and the generic promotion of milk and dairy products.

MDC supports Defra to deliver:

- objective 3 – promoting a sustainable, competitive and safe food supply chain; and
- objective 4 – promoting sustainable farming.

Defra holds quarterly meetings with the MDC to review progress and discuss various issues that arise.

### Funding 2004-05

The MDC is funded wholly by a levy paid by milk producers on all milk sold from their farms in Great Britain. This levy yields about £7 million annually. There is no Government contribution to the costs of the MDC.

### Key achievements 2004-05

During 2004-05, the MDC was involved in a range of activities and projects that reflected its remit. Its key achievements in 2004-05 included the following:

- it has match-funded market-research and communications, which have helped many new on-farm processing initiatives establish a firm footing;
- it has jointly funded research and development with territorial cheese makers to allow strong brand development;



- its team of school milk facilitators has seen almost 250,000 children develop the 'milk drinking habit' over the past three years;
- its newly launched health education packs in English and Welsh are designed to fit in with the national school curriculum;
- it is helping farmers and advisers understand Common Agricultural Policy Reform;
- it launched the definitive guide to Dairy Supply Chain Margins over the past 10 years, a successor to the KPMG *Prices and Profitability in the British Dairy Chain* report a year earlier;
- it has seen a big increase in the number of farmers using its Datum information to negotiate milk prices;
- its grass+ and pd+ programmes deliver cutting edge research on grassland and fertility management back to farmers – in a form they could apply in their own way to their own businesses;
- following concern about the lack of independent advice on milking machine installations, it researched and subsequently developed its new interactive decision support model – 'Parlour Wizard'; and
- its '£1000 for a 1,000 cows' – otherwise known as K4K – and the Small Herds Improvement Programme have both helped over 1,000 farmers come together in groups to implement MDC research on their own farms, and then evaluate the results.

## Covent Garden Market Authority

### Working with Defra

Covent Garden Market Authority (CGMA) was established by the Covent Garden Market Act 1961 to resolve the Market congestion problems. The Authority recommended that the Market should be relocated and in 1974 the Market moved to Nine Elms, Vauxhall.

Defra's role is, in the main, to appoint the Authority Chairman and members and to ensure that the Authority complies with the provisions of the Covent Garden Market Acts. In 2004, there were two re-appointments, two new appointments replacing outgoing members, one newly created member post, and the appointment of a Chairman in April 2005.

The Authority's primary function is to operate a market for dealing in bulk in horticultural produce while ensuring that its revenues are sufficient at least to break even taking one year with another. CGMA support Defra in promoting sustainable food and farming.

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### Funding 2004-05

Funding for the Authority's operations comes mainly from rents and service charges but Defra has contributed towards essential health and safety works to the Market in 2004-05.

### Key achievements 2004-05

Key achievements include:

- essential maintenance works to the Market, and the provision of disabled access; and
- the 30th Anniversary of the Market at Nine Elms.

Further information about the CGMA can be found by writing to the Covent Garden Market Authority, Covent House, New Covent Garden Market, London SW8 5NX or on the Authority's website at [www.cgma.gov.uk](http://www.cgma.gov.uk)

## Joint Nature Conservation Committee

### Working with Defra

The Joint Nature Conservation Committee (JNCC) was set up under the Environmental Protection Act 1990 as a committee through which the three country nature conservation agencies (English Nature, Scottish Natural Heritage and the Countryside Council for Wales) jointly deliver their special functions. Defra is the sponsoring Department for the JNCC.

The JNCC is the UK Government's wildlife adviser, undertaking national and international conservation work on behalf of the three country nature conservation agencies.

The special functions of the Joint Committee are:

- the provision of advice for the Secretary of State or any other Minister on the development and implementation of policies for or affecting nature conservation for Great Britain as a whole or nature conservation outside Great Britain;
- the provision of advice and the dissemination of knowledge to any persons about nature conservation for Great Britain as a whole or nature conservation outside Great Britain;
- the establishment of common standards throughout Great Britain for the monitoring of nature conservation and for research into nature conservation and the analysis of the resulting information; and
- the commissioning or support (whether by financial means or otherwise) of research which in the opinion of the Joint Committee is relevant to any matter mentioned in the previous bullet points.

JNCC supports Defra on:

- sustainable development;
- climate change;
- air quality;
- farmland birds;
- Sites of Special Scientific Interest (SSSIs);
- Common Agricultural Policy reform; and
- sustainable farming and food.

### Funding 2004-05

JNCC receives the majority of its funding from the conservation councils for England (English Nature), Scotland (Scottish Natural Heritage), and Wales (the Countryside Council for Wales).

The amount of grant available in each financial year is ring-fenced in the three Councils' main supply estimates. JNCC's grant-in-aid for 2004-05 amounted to £5.96 million with the majority of funding being used to carry forward the strategic themes of: assessing the status of UK biodiversity and earth heritage; making nature conservation information accessible; supporting the JNCC's business by providing high-quality services; and providing scientific advice on the sustainable use of natural resources.

### Key achievements 2004-05

Key achievements include:

- advising Defra on the development of a UK strategy for implementation of the Convention on Biological Diversity following the Conference of Parties in February 2004;
- supporting Defra at the 13th Conference of the Parties of the Convention on International Trade in Endangered Species (CITES) in October 2004 in Bangkok, and advising Defra on approximately 24,000 licence consultations under CITES;
- with partner organisations in the UK and the Netherlands, promoting the worldwide conservation of migratory waterbirds by organising the Global Flyways conference in April 2004 and supporting subsequent publications;
- providing the OSPAR (Oslo and Paris Convention for the Protection of the Marine Environment of the north-east Atlantic) lead on marine habitat classification and mapping, and by February 2005 completing the agreed OSPAR programme to map 14 priority habitats across the OSPAR area;

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- ongoing work to identify potential Special Areas of Conservation in UK offshore water for Annex 1 habitats of the Habitats Directive;
- publication of the first overview report for the UK mammal surveillance programme; and
- putting in place the necessary arrangements to enable the JNCC to implement recommendations arising from the Financial, Management and Policy Review of the organisation, including establishing a company limited by guarantee and employing staff on a unified set of terms and conditions.

Further details about JNCC can be obtained from the communications team: by telephone on +44 (0)1733 562626 or by writing to JNCC, Monkstone House, City Road, Peterborough, PE1 1JY. Further information can also be found on its website, [www.jncc.gov.uk](http://www.jncc.gov.uk)

## National Park Authorities and Broads Authority

### Working with Defra

There are currently eight National Parks in England which were designated under the National Parks and Access to the Countryside Act 1949 and are managed by National Park Authorities established under the Environment Act 1995. The New Forest was designated in February 2005 and its Authority was established on 1 April 2005. The Broads Authority was established under its own primary legislation (Norfolk and Suffolk Broads Act 1988) to manage the Norfolk and Suffolk Broads in accordance with three specific purposes.

The National Park Authorities and the Broads Authority are free-standing within the local government framework. Although not non-departmental public bodies, they are sponsored in a similar way.

The two statutory purposes for the English National Parks are:

- to conserve and enhance the natural beauty, wildlife and cultural heritage of their areas; and
- to promote opportunities for the public understanding and enjoyment of the special qualities of their areas.

If there should be an irreconcilable conflict between the two purposes, the 'Sandford' principle requires that conservation should take precedence. And when carrying out these two main purposes, English National Park Authorities have a statutory duty to seek to foster the social and economic well-being of local communities without incurring significant expenditure in doing so. They are expected to work in partnership with other organisations to fulfil their statutory purposes and duty.

For the Broads there are three main purposes:

- to conserve and enhance the natural beauty of the Broads;
- to promote the enjoyment of the Broads by the public; and
- to protect the interests of navigation.

No purpose takes precedence, the Broads Authority does not have a socio-economic duty. The Authority supports Defra to improve enjoyment of an attractive and well-managed countryside for all.

## Funding 2004-05

**Figure 52: National Park Grant 2004-05 by category**

Area	£ millions
'Core' grant	32.3
Sustainable Development Fund	1.6
Funding to recognise new access responsibilities under the Countryside and Rights of Way Act 2000	1.9
Total	35.8

**Figure 53: National Park Grant 2004-05 by individual National Park Authority**

Area	£ millions
Broads	3.1
Dartmoor	3.9
Exmoor	3.3
Lake District	6.1
Northumberland	2.7
North Yorkshire Moors	4.7
Peak District	7.4
Yorkshire Dales	4.6
Total	35.8

### Key achievements 2004–05

In July 2002, the *Review of English National Park Authorities* Report was issued, with over 50 recommendations on ways to improve the workings of the English National Park Authorities and the Broads Authority, the framework within which they operate and their relationships with partners and other stakeholders. An action plan was drawn up to implement the agreed recommendations. Progress continues to be made in pursuing these recommendations, and it is expected that the Action Plan process will be completed during 2005-06.

The Review of English National Park Authorities and the action plan are available on the Defra website<sup>173</sup>.

The Countryside Agency has proposed new national parks in the New Forest and in the South Downs – both of these proposals attracted objections and so went to public inquiries. On 28 June 2004, the Minister for Rural Affairs, announced his decision that the New Forest will become a National Park managed by a National Park Authority established under the Environment Act 1995. The public inquiry for the South Downs started taking evidence on 10 November 2003 and closed on 23 March 2005.

### Areas of Outstanding Natural Beauty Conservation Boards

#### Key achievements

In 2004, the first Conservation Boards were established for the Chilterns Areas of Outstanding Natural Beauty (AONB) and the Cotswolds AONB under section 86 of the Countryside and Rights of Way Act 2000. Conservation Boards are thought to be most suitable for those AONBs with a large number of constituent local authorities. It is anticipated that in such cases, a unified, independent management body should bring benefits to the effectiveness of the AONB.

A Conservation Board is an independent corporate body somewhat akin to a National Park Authority, although with rather less powers, and thus not strictly a NDPB. Membership of a Board consists of at least 40 per cent local authority appointees and at least 20 per cent parish appointees with the remainder being Secretary of State appointees.

A Conservation Board has two purposes:

- conserving and enhancing the natural beauty of the area of outstanding natural beauty; and
- increasing the understanding and enjoyment by the public of the special qualities of the area of outstanding natural beauty.

<sup>173</sup> [www.defra.gov.uk/wildlife-countryside/consult/natpark/index.htm](http://www.defra.gov.uk/wildlife-countryside/consult/natpark/index.htm) and <http://www.defra.gov.uk/wildlife-countryside/issues/landscap/reviewenglishnpa.pdf> respectively.

If there is a conflict between the two purposes, then the first shall have the greater weight attached to it. Additionally, while having regard to those purposes, a Conservation Board, shall seek to foster the economic and social well-being of local communities within the AONB. All other AONBs have only the first purpose.

80 per cent of a Conservation Board's core costs is funded by the Countryside Agency with the remaining 20 per cent funded by the constituent local authorities. The Countryside Agency can also provide up to 50 per cent for a Board's project funding with the remainder being found from other sources.

### **Advisory, tribunal and other advisory bodies and stakeholder groups**

#### **Advisory non-departmental public bodies**

Advisory Committee on Business and the Environment (ACBE)

Advisory Committee on Consumer Products and the Environment (ACCPE)

Advisory Committee on Hazardous Substances (ACHS)

Advisory Committee on Organic Standards

Advisory Committee on Packaging

Advisory Committee on Pesticides (ACP)

Advisory Committee on Releases to the Environment (of genetically modified organisms) (ACRE)

Agricultural Dwelling House Advisory Committees (ADHACs)

Air Quality Expert Group (replaces the former Airborne Particles Expert Group)

Committee on Products and Processes for use in Public Water Supply

Committee on Radioactive Waste Management

Darwin Advisory Committee

Expert Group on Cryptosporidium in Water Supplies

Expert Panel on Air Quality Standards

Farm Animal Welfare Council (FAWC)

Government-Industry Forum on Non-Food Uses of Crops

Independent Scientific Group on Cattle TB (ISG)

Inland Waterways Amenity Advisory Council

Integrated Administration Control System (IACS) Appeals Panel

Pesticide Residues Committee



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Radioactive Waste Management Advisory Committee  
Royal Commission on Environmental Pollution  
Science Advisory Council  
Spongiform Encephalopathy Advisory Committee (SEAC)  
Sustainable Development Commission  
Veterinary Products Committee  
Veterinary Residues Committee  
Zoos Forum

### Tribunals and other bodies

Agricultural Land Tribunals  
British Wool Marketing Board  
Commons Commissioners  
Dairy Produce Quota Tribunal  
Plant Varieties and Seeds Tribunal

### Other advisory bodies and stakeholder groups

Agricultural Waste Stakeholders' Forum  
Association of National Park Authorities  
Chemicals Stakeholder Forum  
England Organic Action Plan Group  
Hazardous Waste Forum  
National Broads Authority  
Partnership for Action Against Wildlife Crime  
Pesticides Forum  
Regional Environment Protection Advisory Committees  
Regional Fisheries, Ecology and Recreation Advisory Committees  
Regional Flood Defence Committees (committee's of the Environment Agency)  
Trade Union Sustainable Development Advisory Committee (TUSDAC)  
UK Biodiversity Group

# Public appointments

Defra sponsors over 50 executive and advisory non-departmental public bodies, tribunals and public corporations and is responsible for approximately 600 appointments to those bodies. Chairs and members are typically appointed for 2 or 3 year terms and Ministers have the option of re-appointing them for a further term (and for smaller bodies additional terms after that) if appropriate.

A full list of the appointees, along with the start and expiry date of their current terms and their remuneration they receive is available on the Defra website at:  
[www.defra.gov.uk/corporate/delivery/guidance/general/index.htm](http://www.defra.gov.uk/corporate/delivery/guidance/general/index.htm)

## Public Accounts Committee Recommendations

In 2004-05 the Public Accounts Committee (PAC) published the following reports:

- 3 February 2004 Fifth Report, Warm Front: helping to combat fuel poverty (HC 206);
- 6 July 2004 Twenty-seventh Report, identifying and tracking livestock in England (HC 326);
- 26 October 2004 Forty-fourth Report, protecting England and Wales from plant pests and diseases (HC 208); and
- 9 November 2004 Forty-sixth Report, The UK Emissions Trading Scheme: a new way to combat climate change (HC 604).

The Government has responded to these, details of which can be found on the Parliament website<sup>174</sup>. In addition the following inquiry is awaiting a Government response:

- 23 February 2005 Foot and Mouth Disease: Applying the Lessons (HC 387-i)<sup>175</sup>.

<sup>174</sup> <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmpubacc/cmpubacc.htm>

<sup>175</sup> <http://www.publications.parliament.uk/pa/cm/cmpubacc.htm>

# Better Regulation

Regulation is a key tool for delivering good environmental outcomes and protecting human and animal health.

Regulating better, finding new and smarter ways to deliver the Department's goals so that unnecessary burdens are not imposed is an essential aspect of Defra's *Five Year Strategy*.

To help advance this agenda the Secretary of State established a Regulation Taskforce (TF) to advise on how to improve Defra's regulatory performance. Its report was published in April 2004. It made over 50 recommendations, drawing on best practice elsewhere in government and reflecting the concerns of the Department's stakeholders.

Public demand for ever higher environmental standards, better standards of animal health, and the complexity of the Common Agricultural Policy (CAP) means that Defra is one of the biggest regulators and has the biggest forward agenda of regulation in Whitehall.

All government departments are held accountable for their regulatory performance through annual reporting. This appendix therefore gives details on Defra's:

- better regulation initiatives and the use of Regulatory Impact Assessments; (RIAs)
- performance in meeting Regulatory Reform Action Plan (RRAP) commitments;
- delivery of Regulatory Reform orders; and
- compliance with the RIA process.

## Better regulation initiative

Better regulation is a creative and evolutionary process, which involves reconciling priorities and risks through sound analysis and judgment. The Department's better regulation agenda aims to ensure policies are sustainable and proportionate, bringing about the required outcomes in environment food and rural affairs, without imposing unnecessary additional burdens.

There have been a number of better regulation initiatives to drive this agenda forward the following are some of the key work streams.

### *Cumulative burden*

The need to get a better understanding of the cumulative burden of Defra regulation on those it regulates is a high priority for the Department. It has identified the following priority sectors for study:

### Chemicals

Through the UK Chemicals Stakeholder Forum, Defra seeks to engage the chemical industry and other interested parties in addressing issues concerning potential risks to the environment and human health from industrial chemicals.

The forum acts on one hand to invite voluntary action from industry to reduce the impacts of chemicals on the environment and on the other hand to provide a medium for consulting on developing chemical regulations and, in particular, on the new European Chemicals Strategy, REACH.

### Food

Defra has made a commitment in the draft *Food Industry Sustainability Strategy* (FISS) to establish an industry forum for the food and drink manufacturing, retail and food services sectors to act as an early warning system for upcoming legislation likely to impact upon them. The current indicative timing is that the group will be established as an early initiative under the FISS following the ongoing public consultation which ends on 30 June 2005.

### Water

The water industry is one of the most heavily regulated UK industries. Defra will work with industry regulators and Water UK to assess just how much the industry is spending on complying with environmental and quality regulation.

### Business

Defra will meet with inspectors and estimate the burden on business from inspection and monitoring caused by the most important regulations they enforce, basing calculations on the number of visits made and the amount of monitoring data required by a regulation. There will be discussions with business and other stakeholders in themed workshops to identify opportunities to streamline data collection and monitoring requirements.

### Cumulative burden on agriculture

In April 2005 Defra commissioned field work to be undertaken on regulatory impacts on agriculture. This will give sectoral information on impacts to inform development of Defra's strategy to modernise and streamline agricultural regulation, to be published in November 2005.

Where policy or regulatory proposals have potentially significant impacts on agriculture, or specific sectors in agriculture, policy divisions in Defra now have to include cumulative burdens analysis in development of their proposals. Defra's analysis of cumulative burdens on farming draws on real data from the annual Farm Business Survey to model the costs and benefits of new regulations. The current cumulative picture includes evaluation of:

- the reform of CAP;
- introduction of an annual subsistence charge for the groundwater regulations;

- compliance costs resulting from the EU Nitrates Directive;
- compliance costs resulting from the EU Waste Framework Directive; and
- a number of animal health related initiatives.

The results from the cumulative burden work will be used to slow down the rate of policy development where applicable and to remove regulations where practical. Policy leads will use the information as a negotiating tool in respect of postponing transposition dates.

### Reducing administrative burden on business

The Department's *Five Year Strategy* made a commitment to seek to reduce the administrative burden of the regulations it imposes upon business by at least 25 per cent over the next five years. To help to meet this target a 'cutting red tape' project is being undertaken by Defra's Better Regulation Unit to identify administrative burdens, and where possible reduce the burden on business, by exploring opportunities for minimising and simplifying reporting requirements in line with the Hampton Review (see page 345). This will be completed in summer 2005.

### Environmental regulation

Following a commitment made in Defra's *Rural Strategy 2004* published in July 2004, Defra is carrying out a survey of environmental regulation. The survey is examining opportunities for better partnership working between regulators such as local authorities and the Environment Agency, using case studies to identify best practice for partnership working, and, develop criteria which policy makers can use when developing new delivery arrangements and which also lead to improved customer services. The survey has been completed and conclusions are currently being drawn.

### Ministerial Challenge Panel

A key recommendation of the Defra Regulation Taskforce was to improve internal accountability for regulation; to introduce a more systematic internal challenge process in order to ensure that, when new regulation is proposed, alternatives are explored properly, lawyers and economists are involved early and proper account is taken of the burden being imposed.

The scope for offsetting deregulation should also be properly explored. To take this forward Defra has established a new Ministerial Challenge Panel to scrutinise regulatory proposals, involving representatives from enforcement agencies, the Small Business Service and the Cabinet Office Regulatory Impact Unit.

To date 13 policies have so far been discussed at the Ministerial Challenge Panel on Regulation (MCPR) where policy leads receive direct feedback in terms of a score for their proposal. Proposals are scored 1 to 4, Figure 54.

**Figure 54 Scoring Table: Ministerial Challenge Panel on Regulation**

Score	Description
1	MCPR impressed – good practice to be shared internally
2	work in general good, some improvements recommended – share good practice and highlight what else needs to be considered
3	weak, substantial reworking needed to take proposal further
4	serious doubts about this proposal going ahead

Good practice is then shared through Defra's intranet.

### Interchange programme

Defra can only achieve its objective of achieving "a coherent, approach to the handling of regulation, its application and impact" if its senior staff are better informed about the concerns and needs of its stakeholders in business.

Defra is therefore giving renewed impetus to Interchange by introducing the *Take5* programme. It is now a requirement that all staff in the Senior Civil Service spend five days a year out of the Department gaining first hand experience of the sharp end of Defra policy. More detail on the interchange programme can be found in Chapter 6.

### Programme and project management

The Department is keen to ensure that when developing its policies sound programme and project management (PPM) techniques are employed to ensure the regulatory process is run smoothly, effectively and therefore stands a better chance of delivering the stated aims and objectives. The key objective is to ensure that expert advice from economists, lawyers, regulators and scientists is brought into the policy development at an early stage, so that impacts are clearly understood together with costs, benefits and risks.

The use of programme and project management on Defra's highest priority areas of work is already well established. Early engagement of economists and lawyers will assist with identifying less burdensome design in regulation, and ensure that enforcement considerations have been properly addressed.

Over the next 12 months action is being taken to mainstream PPM in policy development. This will be scrutinised by the Ministerial Challenge Panel, and guidance will be further developed on applying PPM to developing policy.

A project led by Legal and Environment Directors General to provide guidance on using PPM techniques to transpose EU legislation was completed in March 2005. The aim is then to roll-out the approach to the transposition of all new environmental directives, providing greater confidence that the implementation of EU legislation will be managed effectively.



### Issues panel

The Department has set up a programme of Issues Panel meetings to explore best practice and innovative approaches to developing better regulation. The meetings have brought in external speakers to challenge conventional thinking in Defra and have provided an opportunity for developing creative ideas. The first meeting looked at better consultation and had speakers from the Confederation of British Industry and the Department of Trade and Industry. As a result nine 'top tips' on consultation have been published on the Defra's intranet and a plan for sharing best practice is being developed.

On 31 January an Issues Panel was held on enforcement. This explored how regulations can realistically be enforced when they affect thousands of small businesses rather than a few large organisations, and how policy makers can ensure a high level of compliance with their policies. It was addressed by external and internal speakers. A subsequent Issues Panel on cutting red-tape had a representative from the Dutch Department of Agriculture who shared their experiences and methodology on how they are on schedule for cutting their administrative burdens by 25 per cent by 2006.

### Enforcing our regulations

Effective enforcement is an essential part of the better regulation agenda. The Department needs to be able to bring about the required behaviour to ensure that environmental, public and animal health outcomes are achieved.

In line with the Taskforce recommendations the Department is taking forward a project to ensure that enforcement is fully considered in the policy making process to ensure that the full range of options are explored. Part of the project will be to look at the effectiveness of different enforcement methods and will disseminate best practice.

### Hampton Review – effective inspection and enforcement

Defra is preparing a work programme to ensure that all of the recommendations from the Hampton report and the Better Regulation Task Force report, *Less is More*, are taken forward. These two reports were published on 16 March 2005 and have been accepted in full by the Government. Key recommendations cover:

- use of risk based inspection;
- a reform of the penalty regime, including use of tougher penalties;
- consolidation of existing inspection and regulatory functions into thematic regulators;
- creation of the Better Regulation Executive to drive regulatory reform; and
- setting targets for reductions in information required from business.

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The work programme will involve the Department reducing the administrative burdens imposed by its regulations on business by at least 25 per cent over the next five years, whilst protecting regulatory outcomes through more effective enforcement and advice services. The Department will be consulting external stakeholders as it develops proposals for streamlining regulatory structures.

### European measures – simplification

In 2005-06, Defra will work with the Luxembourg, Austrian and Finnish Presidencies, as an active partner in the 6 Presidencies Initiative, to take forward existing proposals for simplification. Defra has already supported the prioritisation by the European Council of 15 proposals for simplification of existing European legislation (2004). Five of these proposals cover legislation within Defra's policy areas. The Commission is responding on all five Defra areas, and the Department will prioritise action on the Commission's proposals. Defra has also worked with the Dutch Presidency to have a further 11 proposals in Defra's policy area prioritised for simplification by the Agriculture and Fisheries Council. DG Agri will be producing a Communication on Simplification in the autumn, responding to last year's exercise. Defra is working closely with the Commission with a view to holding discussions in Agriculture Council under the UK Presidency. Furthermore, Defra will work to advance the forthcoming Commission action plan on simplifying the Common Fisheries Policy.

Defra will continue to work closely with its partners in UK Government, the EU institutions and Member States to push forward simplification of existing EU legislation. This includes contributing, through the Cabinet Office, to the DG Ent Simplification process. A Communication is expected in October. Defra is providing a number of suggested legislative dossiers for simplification and pending dossiers for withdrawal.

### Better policy training

Better policy training is a key work stream delivering better regulation activity. Working closely with the Centre for Management and Policy Studies (CMPS), Cabinet Office, Small Business Service, and colleagues across the Department, the Better Policy Team created a two-part training package for established policy makers.

This enhances policy makers' capacity to develop policies in accordance with the Nine Principles of Modern Policy Making as outlined in the 1999 Cabinet Office report *Professional policy making for the twenty-first century*.

The Better Policy Team's training package has been a huge success, delivering training to over 300 policy makers. The team won a Defra Team Award in 2004 for Reshaping Defra to Deliver.

The Better Policy Team now sits in the Strategy and Sustainable Development Directorate, as part of the Better Regulation Unit to ensure the Department maintains a cohesive and joined up message.

By April 2005 the team had delivered this training package to a further estimated 250 policy makers.

### Better policy toolkit

To help policy makers with guidance and advice a 'better policy toolkit' has been developed to promote a more consistent and systematic approach to the process of policy development and delivery across the Department.

The toolkit is interactive and acts as a portal for all better policy-making activities ongoing in Defra as well as providing a link to Government-wide policy-making guidance and is strengthened with an interactive Self Assessment Tool which allows staff to benchmark their approach to policy-making against the Nine Principles of Modern Policy-making.

The Toolkit continues to be the focus for policy guidance within the Department and will be further enhanced to reflect the work of the Better Regulation Unit.

### The Better Policy-Making Advisory Group

This group was established to link-up the various parts of the corporate centre working on projects that contribute to better policy-making. The Group has been successful in raising the awareness of the ongoing work in this area, improve co-ordination between the various activities and promote better policy-making in general. The group was instrumental in the development of the Better Policy Training Package, and the promotion of the new electronic document management system, known as 'Catalyst'.

### Induction training

During the Better Policy training workshops attendees expressed strong feelings that the training or some sort of induction training should have been given at a much earlier stage in their careers, either before they joined a policy team or as new entrants in Defra.

The Better Regulation Unit is developing a programme of policy making induction training during 2005-06 which will include:

- an introduction to policy making across government;
- a detailed look at the Nine Principles of Modern Policy Making;
- developing a Regulatory Impact Assessment; and
- a brief look at EU and ministers roles.

### Alternatives to prescriptive legislation

The Department is encouraging an imaginative approach to implementing policy through a range of alternatives to traditional regulation, help government overcome cultural barriers to the consideration of the full range of alternatives approaches and help bring about cultural change. The following are examples where the Department has used alternatives to regulation to bring about desired results.

#### UK Chemicals Stakeholder Forum

The UK Chemicals Stakeholder Forum:

- in its role of providing advice to Ministers on chemicals of concern to the environment, and to human health through the environment, recommended that there should be a voluntary agreement between industry and the Government to reduce the risks associated with nonylphenols, octylphenols and their ethoxylates;
- in making its recommendation, the Forum decided that there was an unacceptable level of risk associated with these chemicals that needed to be addressed in advance of European legislation to ban them as of January 2005;
- the Government accepted the Forum's recommendation in October 2002, and called on industry to come forward with detailed proposals for risk reduction; and
- following negotiation and consultation, reached a final agreement with companies represented by four trade associations for voluntary action to:
  - promote awareness and action on risk reduction by informing and working with customers;
  - promote alternatives by working with downstream users;
  - not promote octylphenol ethoxylates as substitutes for nonylphenol ethoxylates; and
  - introduce harmonised environmental classification and labelling for nonylphenol and octylphenol ethoxylates.

#### Climate Change Agreements

These are voluntary agreements between Defra and energy intensive industry whereby operators can obtain an 80 per cent reduction in the Climate Change Levy in return for meeting challenging energy efficiency targets over a ten year period. More detail can be found in Chapter 2.

#### UK Emissions Trading Scheme

As an alternative to traditional command and control regulation of emissions, the UK Emissions Trading Scheme, launched in 2002, encourages emissions reductions from those

who find them easiest and cheapest. The scheme has provided a training ground for some of the organisations who are covered by the European Union Emissions Trading Scheme that began in January 2005. More detail can be found in Chapter 2.

### **Water Framework Directive (2000/60/EC)**

The Water Framework Directive (2000/60/EC) establishes an integrated approach to river basin management and protection, and sets objectives for surface waters, terrestrial ecosystems and groundwaters. Detailed measures to clarify some of the groundwater objectives will be set out in a forthcoming daughter directive, a proposal for which was published by the European Commission in 2003. More detail can be found in Chapter 2.

### **Agri-environment schemes**

In the last 20 years it has become increasingly apparent that farming shapes the countryside, with modern intensive farming methods encouraged under the Common Agricultural Policy (CAP) contributing to the loss of wildlife habitats and landscape features. Agri-environment schemes, the Environmentally Sensitive Areas (ESA) Scheme (which began in 1987), and the Countryside Stewardship Scheme (CSS) (from 1991) in areas outside ESAs, have sought to help to redress the balance. Their objectives are to:

- sustain the beauty and diversity of the landscape;
- improve and extend wildlife habitats;
- create new habitats and landscapes where appropriate;
- restore neglected land and historic features; and
- improve opportunities for countryside enjoyment.

Both schemes are co-funded by the EU as part of the England Rural Development Programme (ERDP) under the EU Rural Development Regulation (RDR) (Council Directive 1257/99).

The schemes are voluntary, and have ten year land management agreements. In addition to annual management payments, the schemes provide grants for capital items such as hedging and walling. Payments reflect income forgone and costs incurred in working to the required prescriptions. The agri-environment programme also contributes to the *UK Biodiversity Action Plan* (BAP) and other Habitat Action Plans (HAPs).

Following a review of agri-environment schemes, both schemes have now closed to new applicants, although existing agreements will run their course. A new agri-environment scheme, Environmental Stewardship (ES), was launched this year. The scheme consists of the following elements:

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- Entry Level Stewardship;
- Organic Entry Level Stewardship; and
- Higher Level Stewardship.

More detail can be found in Chapter 2.

### Consultation

Defra is committed to strengthening its customer focus and developing a relationship of trust and confidence with stakeholders. Consultations are one of the biggest ways that the Department routinely comes into contact with its stakeholders and, as a Department, Defra spends a great deal of time and effort consulting on policy proposals. The following are examples of imaginative consultation exercises.

#### Hazardous Waste Forum

The Hazardous Waste Forum:

- was set up by Government in December 2002 to bring together key stakeholders to examine in detail the issue of hazardous waste, to develop an Action Plan to ensure there is always a safe method for disposal of hazardous wastes given the significant changes in legislation stemming from Europe;
- has been a useful mechanism to enable industry – both waste producers and waste managers – to engage directly with government departments and the Environment Agency as the regulator, to ensure that knowledge is shared quickly and clarity on legislative requirements and the provision of treatment capacity are put in place;
- has met nine times since February 2003 and established three sub groups to consider: i) waste arising and scope for minimisation; ii) treatment capacity; and iii) the strategic way forward by way of an advisory document; and
- to that end, the document, Hazardous Waste – an action plan for its reduction and environmentally sound management published in December 2003 sets out the key issues and recommended actions for stakeholders.

#### Farmer Technical Working Groups

Livestock Farmers Technical Working Groups set up by Defra has provided a new way of testing policy ideas, particularly in terms of their practical implications for farmers, at an early and informal stage. This has been valued by policy colleagues who have used the groups, and welcomed by the farmers involved. It also provides a swift and workable way, in the farming sector, of satisfying the Small Business Service (SBS) 'small business test' requirements for prior discussion of policy/regulatory proposals. The groups are a prior stage, not a replacement for, more formal consultation. The initiative particularly helps to meet three of the nine principles of policy making: it is innovative, flexible and creative; it is evidence-based; and it is inclusive.

## Effective use of Regulatory Impact Assessments

Defra reviewed the Environmental Impact Assessment of the Uncultivated Land and Semi Natural Land (ULSNA) Regulation. This Regulation aims to stop the loss of ULSNA by making it a requirement for farmers to gain permission from Defra before intensifying the use of sensitive land.

The review began by asking whether the regulation was still needed and if so how could it be improved? Through a successful consultation process with stakeholders and a thorough collection of evidence a number of areas were identified for review and improvement. These showed that:

- the intended result of this Regulation to halt the loss of ULSNA land was already likely to be occurring through other existing regulation and schemes such as the CAP reform and the Environmental Stewardship Scheme;
- although this Regulation was saving approximately 150 hectares of land per year, it cost Defra £400,000 which is a poor return for such a high investment;
- only 10 per cent of the applications made under the regime resulted in an environmental gain thus causing a significant amount of 'red tape' with no positive return to society;
- the Regulation was difficult for farmers to comply with, with complex tests to determine whether their land was 'ULSNA' or not;
- the regime may have had a negative effect on that uptake of Defra's new Environmental Stewardship Scheme.

As a result, substantial changes to the Regulation have been proposed to make them more cost-effective, more transparent and targeted, and better suited to the post-CAP reform world.

## Compliance with the code of practice on consultation

The total number of consultations started between 1 January and 31 December 2004 and made available to the public for comment on the Defra website was 124 (<http://www.defra.gov.uk/corporate/consult>). Of these 93 lasted 12 weeks or more but a further 7 lasted over 11 weeks and this small reduction in the consultation period was due to unavoidable delay in publication coupled with a need to retain the original deadline. The number of limited consultations (i.e. less than 12 weeks, or targeted at a very narrow group of stakeholders) authorised by the appropriate Minister or Ministerial equivalent was 24. These can be broken down as follows.

Five were concerning additional implementation details of the EU emissions trading scheme and short timetables was necessary to meet EU deadlines. A limited range of stakeholders were likely to be interested and were already up to speed on the implementation of the scheme and were asked for comments on specific implementation issues.



Nine consultations were concerning revised statutory guidance notes for local authority air pollution control regimes: LAPC and LAPPC). In these cases there was agreement both by Ministers and Cabinet Office that these were limited and not full public consultations. The shorter period was fully justified as the last stage in a much longer consultation exercise and with a targeted group of stakeholders.

Of the remaining 10 consultation exercises, 1 had a 4 week period to allow the proposed controls to be enacted within the current fishing season, 1 had a 6 week period in order to allow the proposals to be taken forward as part of a Government Bill, 1 was to a very limited range of stakeholders (mainly local authority bodies) to consider draft guidance required to cover legal provisions already in force, 1 was shortened with the agreement of the very limited range of stakeholders affected as it was agreed that a longer period would be disproportionate, 2 were shortened at the request of those affected in order to speed up introduction of the proposed schemes (one a compensation system, the other a funding allocation) and 4 were additional consultation to an earlier 12 week exercise.

### Commitments to review regulations

Policy reviews are comprehensive retrospective assessments of the Department's policies and are carried out with the aim of improving the design and delivery of policy in the future. Reviews require management initiative, political commitment and monitoring. The thoroughness of an evaluation is dependant upon the scale of the impact of a policy, and to some extent on the level of public interest.

Defra's legislative agenda, announced in the Queen's Speech in May, includes the following:

- Natural Environment and Rural Communities Bill;
- Animal Welfare Bill;
- Common Land Bill; and
- Marine Bill (draft).

Further detail on these Bills can be found in Chapter 2.

### Example of sunseting

The sunset clauses were used extensively during the follow up to the foot-and-mouth disease outbreak for sheep, goat and pig identification requirements.

### Regulatory Reform Action Plan

Defra has 77 entries in the Government's revised Regulatory Reform Action Plan published in December 2003 covering all aspects of its responsibility. Many of these reforms will benefit small businesses including farmers. They involve changes to EC legislation, reform of some domestic legislation, major reviews of whole areas of regulatory activity, and many points for administrative action in the areas of enforcement, inspection and information handling to ease the burden of compliance.

Of the 77 entries in the Action Plan, 16 have been completed, 14 are on track, 23 have slipped, and 7 have been dropped. Some of those that have been dropped in 2004 relate to changes to CAP support schemes which have been superseded by the Single Payment Scheme introduced as part of the CAP reform package. For others the timetable for delivery has slipped for unavoidable reasons such as action required at EU level or where the original target dates were too optimistic.

### Regulatory Reform Orders

The Revised Action Plan published in December 2003 contained 8 entries for potential Regulatory Reform Orders (RROs) submitted by Defra. Two were enacted in 2003, one removing redundant requirements in relation to Sugar Beet Research and the other extending the powers of the British Waterways Board. Of the remaining six, one, on the powers of the Joint Nature Conservation Committee was laid for scrutiny in October 2004 and was enacted in March 2005. Two are not now proceeding (one on legal advice and one because the benefits are considered insufficient to justify the resources needed to implement it), and four are still being worked on but, are behind the original timetable. In particular, on licensing of dangerous wild animals, following consultation, the Department is developing fresh options to revise the Act to deliver public safety benefits and to also look to reduce the level of regulatory burden on local authorities and animal keepers.

### Compliance with the Regulatory Impact Process

The Department's compliance in terms of Regulatory Impact Assessments (RIA) accompanying consultations on regulatory proposals, as measured by Cabinet Office, has been 100 per cent for 2004.

# Health and safety

## Health and safety in Defra

The Government *Revitalising Health and Safety Strategy* statement requires public bodies to summarise their health and safety performance and plans in their Departmental annual reports. The following section is the Defra statement to meet this action point. It applies to core-Defra, Pesticides Safety Directorate and Veterinary Medicines Directorate only. Other Defra Agencies and non-departmental public bodies will produce their own statement for their reports.

Defra is committed to providing and maintaining a healthy and safe working environment for all its employees and any other person who may be affected by the Department's activities. Defra's staff are exposed to a wide variety of potential hazards to their health and safety ranging from the normal office based risks to those in the rural and marine environment.

### Health and safety performance: accident and ill health reports

Accidents, work-related ill health and near misses including dangerous incidents and verbal abuse/threatening behaviour are reported centrally to the Departmental Health and Safety Unit. All reports are investigated initially by local management prior to review by the health and safety advisers.

For 2004-05:

- there were 447 accident and ill health reports received during the year – see Figure 55;
- there have been no fatalities or reports of serious accidents to Defra staff;
- fourteen reports were made to the Health and Safety Executive as required by the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations and the incident rate for Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) incidents is 230 per 100,000 employees;
- all RIDDOR incidents arose as a result of individuals having to take more than 3 days away from work. Four were as a consequence of sprained ankles, there was one upper limb disorder and two injuries occurred when individuals were lifting equipment;
- almost half of all reported injuries occurred on farms or agricultural land, the majority being as a result of handling animals; and
- thirty two reports of injury were made by non-Defra staff, the majority being contractors working on Defra premises in catering, cleaning or on premises maintenance.

**Figure 55: Health and Safety Incidents: 1 January 2004 to 31 December 2004**

Type of Incident	No of Reports
Fatal injuries	0
Major injuries	0
Dangerous Occurrences	0
Over 3 day injuries	14
Minor injuries	231
Near misses	73
Incidents of violence/aggression/verbal abuse	20
Road traffic accidents	27
Ill health cases	82
<b>TOTAL</b>	<b>447</b>

## Health and safety planning

### Review of Performance

The Departmental Health and Safety Unit continued to keep under review its policy statements and occupational health and safety arrangements, particularly in relation to the disease control contingency planning process. A wide range of information and guidance to Defra staff was on the intranet and Safety Representatives and Trade Union Health and Safety Committee members continued to play an important role in improving health and safety performance. Specifically, progress was made on each of the priority areas:

- progressing the Departmental Strategy to enable managers to identify and deal with work related stress. Defra continued to work in partnership with the Health and Safety Executive and incorporated the Management Standards approach into stress risk assessments;
- ensuring arrangements were in place to enable the Department to achieve best practice in terms of occupational health provision;
- ensuring consistent risk management arrangements were in place within the core Department – particularly in relation to the way health and safety was communicated and managed in the Headquarter Divisions; and
- maintenance of legislative compliance.

### Future work

The Departmental Health and Safety Unit produces an annual report which provides a detailed analysis of Defra's occupational health and safety performance and sets an action programme for the coming year. The 2005-06 report will highlight the corporate issues to be addressed and continuing to integrate the stress strategy into existing human resource initiatives will be a priority.

# Abbreviations and acronyms used in the report

AATSR	Advanced Along Track Scanning Radiometer
ACBE	Advisory Committee on Business and the Environment
ACCPE	Advisory Committee on Consumer Products and the Environment
ACCS	Assured Combinable Crops Scheme
ACHS	Advisory Committee on Hazardous Substances
ACP	Advisory Committee on Pesticides
ACRE	Advisory Committee on Releases to the Environment [of genetically modified organisms]
ADHACs	Agricultural Dwelling House Advisory Committees
AHDOs	Animal Health Divisional Offices
ALSF	Aggregates Levy Sustainable Fund
AONB	Areas of Outstanding Natural Beauty
AQMAs	Air Quality Management Areas
ARF	Applied Research Forum
AWCs	Agricultural Wages Committees
BCMS	British Cattle Movement Service
BREW	Business Resource Efficiency and Waste Programme
BSE	Bovine Spongiform Encephalopathy
BTO	British Trust for Ornithology
BVPIs	Best Value Performance Indicators
CA	Countryside Agency
CAP	Common Agricultural Policy
CBRN	Chemical, Biological, Radiological or Nuclear
CCW	Countryside Council for Wales
CD	Communications Directorate
CEFAS	Centre for Environment, Fisheries and Aquaculture Science
CFP	Common Fisheries Policy
CGMA	Covent Garden Market Authority
CHP	Combined Heat and Power
EU-CIS	EU Common Implementation Strategy
CITES	Convention on International Trade in Endangered Species
CLG	Company Limited by Guarantee
CMPS	Centre for Management and Policy Studies (the Civil Service College)
CO <sub>2</sub>	Carbon Dioxide
COP	Conference of the Parties
CoRWM	Committee on Radioactive Waste Management
CPA	Comprehensive Performance Assessment
CRC	Commission for Rural Communities
CroW	Countryside and Rights of Way Act 2000
CSL	Central Science Laboratory
DARD(NI)	Department of Agriculture and Rural Development for Northern Ireland

## Abbreviations and acronyms used in the report

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DBES	Date Based Export Scheme
DCCS	Defra Co-ordinating Committee for Statistics
DEEPS	Delivering Efficient and Effective Procurement Solutions
DEL	Departmental Expenditure Limit
DfID	Department for International Development
DfT	Department for Transport
DTI	Department of Trade and Industry
DUKES	Digest of UK Energy Statistics
DWPA	Diffuse Water Pollution From Agriculture
EAFRD	European Agricultural Fund for Rural Development
EAGGF	European Agricultural Guidance and Guarantee Fund
EBLEX	English Beef and Lamb Executive
EDI	Electronic data identification
EEC	Energy Efficiency Commitment
EFFP	English Farming and Food Partnerships
EFS	England Forestry Strategy
EFSA	European Food Safety Authority
EIR	Environmental Information Regulations
EN	English Nature
ENSIS	English Nature's Site Information System
EPCS	Environment, Protective and Cultural Services
ePIC	Electronic Plant Information Centre
ERDP	England Rural Development Programme
ESS	Environmental Stewardship Scheme
ETI	Ethical Trading Initiative
ETIS	Elephant Trade Information System
EU	European Union
EU ETS	EU Emissions Trading Scheme
WGS	Woodland Grant Scheme
FAWC	Farm Animal Welfare Council
FBAS	Farm Business Advice Service
FC	Forestry Commission
FCO	Foreign and Commonwealth Office
FIFG	Financial Instrument for Fisheries Guidance
FMD	Foot-and-mouth disease
FWPS	Farm Woodland Premium Scheme
GAEC	Good Agricultural and Environmental Condition
GHG	Greenhouse Gas
GIS	Geographical Information Systems
GLP	Good Laboratory Practice
GMP	Good Manufacturing Practice
GOs	Government Offices
GSPC	Global Strategy for Plant Conservation
GVA	Gross Value Added



## Abbreviations and acronyms used in the report

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HCC	Hybu Cig Cymru/Meat Promotion Wales
HDC	Horticultural Development Council
HGCA	Home-Grown Cereals Authority
HPAI	Highly Pathogenic Avian Influenza
HR	Human Resources
HRSS	Human Resources Self Service System
IACS	Integrated Administration Control System
ICF	Intelligent Customer Function
IGSCC	Interdepartmental Group on the social cost of carbon
IPCC	Intergovernmental Panel on Climate Change
IPPC	Integrated Pollution Prevention and Control
ISB	Invest to Save Budget
ISG	Independent Scientific Group on Cattle
IT	Information technology
IUCN	World Conservation Union
IWF	International Whaling Commission
JNCC	Joint Nature Conservation Committee
LATS	Landfill Allowance Trading Scheme
LGA	Local Government Association
LTPs	Local Transport Plans
MCCPs	Medium chain-length Chlorinated Paraffin's
MDC	Milk Development Council
MIKE	Monitoring Illegal Killing of Elephants
MLC	Meat and Livestock Commission
MOEF	(Indian) Ministry of Environment and Forests
MSP	Managing Successful Programmes
MTR	Mid-Term Review
NCC	Nature Conservancy Council
NDA	Nuclear Decommissioning Authority
NDPB	Non-departmental public body
NERC	Natural Environment and Rural Communities (Bill)
NFC	National Forest Company
NFSS	National Fallen Stock Scheme
NGOs	Non-government organisations
NO <sub>2</sub>	Nitrogen dioxide
NSP	National Scrapie Plan
ODPM	Office of the Deputy Prime Minister
OECD	Organisation for Economic Co-operation and Development
Ofwat	Office of Water Services
OGC	Office of Government Commerce
OTMS	Over Thirty Months Scheme
PAC	Public Accounts Committee
PASA	Purchasing and Supply Agency
PAW	Partnership for Action Against Wildlife Crime

## Abbreviations and acronyms used in the report

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PCRP	Policy Centre Review Programme
PFI	Private Finance Initiative
PFOS	Perfluorooctane Sulphonate
POPs	Persistent organic pollutants
PPM	Programme and project management
PPMU	Programme and Project Management Unit
PPP	Public Private Partnership
PSD	Pesticides Safety Directorate
PSG	Professional Skills for Government
PWS	Pay and Workforce Strategy
QMS	Quality Meat Scotland
RCM	Regional Climate Model
RDAs	Regional Development Agencies
(EU) RDR	EU Rural Development Regulation
RDS	Rural Development Service
RIMCC	RIMNET Co-ordinating Committee
RIMNET	Radioactive Incident Monitoring Network
RITA	RPA IT Applications
RMIF	Red Meat Industry Forum
RPA	Rural Payments Agency
RPG	Sustainable Farming and Food Research Priorities Group
RSDFs	Regional Sustainable Development Frameworks
SAC	Science Advisory Council
SAICM	Strategic Approach to International Chemicals Management
SAPs	Salmon Action Plans
SCE(R)	Supported Capital Expenditure (Revenue)
SCP	Sustainable Consumption and Production
SDA	Service Delivery Agreement
SDC	Sustainable Development Commission
SDiG	Sustainable development in government
SDU	Sustainable Development Unit
SEAC	Spongiform Encephalopathy Advisory Committee
SEERAD	Scottish Executive Environment and Rural Affairs Department
SMLDP	Senior Managers Leadership Development Programme
SPD	Single programming document
SSCs	Sector Skills Councils
SSSIs	Sites of Special Scientific Interest
SU	(Cabinet Office) Strategy Unit
SVS	State Veterinary Service
TAR	Third Assessment Report
TB	Bovine Tuberculosis
THC	Thermo-haline Circulation
TRMS	TRACES Risk Management System
TSE	Transmissible Spongiform Encephalopathies

## Abbreviations and acronyms used in the report

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TUSDAC	Trade Union Sustainable Development Advisory Committee
UKCIP	UK Climate Impacts Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
VLA	Veterinary Laboratories Agency
VMD	Veterinary Medicines Directorate
WFD	Water Framework Directive
WHI	Walking the Way to Health (initiative)
WLRS	Wildlife Licensing and Registration Service
WRAP	Waste and Resources Action Programme
WSSD	World Summit on Sustainable Development
WTO	World Trade Organisation
WWF	World Wildlife Fund

## Selected useful links and publications

A Better Quality of life – a Strategy for Sustainable Development for the UK, (1999)

[www.sustainable-development.gov.uk](http://www.sustainable-development.gov.uk)

[www.sustainable-development.gov.uk/uk\\_strategy/content.htm](http://www.sustainable-development.gov.uk/uk_strategy/content.htm)

Achieving a better quality of life – Annual Reports

[www.sustainable-development.gov.uk/ar.htm](http://www.sustainable-development.gov.uk/ar.htm)

Air Quality Strategy for England, Scotland, Wales and Northern Ireland: Working Together for Clean Air (January 2000)

[www.defra.gov.uk/environment/airquality/strategy/index.htm](http://www.defra.gov.uk/environment/airquality/strategy/index.htm)

Animal Health & Welfare Strategy for Great Britain

[www.defra.gov.uk/animalh/ahws/default.htm](http://www.defra.gov.uk/animalh/ahws/default.htm)

Avoiding dangerous climate change – Stabilisation Conference 2005

[www.stabilisation2005.com/outcomes.html](http://www.stabilisation2005.com/outcomes.html)

BSE: Monthly Reports on Measures Taken by the UK

[www.defra.gov.uk/animalh/bse/bse-publications/bse-publications-index.html](http://www.defra.gov.uk/animalh/bse/bse-publications/bse-publications-index.html)

Changing Patterns: UK Government Framework for Sustainable Consumption and Production

[www.defra.gov.uk/environment/business/scp/index.htm](http://www.defra.gov.uk/environment/business/scp/index.htm)

Climate Change Communications – report from consultants Futerra

[www.defra.gov.uk/news/2005/050216d.htm](http://www.defra.gov.uk/news/2005/050216d.htm)

Countryside Access

[www.countrysideaccess.gov.uk](http://www.countrysideaccess.gov.uk)

Countryside Agency

[www.countryside.gov.uk/](http://www.countryside.gov.uk/)

Creating a Low Carbon Economy – First Annual Report on Implementation of the Energy White Paper

[www.dti.gov.uk/energy/sepn/firstannualreport.shtml](http://www.dti.gov.uk/energy/sepn/firstannualreport.shtml)

Defra Autumn Performance Report 2004,

[www.defra.gov.uk/corporate/deprep/default.htm](http://www.defra.gov.uk/corporate/deprep/default.htm)

Defra Departmental Report 2004 (Cm 6219, April 2004), The Stationery Office

[www.defra.gov.uk/corporate/deprep/2004/index.htm](http://www.defra.gov.uk/corporate/deprep/2004/index.htm)

Defra's flood management SDA targets

[www.defra.gov.uk/envirom/fcd/policy/aim.htm](http://www.defra.gov.uk/envirom/fcd/policy/aim.htm)

Defra Rural Evidence Base

[www.defra.gov.uk/rural/research/](http://www.defra.gov.uk/rural/research/)

Delivering the Essentials of Life – Defra's Five Year Strategy – Defra December 2004

[www.defra.gov.uk/corporate/5year-strategy/5year-strategy.pdf](http://www.defra.gov.uk/corporate/5year-strategy/5year-strategy.pdf)

Delivery plan for six main WSSD commitments  
[www.defra.gov.uk/corporate/busplan/dis/dis0508.pdf](http://www.defra.gov.uk/corporate/busplan/dis/dis0508.pdf)

Departmental Investment Strategy 2005-08, Defra  
[www.defra.gov.uk/corporate/busplan/dis/index.htm](http://www.defra.gov.uk/corporate/busplan/dis/index.htm)

Directing the Flow – Government’s strategic vision for the future direction of water policy in England  
[www.defra.gov.uk/environment/water/strategy/pdf/directing\\_the\\_flow.pdf](http://www.defra.gov.uk/environment/water/strategy/pdf/directing_the_flow.pdf)

Draft Natural Environment and Rural Communities Bill, (Cm 6460, February 2005), The Stationery Office  
[www.defra.gov.uk/rural/ruraldelivery/bill/default.htm](http://www.defra.gov.uk/rural/ruraldelivery/bill/default.htm)

Draft Soil Strategy for England – a consultation paper  
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Ofwat Periodic Review 2004

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OGC Gateway Process

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Preliminary BBS-based habitat-specific indicators for wild bird populations 1994-2002

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Professional Skills in Government

[www.civil-service.gov.uk/skills](http://www.civil-service.gov.uk/skills)

Public Accounts Committee

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[www.hm-treasury.gov.uk/media/879E2/efficiency\\_review120704.pdf](http://www.hm-treasury.gov.uk/media/879E2/efficiency_review120704.pdf)

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Second Anniversary Report on the WSSD

[www.sustainable-development.gov.uk/eac-wssd/progress.htm](http://www.sustainable-development.gov.uk/eac-wssd/progress.htm)

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Strategic Framework for the sustainable control of bovine tuberculosis in Great Britain  
[www.defra.gov.uk/animalh/tb/strategy/newstrategy.htm](http://www.defra.gov.uk/animalh/tb/strategy/newstrategy.htm)

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Sustainable Consumption and Production Indicators  
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