



# Departmental Report 2009

To secure a healthy environment in which we and future generations can prosper

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# Department for Environment, Food and Rural Affairs

## **Departmental Report 2009**

Presented to Parliament by the Secretary of State  
for Environment, Food and Rural Affairs  
by Command of Her Majesty  
June 2009

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This is part of a series of departmental reports which, along with the Main Estimates 2009–10, the document Public Expenditure: Statistical Analyses 2009, and the Supply Estimates 2009–10: Supplementary Budgetary Information, present the Government's outturn and planned expenditure for 2009–10 and 2010–11.

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## Foreword from the Secretary of State



It has been a year of achievement at Defra. With the Marine and Coastal Access Bill we have made progress on protecting our seas and opening up our coastline. We've put an end to destructive dredging in Lyme Bay, begun a comprehensive look at the health of England's ecosystems and created a new national park in the South Downs. We've worked with farmers to deal with diseases like avian influenza and Bluetongue, and having made a difficult decision on bovine TB and badgers, we're now moving towards testing an injectable TB vaccine. In addition, we've built more flood defences, protecting thousands of homes, and published the Draft Floods and Water Management Bill.

With the creation of the Department of Energy and Climate Change and changed economic circumstances, our priorities are more than ever about providing practical help to individuals, communities and businesses. With our new responsibility for coordinating food policy across government we are working to keep supply chains secure and we've established the Council of Food Policy Advisers. We've been tracking the impact of the recession on rural communities, and working with Regional Development Agencies and others to provide support where it is needed. We've also made help available to farmers through the Rural Development Programme for England and overseen a further improvement in the performance of the single payment scheme.

Defra's task to help us all live within our environmental means, and protecting our environment remains a priority, even in tough times; it is one of the most precious economic resources we have. The next 12 months will be critical, not only because the world will be striving to reach an agreement on climate change at Copenhagen in December, but also because we have the chance now to create a more sustainable and greener society. This will mean being resource efficient, improving our resilience to a changing climate, creating an agriculture sector that is both sustainable and productive, and developing the skills, training and innovation that all of this requires.

Finally, I would like to thank the staff at Defra and all of our agencies for their hard work, commitment and professionalism. It is a privilege to work alongside them.

A handwritten signature in black ink, appearing to read 'H Benn'.

**Rt Hon. Hilary Benn MP**  
**Secretary of State for Environment, Food and Rural Affairs**

## Executive Summary

There can be no doubt that 2008/09 has been a challenging year in many ways. In the current economic climate, we are putting much of our focus on the economic and social issues being faced by our customers and those we seek to influence. However, one of the advantages of a Departmental Report is that it allows us to take a more considered view over the whole year. This shows that 2008/09 has been a year of strategic and operational success for Defra across the wide range of objectives that we have.



The achievement of those objectives and ability to quickly realign our resources to changing circumstances has been greatly helped by the success of our Renew Defra programme, which ended on schedule at the end of September 2008. Defra is now an organisation in which staff and resources work to a programme

and project structure with the in-built flexibility to adapt quickly to changing priorities. Our portfolio management approach helps to prioritise the right activities, our flexible staff resourcing system helps to ensure we have the right resource at the right time, and our policy cycle framework helps to ensure we deliver the right results. These changes have taken considerable effort and so I was delighted that Defra colleagues were rewarded for their commitment to these changes with the very positive picture of progress reported in our 2009 Capability Review.

In the current economic circumstances, some might be forgiven for thinking that the environment is a luxury we cannot afford. As **Chapter 1** shows, our evidence-based strategy illustrates that not only would this be a mistake in the long term but it would also be a mistake in the short term. There is a powerful link between economic efficiency and sustainability. For example, Defra is helping households and businesses save money through the promotion of efficient use of resources, sustainable consumption and production and effective management of our waste. Our 'Real Help' campaign supports businesses in reducing their waste and energy use within this economic downturn and the Carbon Emissions Reduction Target provides consumer financial benefits for reducing carbon in households. An environmentally sustainable world is good for the economy and is essential for food, water, and energy security. This is reflected in Defra's purpose: 'to secure a healthy environment in which we and future generations can prosper'.

So at the same time as dealing with the current economic challenges, it is important that we maintain a clear focus on our longer term priorities and objectives. **Chapter 2** demonstrates the many ways in which Defra and our delivery partners are working to realise our strategic objectives. Here are some highlights.



**Climate change adaptation** and the promotion of a **low-carbon, resource-efficient economy** has been a key area of our business development over the past year. After its incubation in Defra earlier in the year, the Climate Change Act came into force in November 2008. In October 2008, Defra launched a 'carbon footprinting' methodology (PAS 2050) to enable businesses to assess the impacts of their products on the environment. Defra also launched two product Roadmap action plans to reduce adverse environmental and social impacts of consumer products. The Sustainable Clothing Roadmap, for example, was launched during London Fashion Week in February 2009. This action plan brings together over 300 organisations, from high street retailers to designers and textile manufacturers, to make a significant difference to the environmental footprint and social inequalities which blight some of the production and retail processes of 'throw away fashion'. Our 'Recycle on the Go' campaign will make it easier for people to find recycling points in public places and our 'Act on CO<sub>2</sub>' campaign launched an advice helpline and advertising campaign to raise awareness of individual carbon footprints.

As champion for **Sustainable Development** (SD), Defra has worked to ensure that SD is taken into account in a number of new policy developments, for example, the Eco-towns Planning Policy Statement and the Thames Gateway Eco-Region Prospectus. In line with the Government's Olympic Games Legacy Action plan, Defra has helped to ensure a genuinely sustainable Games. We also made further progress this year on the cross-Government international Sustainable Development Dialogues; broadening bilateral relations with key countries on key sustainability issues. Dialogues with China, to highlight one case, have led to the establishment of the Sustainable Agriculture Innovation Network to promote joint-research and the sharing of experience with China on issues such as the impact of climate change on agriculture.

We continue to make good progress in improving **environmental quality** in a range of different areas. For example, Defra is helping to improve the biological and chemical quality of our water and ensure key milestones in the implementation of the Water Framework Directive are being met. The Nitrate Pollution Prevention Regulations came into force in January 2009, aiming to reduce nitrate pollution of the water environment. In terms of biodiversity, we've also made good progress, for example with 60 square nautical miles of Lyme Bay being closed to dredging to protect this valuable marine area and the development of the Marine and Coastal Access Bill which will help to build a network of well managed marine protected areas.

As part of our work on **food and farming**; and with our new responsibility for food security, we established the Council of Food Policy Advisors in October 2008 to advise the Secretary of State on food matters and continue to implement recommendations from the Public Sector Food Procurement Initiative. In December 2008 we announced the new Uplands ELS Environmental Stewardship scheme which will reward farmers for the maintenance of landscape and environmental benefits in the uplands. The Rural Payments Agency also again met its Single Payments Scheme target ahead of schedule.

In terms of **animal health and welfare**, in November 2008 a new Bovine TB Eradication Group was established and in January 2009 new funding for bee health was announced. Defra also collaborated with cross-Whitehall teams to publish a cross-government pandemic preparedness strategy.

Alongside all this strategic and administrative success, it is also worth recalling that 2008/09 again tested our operational **resilience to emergencies**. Defra rose to these challenges and responded effectively to avian influenza incidents, Bluetongue, rabies, flooding incidents and two industrial disputes impacting the fuel supply. Our revised Contingency Plan for Exotic Animal Disease was laid before Parliament in December 2008, setting out plans to deal with outbreaks, including classical swine fever. Our success in responding to the threat posed by Bluetongue, with the control strategy and emergency vaccination plan, was a success for cost and responsibility sharing between government and industry.

In addition to describing what we do, this report also describes various aspects of how we go about our work. **Chapter 3** highlights how we use a variety of resources including evidence, information, legal advice and communication to help achieve our strategic objectives. In particular this shows how Defra is increasingly making use of customer insight techniques to deliver better public services, and the role we are playing in reducing the administrative burden of regulation on business.

The 2007 Comprehensive Spending Review (CSR) period began on 1 April 2008, bringing with it an entirely new performance management framework for all Government Departments. **Chapter 4** shows that after only one year of this new reporting period, in most cases it is too soon for us to see the impact of our work showing up in data strictly from this period. However, historical data show that on the whole, we are on the right track to achieving our targets. Where our historical targets continue to show some slippage, on farmland birds and Sites of Special Scientific Interest, we continue to monitor progress and take action through our current strategy.

As part of the various **Annexes** to the report, the Core Tables demonstrate how Defra has once again this year managed its finances very effectively. This is a vital achievement at any time, but particularly now when there are so many demands on public finances, and we need to make sure that taxpayers money is well spent.

As we look forward to the coming year, Defra has many exciting opportunities ahead. In particular, we plan to publish a draft Floods and Water Bill, our Wildlife Management Strategy and our noise action plans. Over the next year we will also launch Greener Living Fund projects and the Low Carbon Industrial Strategy in collaboration with other partners. We will use our new role in food security to ensure that cross-government efforts on food policy are collectively consistent and effective. Defra will also develop a cost-effective plan of action to reduce greenhouse gas emissions from the agriculture, forestry and land management sector to meet the Government's targets set by the Climate Change Act. 2009 marks the 60th anniversary of the National Parks and Access to the Countryside Act (1949) and to celebrate this we will be holding a series of events to raise awareness of the contribution that our natural landscapes make to local economies and to our health and lifestyles.

However if recent events have taught us anything, surely it is just how difficult it is to predict with any certainty what the future may hold. I believe that my job as Permanent Secretary is to work with my team to create an effective and efficient organisation, one that has a clear sense of strategic purpose but that is also flexible and responsive to events. Our successes this year have certainly shown that Defra is that kind of organisation.



**Dame Helen Ghosh**  
**Permanent Secretary**

# Strategic Objectives and Departmental Structure

## CHAPTER 1





# Who are we?

## Introduction

This report covers Defra's performance during the financial year 2008/09, the first year of the 2007 Comprehensive Spending Review (CSR07) planning period. It describes the work of the Department and sets out progress against Defra's Public Service Agreement (PSA) target and Departmental Strategic Objectives (DSOs). We also take a forward look to Defra's activities in the next financial year.

## Defra's strategic objectives

Defra's Strategy, as illustrated overleaf, sets out the Department's Objectives and Priorities. Achieving these will enable people to prosper in a secure and healthy environment. Defra's Public Service Agreement is one element of this strategy.

Securing a healthy environment is all the more relevant in the current economic recession. We are well placed to achieve our wider environmental purpose, while saving households and businesses money, and tackling the immediate consequences of climate change. Following our success in introducing the Climate Change Act, responsibility for this area has passed to the Department of Energy and Climate Change (DECC).



Figure 1.1 A summary of our Strategy, listing Departmental Strategic Objectives, Priorities and overarching Purpose.

Defra's work has three priorities:

- **Priority 1: Secure a healthy natural environment for us all and deal with environmental risks**

A healthy natural environment is essential to provide us with life-sustaining services and supply us with many of the natural resources we need for a successful economy. In managing the natural environment, we need to value the full range of services our natural environment provides, its environmental limits, and also its interconnected character. For this reason, Defra has been advocating a more integrated approach to protecting and enhancing the natural environment alongside economic prosperity.

- **Priority 2: Promote a sustainable, low-carbon and resource-efficient economy**

The economic downturn has emphasised the importance of improving resource efficiency and we have policies to help save money now for households and businesses. By using fewer resources to make the same products, businesses can improve productivity, supporting jobs. Resource efficiency supports our goals on the wider environment, addressing not only carbon dioxide emissions, but also waste and use of water and other essential, scarce resources.

- **Priority 3: Ensure a thriving farming sector and a sustainable, healthy and secure food supply**

Food security is both a global and local challenge posing an immediate challenge in terms of threats and opportunities. Defra has the lead on food policy across Government to ensure a reliable and resilient food supply. Alongside this, we need to support a thriving farming sector that is competitive, profitable, that adapts to climate change and is sustainable.

Defra aims to achieve the above priorities through nine Departmental Strategic Objectives (DSOs):

- **DSO 1: Adapting to climate change**

*A society that is adapting to the effects of climate change, through a national programme of action and a contribution to international action.*

The national programme of action on adaptation in England is being taken forward by the Adapting to Climate Change Programme. This is a cross-government programme led by Defra.

This DSO shapes the delivery of all of our priorities as well as the delivery of cross-government objectives. More on this is reported under Chapter 2 on page 108.

- **DSO 2: A healthy natural environment**

*To protect and enhance the natural environment, and to encourage its sustainable use within environmental limits.*

Defra works to protect and enhance the natural environment, and to encourage its sustainable use within environmental limits. We aim to ensure that the air we breathe and the water we drink are clean, that the management of land, fresh water and the seas is sustainably productive, that our landscapes and biodiversity are protected, and that people understand, enjoy and care for the natural environment.

More on a healthy natural environment can be found under Chapter 2 on page 28.

- **DSO 3: Sustainable consumption and production**

*Working towards an economy where products and services are designed, produced, used and disposed of in ways that minimise carbon emissions, waste and the use of non-renewable resources. Supporting innovation and encouraging economic prosperity.*

Defra is working to make production and consumption patterns in the UK compatible with sustainable living. This requires action to minimise greenhouse gas emissions and inputs of non-renewable resources, energy and water.

Defra is working with businesses and consumers to help them understand the impacts of production and consumption, and to influence and lead changes in behaviour to address these impacts. This work aims to create better products and services, which will reduce environmental impacts across their lifecycle, so minimising waste and landfill.

More on sustainable consumption and production can be found under Chapter 2 on page 60.

- **DSO 4: An economy and a society that are resilient to environmental risk**

*This is delivered through ensuring that flooding and coastal erosion risks are managed sustainably, through the economy, human health and ecosystems being protected from environmental risks and emergencies, and through public health and the economy being safeguarded from the widespread effects of animal diseases.*

More on addressing environmental risk and emergencies can be found under Chapter 2 on page 48.

- **DSO 5: Championing sustainable development**

*Defra is the Government's champion for sustainable development (SD) – domestically and internationally – ensuring that policy and delivery at all levels of government observe the five principles of sustainable development set out in the 2005 SD strategy 'Securing the Future'.*



This DSO shapes the delivery of all three Priorities as well as wider work across Government. While we act to protect and enhance our natural environment, we must also help people and communities to adapt and build resilience to climate change and reduce the impacts of products, cut waste and promote resource efficiency to create a more sustainable society.

Defra's role is also to champion sustainable development across all levels of government and internationally. More on this is reported under Chapter 2 on page 100.

- **DSO 6: A thriving farming and food sector with an improving net environmental impact**

*Making the farming industry more innovative, self-reliant, profitable and competitive and with better environmental management throughout the whole food chain.*

Farmers have an important impact on our natural environment. In the UK, farmers manage 77% of our land, contributing approximately 7% of UK's greenhouse gas emissions and are in the front line both in terms of adapting to climate change and in mitigating its effects. A farming sector that is viable in the long term will make a major contribution to mitigating the effects of climate change and the protection of the natural environment. The economic and environmental outcomes we are seeking are reflected in current PSA targets and in DSO 6. Farming has a major role to play in delivering a wide range of other Departmental objectives, notably in respect of CAP reform, protecting public health and the economy from animal disease, and safeguarding animal welfare and the food chain.

More on a thriving farming and food sector can be found under Chapter 2 on page 76.

- **DSO 7: A sustainable, secure and healthy food supply**

*Working across Government and with stakeholders for sustainable production, distribution and consumption of food, ensuring that it is available and affordable for all sectors of society, and considering the sustainability impacts of meeting global food needs.*

The Machinery of Government changes in October 2008 gave Defra a coordinating role in food policy. This requires Defra to work with other Departments on wider issues in Government, for example social impacts (food inequalities, food poverty, food skills, health and wellbeing) and international activity on global food security and sustainability, as well as our lead responsibilities on farming, the food industry and their environmental impacts.

More on a sustainable, secure and healthy food supply can be found under Chapter 2 on page 78.

- **DSO 8: Socially and economically sustainable rural communities**

*Taking an overview of the effects of Government policies in rural areas and helping departments understand better the rural dimension, including by improving the evidence base.*

The task of establishing and sustaining strong rural communities is the responsibility of everyone in Government. Defra's role is to maintain a rural overview of a basket of national indicators and to use this to determine whether there are any systemic problems resulting from geography and other aspects of rural areas.

Defra maintains strong links with other organisations representing rural communities to ensure they have a voice that is heard by national Government; improves the evidence base available to other government departments to help them better understand the rural context for their policies; and sponsors the Commission for Rural Communities (CRC) to act as a rural champion.

More on this is reported under Chapter 2 on page 116.

- **DSO 9: A respected department**

*Respect is gained and maintained in the long-term by doing the day-job well, developing and delivering good policy through DSOs 1 to 8. But we also recognise that it would be lost easily by messing up in any of our areas: policy, delivery or corporate.*

Our work towards a respected Department supports all of our Priorities as well as our work with delivery partners and in ensuring good corporate practice. Our Customer Focus and Insight Project has set up a cross-Defra network of Customer Champions training Defra Senior Civil Servants in customer insight techniques.

More on our corporate practice can be found under Chapter 3 on page 122.

We also contribute to PSAs led by other Government Departments:

Defra has signed up to be a formal delivery partner for the following PSAs (lead department in brackets):

- Climate Change (Department of Energy and Climate Change (DECC))
- Olympics (Department for Culture Media and Sport (DCMS))
- Housing (Department for Communities and Local Government (CLG))
- Regional Economic Performance (Department for Business Enterprise and Regulatory Reform (BERR))
- International Poverty Reduction (Department for International Development (DfID))
- Counter-terrorism (Home Office)
- Service Transformation (Cabinet Office)

Defra will also contribute (but not as a formal delivery partner) to these other PSAs:

- Health and Well-being (Department of Health)
- Later Life (Department for Work and Pensions (DWP))
- Safer Communities (Home Office)
- Community Cohesion (Department for Communities and Local Government (CLG))

All PSA delivery agreements across government have been tested for their rural and sustainability credentials, and can be found on the Treasury website:  
[www.hm-treasury.gov.uk/](http://www.hm-treasury.gov.uk/).

### Cross-cutting objectives

The way in which our Priorities are delivered is as important as the Priorities themselves. Throughout this report we will highlight three key delivery policies (sustainability, adaptation and rurality) which cut across all the work undertaken to achieve Defra's Priorities. Furthermore, even the best policies would be impotent without effective operational delivery, so the report also features some of the vital work performed by our delivery partners.

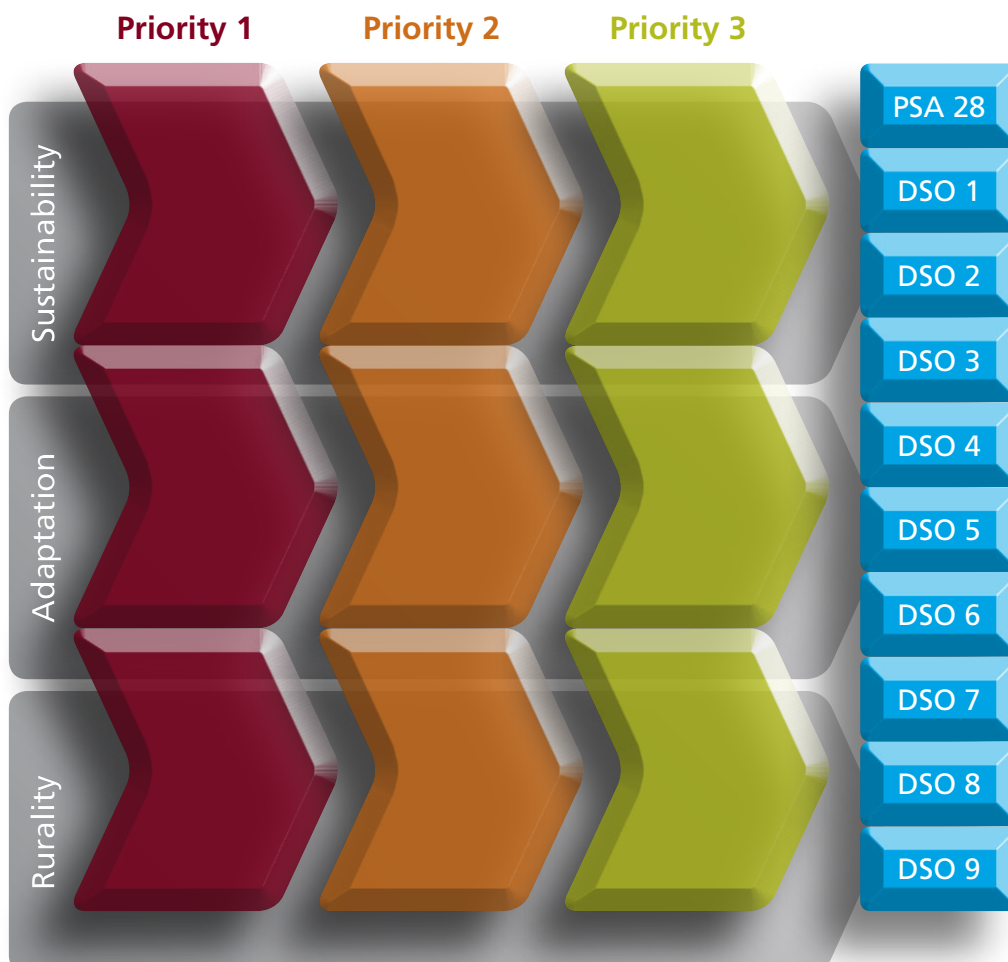


Figure 1.2 Schematic of the relationship between our priorities and our cross-cutting objectives with the outcome measured in terms of our Public Service Agreement and Departmental Strategic Objectives.

- **Cross-cutting objective 1: Sustainability**

On the first of these cross-cutting objectives, Defra continues to act as the champion of sustainable development across government and internationally. Defra also continues to lead on sustainable consumption and production (working closely with BERR, Department for Innovation, Universities & Skills (DIUS) and DECC). In particular, we need to ensure that the sectors for which we are responsible – waste, water, food and farming – lead the move to more sustainable ways of operation.

- **Cross-cutting objective 2: Adaptation**

The UK and other countries around the world continue to avoid further dangerous climate change by reducing carbon emissions. Defra plays a key role here, through responsibility for key carbon sinks in soils and forests, for example. However, it is clear that, due to past emissions, we are already committed to 30-40 years of temperature rise and around 100 years of sea-level rise. We need to be prepared for these changes, so all of us – individuals, businesses, government and public authorities – will also need to adapt our behaviour to respond to the challenges of climate change. The Government has therefore established the Adapting to Climate Change Programme, led by Defra, to bring together the work already being initiated by Government and the wider public sector on adapting to climate change, and to coordinate and drive forward future work.

Defra will contribute to the delivery of the Programme's objectives through the delivery of its policies. For example, in the Pre-Budget Report 2008, we announced that we were bringing forward funding for flood defences, which will make an important contribution to helping the UK to adapt.

We are working closely with DECC and DfID on international adaptation and on other international environmental issues.

- **Cross-cutting objective 3: Rurality**

Defra champions the equitable treatment of rural areas and communities in national, regional and local public policies and programmes. This remit is England-wide and focuses on the outcomes of the Government's social and economic policies in relation to rural people and places. Our aim is to ensure that the evidenced needs of rural people and communities are addressed effectively through mainstream public policy and delivery. Throughout the last year, this has included increased monitoring of any potential impacts of the economic situation.

## **How we operate**

As outlined in the Autumn Performance Report 2008, Defra is working with new structures introduced under our Renew Defra Programme. We organise our work on a clear programme and project basis with systems in place to ensure we align our resources to our priorities and are able to adapt those as circumstances change.

In order to cement best practice and to maximise our success, Defra has in place systems to do the right things, operating in the right way to deliver the right results, including a managed portfolio to approve investment decision making.

- Our portfolio management approach is now in place, providing a means to regularly review what we are doing in light of what we are trying to achieve as a department. This was put to good use in reshaping the department's alignment of resources to its new priorities following the creation of DECC.
- Our approvals process is now well embedded, to ensure that activities only start or proceed if they have a robust business case. The rigour of this process has been a motivator to improve the quality of investment proposals put forward for consideration.
- Our corporate performance management system has successfully allowed the Management Board to regularly monitor how we are progressing on our key work programmes and achievement of our strategic objectives, giving them clear sight of achievements and risks. The system has also created an open environment for discussion between the Board and programme managers.
- Since the launch of the Policy Cycle in June 2008, Defra has put in place approaches, tools and guidance, which continue to be developed, to support the new ways of working. These include a programme of training available to all staff on both the Policy Cycle and Programme and Project Management; revised guidance on applying Programme and Project Management; and the development of an approach to programme assurance that will be applied across Defra.
- Our Flexible Staff Resourcing (FSR) system enables staff to move quickly onto new work as projects come to an end, thus making the best use of staff resource. We have reduced the average time taken to place staff (6 weeks in 2008/09 compared to 8 weeks the previous year) at the same time as increasing the number of assignments managed by more than three-fold over the same period. There continues to be a very small number of people without assignments and most stay unassigned for a week or two at most.
- The new personal development and appraisal system has allowed more consistency across the department in ensuring that every member of staff has clear objectives and a development plan linked to Departmental aims. An evaluation carried out in December 2008 indicated a significant increase in discussions relating to performance and an improvement in our ability to identify a range of performances. As a result of the evaluation we have implemented improvements to develop further our ability to focus on honest discussions, differentiate performance and develop staff.

The Machinery of Government changes in October 2008 were a practical test of these new systems and structures, and with them in place we were able to accommodate the necessary organisational changes simply and swiftly. Furthermore, the combination of these and other changes made in the department were recognised in the positive picture of improvement recorded by our Capability Review in 2009.

## The Defra Network – overview and changes in 2008/09

The Defra Network is an essential part of how Defra policy is delivered. There are more than 70 partners in what we refer to as the 'Defra network' – a schematic of this diverse network is shown in Figure 1.3. Some of these partners are Executive Agencies which work directly with Defra; some are Non-Departmental Public Bodies (NDPBs) which are accountable to their boards and to ministers; others are Public Corporations. A full list of these may be found in Annex C.

Delivery network partners vary enormously in size, structure and remit. For example, the Environment Agency (which is an Executive NDPB) has over 12,000 employees and a budget of over £1bn, in comparison to the Sea Fish Industry Authority (which is a levy board) that has just 95 employees and an industry-funded budget of over £11m.

On 26 March 2008, the Secretary of State announced in a written statement to Parliament the Government's intention to wind down the activities of Food from Britain (FFB) in anticipation of its formal dissolution in law. The wind-down proceeded smoothly and FFB ceased operations as planned on 31 March 2009.<sup>1</sup>

On 1 April 2008, a new Defra-sponsored levy-funded NDPB, the Agriculture and Horticulture Development Board (AHDB), came into being. It replaced the five existing statutory levy boards (British Potato Council, the Horticultural Development Council, the Home Grown Cereals Authority, the Milk Development Council and the Meat and Livestock Commission).

With effect from October 2008 the following bodies transferred to the newly created Department of Energy and Climate Change: the Carbon Trust, the Committee on Radioactive Waste Management, the Energy Savings Trust, the Fuel Poverty Advisory Group and the National Non Food Crop Centre.

On 24 March 2009 Defra announced the outcome of the Delivery Landscape Review into how delivery bodies could better give advice and support to business, consumers and the public sector on resource efficiency. The most significant outcome of the review was a decision to simplify the Defra delivery landscape by having only one delivery partner (rather than seven). The Waste and Resources Action Programme (WRAP) will lead on working with Defra and the other delivery bodies over the coming year to determine how best to implement this service from April 2010 onwards.

Ministers announced that the Food and Environment Research Agency (Fera) would vest on 1 April 2009. Fera has been created by merging two Executive Agencies of Defra, the Central Science Laboratory (CSL) and the Government Decontamination Service (GDS), along with Defra's Plant Health Division (PHD), Plant Health and Seeds Inspectorate (PHSI) and the Plant Variety Rights Office and Seeds Division (PVS).

In keeping with its commitment to the Hampton Report recommendations Defra also carried out a consultation about the future of the Veterinary Medicines Directorate (VMD). Following the consultation it was agreed that the VMD should retain its status as a stand-alone Executive Agency.

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<sup>1</sup> For further information please refer to:  
[www.publications.parliament.uk/pa/cm200708/cmhansrd/cm080326/wmstext/80326m0001.htm#column\\_10WS](http://www.publications.parliament.uk/pa/cm200708/cmhansrd/cm080326/wmstext/80326m0001.htm#column_10WS).



Highlights from a selection of our delivery partners feature under Chapter 2.

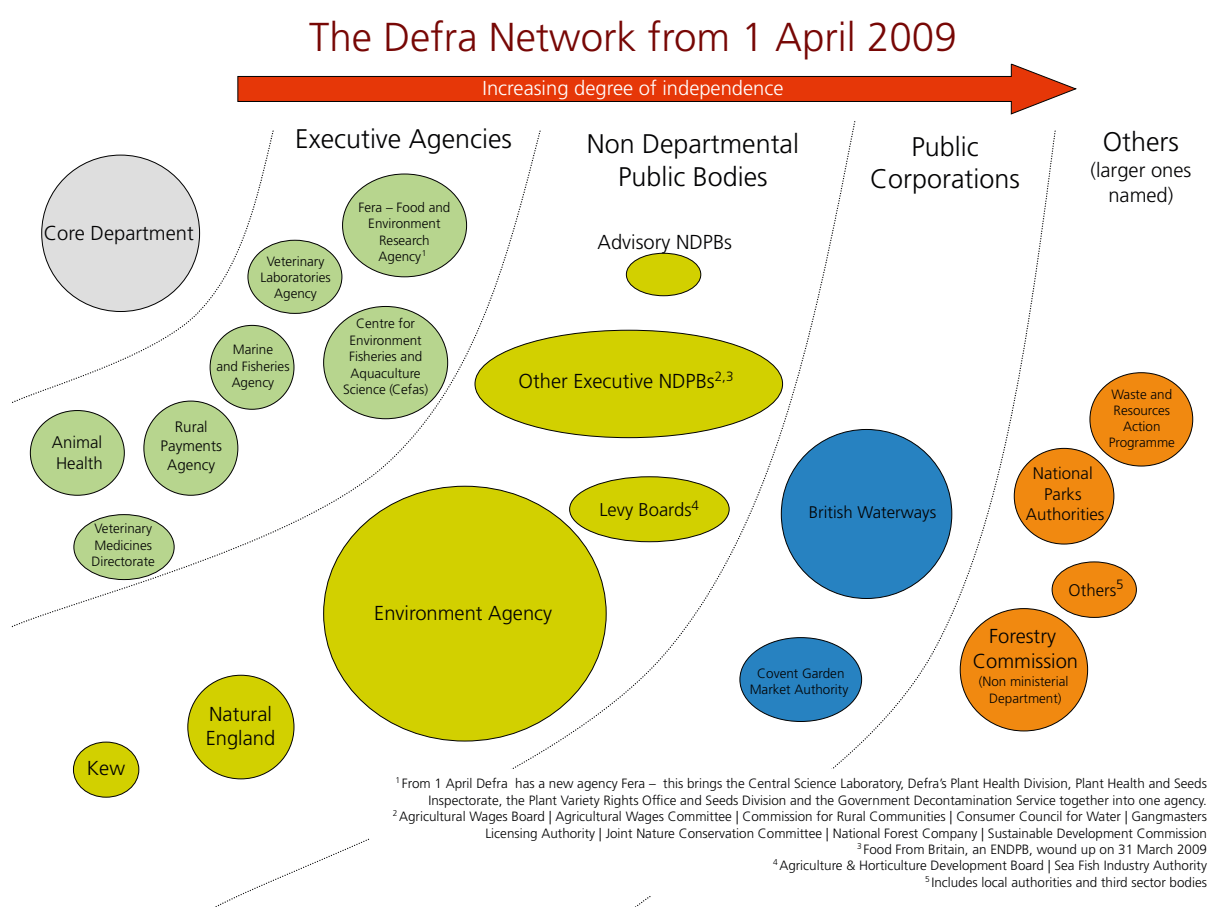


Figure 1.3 The Defra network of delivery bodies as at 1 April 2009.

## Accountability

There are three main pillars of the department's accountability arrangements.

- **The Secretary of State**, Hilary Benn, has overall statutory and political accountability to Parliament for all matters associated with the Department. He determines the policy framework within which the Department operates, agrees the Department's role in meeting the Government's objectives and is accountable for delivery of PSA 28 on which Defra leads.
- **The Permanent Secretary**, Helen Ghosh, 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 finance and other matters. The Accounting Officer has personal responsibility for the propriety and regularity of the public finances for which she is accountable.
- **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.

## Defra's Ministers



**Hilary Benn**

Secretary of State  
for Environment,  
Food & Rural Affairs



**Lord Hunt**

Minister for  
Sustainable  
Development and  
Energy Innovation  
and Deputy Leader  
of the House of  
Lords



**Jane Kennedy**

Minister for Farming  
and the  
Environment



**Huw Irranca-Davies**

Minister for the  
Natural and Marine  
Environment,  
Wildlife and Rural  
Affairs



## Defra's Management Board

<b>Helen Ghosh</b> Permanent Secretary	
<b>Bill Stow</b> Director General, Strategy, Evidence and Finance	<b>Katrina Williams</b> Director General, Food and Farming
<b>Gill Aitken</b> Director General, Law, HR and Corporate Services	<b>Peter Unwin</b> Director General, Environment and Rural
<b>Robert Watson</b> Chief Scientific Adviser	<b>Alexis Cleveland</b> Non-Executive Director
<b>Bill Griffiths</b> Non-Executive Director	<b>Poul Christensen</b> Non-Executive Director

# Priorities and Objectives

## CHAPTER 2



# What do we do?

## Introduction

As stated in Chapter 1, the overarching purpose of Defra is “to secure a healthy environment in which we and future generations can prosper.” This purpose is supported by three Priorities, covering the policy work undertaken by Defra.

- *To secure a healthy environment for us all and deal with the environmental risks;*  
This Priority covers our work on improving biodiversity, land and soil management, water availability and quality, marine environment, air quality, and local environmental quality. It also covers our work in emergency and business continuity planning, including exotic animal disease and flood and coastal erosion risk management.
- *To promote a sustainable, low-carbon and resource-efficient economy;*  
This Priority covers our work on sustainable consumption and production, climate change mitigation and sustainable rural communities.
- *To ensure a thriving farming sector and a sustainable, healthy and secure food supply;*  
This Priority covers our work on food policy, CAP reform, and future farming policy including skills for farming, agriculture and climate change and nutrient management. It also covers our work on animal health and welfare including responsibility and cost sharing, bovine TB and veterinary science.

These Priorities are delivered in line with three cross-cutting objectives; sustainability, adaptation and rurality, and in partnership with our delivery network.

This Chapter highlights our work in delivering our purpose, priorities and cross-cutting objectives and features highlights from the work of our delivery partners.



## Priority 1:

Secure a healthy natural environment for us all and deal with environmental risks



## Highlights from 2008/09

- Water quality success measures are being met. Monitored rivers measured 76% 'good' for chemical quality and 72% 'good' for biological quality in October 2008 (as defined under the Environment Agency's General Quality Assessment).<sup>2</sup>
- In June 2008, 60 square nautical miles of Lyme Bay were closed to dredging for scallops and bottom trawlers, which drag nets along the seabed, in order to protect one of our most valuable areas for marine biodiversity. Whilst we remain committed to supporting the fishing industry there is a need to act to protect the best areas of our marine heritage from activities that have unacceptable environmental impacts.
- The Marine and Coastal Access Bill was introduced to Parliament on time and in good order.
- Nitrate Vulnerable Zones (NVZ) regulations came into force in October 2008.
- 6 out of 8 UK Air Quality Strategy objectives continue to be met, with the remaining two (particulate matter (PM<sub>10</sub>) and nitrogen dioxide (NO<sub>2</sub>)) already achieved across 99% of the UK.
- On 16 May 2008 Defra re-launched its award winning Noise Mapping England website, which provides interactive noise maps for large urban areas, major transportation links and significant industrial sources in England.
- On 31 March 2009 the Secretary of State announced that he would be confirming the designation of the South Downs as a National Park and that he would be establishing a National Park Authority to manage it. The Authority will be fully operational from April 2011.
- Defra responded successfully to two avian influenza incidents (HPAI H7); Bluetongue (BTV8); rabies; flooding incidents and two industrial disputes impacting fuel supply.
- Exercise Green Star, led by the Radioactive Waste Preparedness team, successfully tested the arrangements for the consequence management phase of a Chemical, Biological, Radiological or Nuclear (CBRN) incident in November 2008.
- On 3 February 2009 the Government published its response to the Anderson Review of the Government's handling of the 2007 Foot and Mouth Disease outbreak in Surrey. The Government accepted all 26 of the main recommendations.
- The Government published its response to the Pitt Review of the 2007 floods on 17 December 2008. The Government supports changes in response to all of Pitt's recommendations and we have also published an action plan, which sets out how Government, Local Authorities and others should implement these recommendations.

<sup>2</sup> This is an improvement from 55% rated 'good' for biological quality and 55% for chemical quality in 1990.

## Introduction

Our first Priority is to secure a healthy environment for us all to deal with environmental risks. There are many essential elements to this Priority from improving biodiversity on land and in the sea, to maintaining the quality of water and air and encouraging the effective use of our land. Underpinning this is the preparation today to cope with unexpected risks to our environment tomorrow. This includes mechanisms for dealing with animal diseases and flood risk.

A healthy natural environment is essential to build and promote a sustainable and resource-efficient economy. The natural environment provides us with life-sustaining services, and supplies us with many of the natural resources we need for a successful economy. A healthy natural environment also improves our health and wellbeing, for example, through opportunities for outdoor recreation in the countryside, on the waterways or in local greenspaces. In managing the natural environment, we need to value in our decision-making the full range of services our natural environment provides, its environmental limits, and also its interconnected character – with one part of the natural environment relying on the other parts to work as a whole. For this reason, Defra has been advocating a more integrated approach to protecting and enhancing the natural environment alongside economic prosperity.

The outcomes we are seeking to achieve through this Priority are reflected in our public commitments which include PSA 28 and several of our DSOs. Latest performance on these targets can be found in Chapter 4: Our Performance.

## Improving Biodiversity

Biodiversity is the variability among living organisms from all sources and the ecological complexes of which they are part. This includes diversity within species, between species and of ecosystems.

### What are we doing?

Defra works to improve Biodiversity within England, at the UK level and abroad, through influencing biodiversity issues internationally.

Following an announcement made by the Secretary of State last year that the Department would conduct an Ecosystem Assessment for England, Defra has now been joined by NERC and the Devolved Administrations in undertaking a UK-wide National Ecosystem Assessment. It will assess how the terrestrial, freshwater and marine ecosystems across the whole of the UK have changed in the past and how they might continue to change in the future. The Assessment will create a compelling and coherent narrative on the state and value of the natural environment and ecosystem services, will assess policy and management options to ensure their integrity in future, and will help raise awareness of their importance to human well-being and economic prosperity.

We have continued to work with our partners to improve the condition of Sites of Special Scientific Interest (SSSIs) in England. On the basis of latest condition assessments on each unit of land, by 31 March 2009, 88.4% of the total SSSI area was in favourable or recovering condition (see PSA 3b, page 176) and we consider our target of reaching 95% by December 2010 to be challenging but achievable. In August 2008 Defra submitted two final land based sites to the European Commission for designation as part of Europe's Natura 2000 network.



November 2008 saw the launch of 'Securing Biodiversity', a new framework developed by Natural England in partnership with Defra to enhance the recovery of priority habitat and species identified under section 41 of the Natural Environment and Rural Communities Act 2006.<sup>3</sup> We are embedding biodiversity considerations into a range of sectors. For example, we have been working with Communities and Local Government (CLG) on the draft Eco-towns Planning Policy Statement (PPS) recently published for consultation.

We are continuing to focus effort on reversing the long term decline in farmland birds. The Government's Environmental Stewardship Scheme delivers significant benefits for England's biodiversity and, following a review of progress, changes to the Scheme were made this year to benefit farmland birds.

Non-native species that become invasive are a threat both to our environment and to economic interests. In May 2008 Defra launched a new GB invasive non-native species framework strategy for addressing this threat. We also consulted on the general principle of a Wildlife Management Strategy for England and set new priorities for wildlife crime including birds of prey persecution, poaching, and the illegal trade in endangered species. These were announced in February 2009.

New funding has been provided by Defra in 2008/09 to support local biodiversity recording. We also published the results of the 2007 Countryside Survey and updated UK and England Biodiversity Strategy Indicators.<sup>4</sup>

At the international level, Defra has continued its engagement in work under International Biodiversity Conventions, including the Convention on Biological Diversity, and contributed to ongoing work to develop a new, realistic and challenging global biodiversity target to focus activity after 2010. Defra is also supporting a major initiative review of the economics of the loss of ecosystems and biodiversity at a global level – The Economics of Ecosystems and Biodiversity (TEEB) – and through the Darwin Initiative has provided over £8m of new funding over three years for 43 projects in developing countries.

In November 2008 the UK hosted and co-chaired the first meeting of the Convention on Biological Diversity's (CBD) Ad Hoc Technical Experts Group (AHTEG) on Climate Change and Biodiversity. The purpose of the AHTEG was to provide biodiversity-relevant information to the United Nations Framework Convention on Climate Change (UNFCCC). The AHTEG presented these findings to the UNFCCC meeting in Poznan in December 2008.

More on Biodiversity can be found under the reporting for PSA 28, DSO 2 and SR04 PSA 3 in Chapter 4, pages 149, 152 and 174.

<sup>3</sup> Defra published the list of priority habitats and species in England in May 2008. A copy of the full list can be found at [www.ukbap-reporting.org.uk/news/details.asp?X=45](http://www.ukbap-reporting.org.uk/news/details.asp?X=45).

<sup>4</sup> For more information on the Countryside Survey see [www.countrysidesurvey.org.uk/](http://www.countrysidesurvey.org.uk/). The UK Biodiversity indicators are available at [www.jncc.gov.uk/biyp](http://www.jncc.gov.uk/biyp) and England Biodiversity Strategy indicators at [www.defra.gov.uk/wildlife-countryside/biodiversity/indicator.htm](http://www.defra.gov.uk/wildlife-countryside/biodiversity/indicator.htm).

## Natural England

Natural England is here to conserve and enhance the natural environment, for its intrinsic value, the wellbeing and enjoyment of people and the economic prosperity that it brings. Its work includes:

- providing statutory advice on landscape and nature conservation issues;
- helping to deliver the Public Service Agreement (PSA) targets on SSSIs condition and farmland birds;
- overseeing the delivery of Biodiversity Action Plan (BAP) targets;
- delivering Environmental Stewardship, 'classic' agri-environment schemes and the Catchment Sensitive Farming schemes;
- providing advice to Defra on increasing access to the natural environment including delivery of open access and access to the English coast; and
- working to deliver action that will help to build the resilience of the natural environment in the face of climate change.

The total core grant allocated to Natural England for 2008/09 was £219m (of which £175m was grant in aid). Additional income received from Defra over and above the core grant was £18.4m.

Natural England has recorded key achievements in 2008/09 against its main performance indicators:

- increased percentage of SSSIs land brought into favourable or recovering condition to 88%;
- 72% of Natural England led BAP priority species on track to recovery with 53,434 ha (65%) of BAP priority habitat brought into Higher Level Stewardship;
- completed a survey of potential marine sites for designation as Special Areas of Conservation (SAC) and secured Lundy as the first ever 'No take' Marine Protected Area (MPA);
- put in place over 4,000 ha of Entry Level Scheme options specifically for farmland birds;
- inspired more people to value and conserve the natural environment through the Walking the Way to Health Initiative, now the largest outdoor walking programme in the EU, with over 525 health walking groups, involving 32,000 participants in 2,000 health walks every week;



### Natural England (*continued*)

- delivered 16,608 advisory contacts with farmers and land managers to support the take up of Environmental Stewardship helping to increase the total of England's agricultural land under agri-environment agreements to 6.1 million ha (65%);
- published a review of the role that land and marine managers can play as 'carbon managers' by protecting and enhancing vital carbon stores, especially in peatlands; and
- developed draft climate change adaptation strategies in four landscape Character Areas (Cumbria High Fells, The Broads, Shropshire Hills and Dorset Downs) to demonstrate how locally-based action on the ground can deliver a natural environment resilient to climate change.

Looking forward, Natural England's Corporate Plan 2009-12 sets out new and ambitious targets against the outcomes described in the Strategic Direction. For more information on Natural England, visit: [www.naturalengland.org.uk](http://www.naturalengland.org.uk).

### Biodiversity and Climate Change

Climate change poses an increasing challenge for us in meeting our many commitments to conserve biodiversity.

We are working in a number of fora nationally and internationally where parties recognise that climate change is one of the biggest challenges biodiversity faces. Biodiversity will adapt to climate change and in the UK we are already seeing this through changes in the timings of seasonal events, changes in species ranges and changes to habitats and ecosystems. A change to the timing of spring events for example can lead to loss of synchrony between species and the availability of food and other resources upon which they depend.

In January 2009 Defra published climate change adaptation principles for biodiversity to guide those responsible for planning and delivering actions across the different sectors in the England Biodiversity Strategy. This builds on UK guidance for conservation practitioners published in 2007.

### **Biodiversity and Climate Change** *(continued)*

Healthy ecosystems with well-protected biodiversity are better able to respond to and recover from disturbances and so will be more resilient to climate change. This is particularly important as biodiversity can also play a role in mitigating climate change. Woodland, forests and peat bogs all have an important role to play, with the potential to absorb carbon into their biomass providing a sink for global carbon emissions. In urban areas our parks and open spaces will help keep our cities cool as well as add to the mosaic of habitats that can allow wildlife to migrate to suitable climate space as it adapts. Our action to conserve and enhance biodiversity contributes to work to tackle climate change.

### **Land and Soil Management**

One key element to securing a healthy environment and the maintenance of biodiversity is the appropriate management of land and soils. This area links strongly to Priority 3, ensuring a thriving farming sector and a sustainable, healthy and secure food supply. An example is Environmental Stewardship, an agri-environment scheme that provides funding to farmers and other land managers in England who deliver effective environmental management on their land. Environmental Stewardship and predecessor schemes currently cover about 65% of English agricultural land.

#### **What are we doing?**

The Environmental Stewardship Entry Level Scheme (ELS) provides a straightforward approach to good stewardship of the countryside through simple but effective land management, beyond Single Payment Scheme cross-compliance requirements to maintain land in good agricultural and environmental condition. Implementation of a number of recommendations from a recent review of progress of the scheme is currently underway, with the goal of increasing effectiveness whilst maintaining the scheme's attractiveness to farmers and land managers.

Environmental Stewardship is a key component of the Rural Development Programme for England (RDPE), a funding programme designed to achieve a number of objectives, one of which is to safeguard and enhance the rural environment. RDPE is discussed in more detail on page 37.

A key issue affecting Land and Soil Management, as well as Biodiversity in England is the loss of set-aside land. Set-aside was first introduced in the UK in 1988 as an EU control measure to limit over-production of cereals and other arable crops. From its introduction, the percentage of set-aside required has varied between 5 and 15% in accordance with market circumstances, reflecting its role as a production control.

The proportion of land to be set aside varied over the past 15 years and was set to zero in 2007 prior to the formal abolition of set-aside in 2008. Because most set-aside land was not actively farmed it provided a range of biodiversity and resource protection benefits that will be lost if areas of former set-aside revert to production. A public consultation was launched in March running to the end of May 2009 on the measures needed to recapture the environmental benefits of set-aside.

Work continued in 2008/09 on developing a new Soil Strategy for England which builds on progress made under the First Soil Action Plan for England 2004-06. The Strategy seeks to provide a clear framework for action by Defra, delivery partners and stakeholders for adequate and effective soil protection. We are now finalising the Strategy with the intention of launching it in July 2009.

Defra led on the negotiations on the EU Soil Framework Directive proposed by the European Commission in September 2006. Defra developed its impact assessment to cost the proposals put by the French Presidency and developed alternative proposals in line with the principles of Better Regulation and subsidiarity to inform negotiations.

Defra has developed recommendations for some simplification and improvement of soils standards for cross-compliance, which it will seek to introduce in 2010 as part of the Common Agricultural Policy (CAP) Health Check changes to cross-compliance. These include using the soil protection review as the tool for all soil management rather than having a number of soil standards and improving guidance.

Defra's Peat Project, which involves working with delivery agencies, along with Devolved Administrations, brings together work on peat relating to a range of land and soil objectives including biodiversity, carbon storage and reducing the risk of floods. Progress has been made in 2008 in collecting information related to the extent and state of our peat resources, putting actions in place to protect peatland and evaluating the ecosystem services provided by peat.

In July 2008, Defra announced a package of measures to clarify complex issues around deciding when substance levels in soil pose sufficient risk for the land to be considered 'contaminated land.' This included new guidance on the legal definition of contaminated land, and significant improvements to the Environment Agency's technical guidance on how to assess risks. Defra also administers the Contaminated Land Capital Projects Programme, a pot of money to which local authorities can apply for financial assistance to help them investigate and remediate contaminated sites. The Programme was modernised over the last year to increase transparency and accountability and to align it with recommendations of the National Audit Office. The Programme distributed approximately £14m to fund nearly 200 projects taking place in 2008/09.

More on Land and Soil Management can be found under the performance reporting for PSA 28 in Chapter 4, page 150.

## Forestry Commission

The Forestry Commission (FC) is the Government Department that, throughout Great Britain, delivers sustainable development through woodlands and forestry. Across Great Britain it is responsible for international policy, research, plant health and forest reproductive material regulations and setting standards for and monitoring sustainable forestry. In England it leads the delivery of the Government's Strategy for England's Trees, Woods and Forests (ETWF) through the public forest estate, other land owners and partnerships, and manages the forestry grant elements of the RDPE on behalf of Defra.

In 2008/09 Defra provided £87m towards the total FC expenditure of around £140m.

Key developments in 2008/09 include:

- publishing, with Natural England, the delivery plan for the Government's Strategy for England's Trees, Woods and Forests; and
- bringing 93% (as of January 2009) of SSSI for which the FC has statutory responsibility into favourable or recovering condition.

For 2009/10 the FC aims to:

- support an independent assessment of forestry and climate change in the UK;
- consult on the standards for managing woodlands for carbon and for instruments to incentivise the sequestration of carbon in woodlands;
- consult on the UK Forestry Standard and Guidelines;
- develop the Biosecurity Strategy to further evaluate and manage the threats posed from pests and pathogens;
- complete the study on the future role of the public forest estate;
- publish policy on restoring and expanding open habitats from woods and forests; and
- develop opportunities for wind energy on the public forest estate.

For more information and to view FC reports visit [www.forestry.gov.uk](http://www.forestry.gov.uk).

## The Rural Development Programme for England

The Rural Development Programme for England (RDPE) is a £3.9bn programme of funding that aims:

- to safeguard and enhance the rural environment;
- to improve the competitiveness of the agriculture and forestry sectors; and
- to foster competitive and sustainable rural businesses and thriving rural communities.

RDPE is funded jointly between the EU and the UK Exchequer and covers the period 2007-13. The Government's priority for the Programme is the implementation of England's agri-environment schemes, covering £3bn of the budget, and delivered by Natural England. The remaining funding is provided for the socio-economic measures delivered by the Regional Development Agencies (RDAs). This includes funding for convergence areas (Cornwall and the Isles of Scilly).

The economic downturn is impacting on the uptake of the socio-economic measures in the Programme. Defra is working with delivery partners to identify any additional flexibility to increase uptake, including reviewing aid rates where possible. The CAP Health Check will provide additional flexibility to support changes which would address the new challenges. These include: climate change; renewable energies; water management; biodiversity; measures accompanying restructuring of the dairy sector; and innovation linked to the above-mentioned priorities other than the dairy sector restructuring.

The Energy Crops Scheme (ECS) continues to provide support for the growth of biomass for heat, power or combined heat and power use. Policy responsibility for the ECS passed to DECC as part of its action to promote renewable energy deployment in the UK. The ECS is delivered by Natural England.

As at 31 March 2009, Entry Level Stewardship (ELS) covered around 54% of available farmland in England, while the coverage of all Defra agri-environment schemes, including predecessor schemes, and Countryside Stewardship and Environmentally Sensitive Areas, was around 65%.

### **The Rural Development Programme for England** *(continued)*

In December 2008 the Secretary of State announced the full details of Uplands ELS, a new strand of Environmental Stewardship specifically for upland farmers. Defra worked very closely with stakeholders throughout the development of Uplands ELS to ensure the final design achieved the right balance between being practical for farmers and beneficial for the uplands environment. Arrangements have been put in place to help farmers with the transition from the Hill Farm Allowance to Uplands ELS.

More on RDPE can be found under the performance reporting for PSA 28 and DSO 6 in Chapter 4: Our Performance.

## **Water Availability and Quality**

In relation to the availability and quality of our water, our vision is for sustainable delivery of secure water supplies and an improved and protected water environment.

### **What are we doing?**

The Water Framework Directive (WFD) is designed to improve and integrate the way water bodies are managed throughout Europe. The aim is for member states to reach good chemical and ecological status in inland and coastal waters by 2015. Good progress is being made against milestones to lead to implementation of the WFD.

Water companies have been placed under a duty to prepare and maintain plans that set out how they will meet demand for water. Ministers have set a 2010-35 planning period in order to factor in information about the consequences of climate change on the supply-demand balance. The plans should identify how each company will address adverse impacts of abstraction on Natura 2000 sites. Ministers have powers to hold public hearings/inquiries into plans and to direct changes to them.

Abstraction is the removal of water from surface water, such as rivers and aquifers, and is generally subject to control by the Environment Agency. Most abstractions greater than 20 cubic metres per day require an abstraction licence. The Environment Agency must consider the impacts of proposed abstractions on the environment and existing abstractors before it can issue new licences. There are a number of exemptions, such as for most forms of irrigation, dewatering of quarries, and covering some areas of England<sup>5</sup>, which are expected to cease in October 2009. Since October 2001, all licences have an end date but some 16,000 licences issued before that date do not and will remain in force until revoked.

The Drinking Water Directive sets maximum concentrations of various chemicals in drinking water for public consumption. The Directive was transposed into English law relating to public water supplies. The existing regulations for private water supplies,

<sup>5</sup> Including areas of Devon, Somerset, Shropshire, Herefordshire and Northumbria.

which set standards for drinking water quality and monitoring requirements, need to be amended to transpose the requirements of the Directive. The consultation sets out proposals to effect the proper transposition.

An extensive package of advice and support is being rolled out across the country to support farmers in Nitrate Vulnerable Zones (NVZs) and help them comply with a new mandatory Action Programme of measures to improve the use and management of manures and fertilisers. This will help reduce nitrate pollution of the water environment and implements the EC Nitrates Directive in England. The package includes a telephone helpline, guidance documentation, information events and practical workshops. Defra has successfully obtained a derogation from one of the more demanding measures of the Directive. This alleviates the burden on dairy farmers whilst maintaining and possibly even improving the level of protection provided by the Action Programme.

The Government's Making Space for Water Strategy (2005) identified the need to address surface water flooding. The Strategy also informed the changes in responsibility which have been signalled through the Environment Agency Strategic overview role and Future Water (the Government's water strategy published in February 2008). The results from 15 Integrated Urban Drainage pilots were published in June 2008 and these informed the publication of draft Surface Water Management Plan guidance in March 2009. Changes to the legal framework have been proposed in the draft Floods and Water Management Bill, launched on 21 April 2009.

More on water quality can be found under the performance reporting for PSA 28 and DSO 2 in Chapter 4, page 149.

### **British Waterways**

British Waterways (BW) is the UK's largest navigation authority. It cares for around 3,540 km of historic canals, docks and navigable rivers in England, Scotland and Wales, aiming for a sustainable and integrated network of waterways throughout Britain.

Defra provided £64m towards total BW expenditure in England and Wales of around £218m.

Key developments in 2008/09 include:

- completion of a £8.5m repair of the Monmouthshire & Brecon Canal in south Wales, following a major embankment breach at Gilwern;
- construction of a £22m new lock and water control structure in East London to facilitate the supply of construction material to the Olympic site and contribute to a green and sustainable Olympics;
- completion of a new canal link in front of the Three Graces in Liverpool, re-connecting the city's waterfront with the Leeds & Liverpool Canal;
- completion of the first phase of the restoration of the Manchester, Bolton & Bury Canal, which will act as a catalyst for major regeneration in Manchester;



### **British Waterways** *(continued)*

- installing a low-carbon alternative to traditional air conditioning, which uses water from the Grand Union Canal to help cool the data centre at the global HQ of GlaxoSmithKline. Estimates suggest up to 1,000 canalside businesses could follow suit, generating reductions in carbon dioxide emissions of approximately one million tonnes; and
- receiving planning consent for the redevelopment of Wood Wharf in London's docklands, one of the most significant regeneration schemes in the Capital.

For 2009/10 BW plans to:

- work with Olympic planners to begin the operation of waterways through the Olympic Park;
- complete the restoration of the Droitwich Canals;
- initiate a national debate about the future of the network as part of a wider review about the waterways and their contribution to modern society; and
- follow up Treasury Operational Efficiency Programme recommendations to establish a wholly-owned property subsidiary.

To view further examples of how BW's work is helping businesses become more resource efficient, visit [www.britishwaterways.co.uk](http://www.britishwaterways.co.uk).

## **Marine**

In respect of the wider marine environment, the UK's vision is for clean, healthy, safe, productive and biologically diverse oceans and seas.

### **What are we doing?**

The Marine and Coastal Access Bill, which is expected to receive Royal Assent later in 2009, sets out an ambitious programme of work to help achieve this vision. The Bill is a groundbreaking piece of legislation that will greatly improve the way the UK uses its marine resources and maximises the benefits it gets from them. The Bill introduces new systems for marine planning and licensing and sets out a flexible mechanism to protect natural resources, including a process for designating Marine Conservation Zones (MCZs) that contribute to an 'ecologically coherent network' of well-managed marine protected areas. It will provide measures for better management of fisheries, including migratory and freshwater fisheries; and it will give people better access to the English coast. A new Marine Management Organisation (MMO) will be established to act as a strategic delivery body for the marine area.



## Marine Management Organisation

The Marine Management Organisation (MMO) will be a Non Departmental Public Body and will be built on the Marine and Fisheries Agency (MFA), which will continue to deliver its existing functions until the MMO is created.

Defra and the MFA are working closely together to ensure that the ground work is being laid to enable the MMO to be established in April 2010.

An implementation team was established from April 2008 with the aim of achieving a smooth transition from the Marine and Fisheries Agency to the MMO.

Key work areas this year for the MMO Implementation team have included:

- establishing a programme management infrastructure;
- selecting a location for the headquarters of the new organisation;
- engaging stakeholders that will need to work closely with the MMO;
- developing an organisational blueprint for the MMO;
- developing a new system of marine planning and a new integrated licensing regime, which the MMO will undertake;
- beginning the recruitment of the Chair and Chief Executive as designates so they can participate in the design of the MMO before formal launch; and
- developing a transition plan with the MFA to ensure there is a smooth transfer of responsibilities on vesting the MMO.

Work is currently ongoing to re-locate the MFA headquarters to its new location in Tyneside ahead of the MMO being vested.

For more information on the MMO, visit [www.defra.gov.uk/marine/legislation/key-areas.htm](http://www.defra.gov.uk/marine/legislation/key-areas.htm).

We made progress on implementing Fisheries 2027, our long-term vision for sustainable fisheries. In December, the UK secured a fair deal at the annual EU fisheries negotiations to safeguard fish stocks, maintain a sustainable fishing industry and protect the marine environment. In November, a new Cod Recovery Plan was agreed to promote continued recovery of cod stocks in EU waters, including the North Sea. The Government has been working to identify priorities for Common Fisheries Policy (CFP) reform in 2012, and the Fisheries Minister set out guidelines for reform to draw on stakeholder views and the House of Lords inquiry.

In August 2008, Defra consulted on proposals to help bring short-term stability to the inshore fleet in England, as a first step towards a sustainable fleet in the long term. December's final package included a new licence to fishermen not targeting quota stocks, limiting any increase of effort and safeguarding stocks, and a £5m decommissioning scheme. We have established a Sustainable Access to Inshore Fisheries project to further develop the evidence base on the impacts of inshore fishing in England. In June, the UK agreed an EU regulation to combat Illegal Unreported and Unregulated (IUU) fishing. This regulation, due to come into force in 2010, seeks to prevent, deter and eliminate the import of IUU fishery products into the Community. Defra and DfID worked on Sustainable Development Dialogues with China on fisheries and a fisheries governance programme in Southern Africa.

### Marine and Fisheries Agency

The Marine and Fisheries Agency (MFA) undertakes a wide range of delivery functions and responsibilities for Defra in the marine environment and marine fisheries. These include:

- management of UK fleet capacity;
- enforcement of sea fisheries legislation and implementation of EU marketing regime;
- management of UK fisheries quotas; fishing industry grants and UK state aids;
- Data Collection Regulation (EC) 1543/2000 and the management, recording and provision of data on fishing activities and catches;
- control and enforcement of marine construction sites; and
- coordination of environmental aspects of emergency response.

Key developments in 2008/09 include:

- paying out over £5m to projects associated with the fishing industry in grants on over 180 English projects;
- implementing a new system of administrative penalties for fisheries offences. These are designed to be a quicker, simpler alternative to criminal proceedings and reduce administrative burdens on businesses;
- carrying out Joint Deployment Campaigns in EU waters involving other Member States and the Community Fisheries Control Agency. This involves each fishery protection body contributing ships, aircraft, sea-going and shore-side inspectors in joint operations to improve the effectiveness of enforcement of the Cod Regulations;

### **Marine and Fisheries Agency (*continued*)**

- working closely with Defra in delivering an under 10m decommissioning scheme as part of a package of measures which Ministers have announced to try to ensure a more sustainable future for this part of the industry. £5m has been spent to decommission 65 high-catching English under 10m vessels;
- gaining a new responsibility as the enforcing authority for cases of environmental damage to vulnerable species and habitats in the sea under the Environmental Damage Regulations;
- management of new offshore marine regulations, enforcement and wildlife licensing;
- playing a key role in managing emergencies caused by merchant shipping in the marine environment; and
- securing a high profile role in numerous FEPA licence applications for construction in the sea including the Gateway Gas Storage project involving the construction of a £600m sub-sea gas storage facility 25km offshore from Barrow-in-Furness.

For more information about the MFA's work, visit [www.mfa.gov.uk](http://www.mfa.gov.uk).

The European Marine Strategy Framework Directive (MSFD), agreed in July 2008, requires the UK to achieve 'Good Environmental Status' for our seas by 2020. Defra has been focusing on putting the Directive into national law and preparing for implementation. Defra published the Government's High Level Marine Objectives in April 2009 following a consultation process in 2008. The High Level Objectives are agreed across UK administrations and Whitehall departments and reflect how sustainable development will be delivered in the marine environment. A Marine Science Coordination Committee has been established to develop a UK Marine Science Strategy to help deliver the evidence to fulfil the UK's Marine Objectives. Over £1m has been invested in a programme to assess the state of UK seas and to fulfil international marine monitoring commitments. 'Charting Progress 2' will provide evidence to meet the requirements of the MSFD and highlight priorities for the MMO.

The Marine Climate Change Impacts Partnership has developed a special report card on 'Ecosystem Linkages' with climate change, published in April 2009. Ocean acidification is getting more attention as an emerging issue, highlighted in the report. Defra has developed a £10m five-year research programme with the Natural Environment Research Council (NERC) to understand the impacts of climate change-induced ocean acidification including likely effects on commercial fishing.

## **Centre for Environment, Fisheries and Aquaculture Science**

The Centre for Environment, Fisheries and Aquaculture Science (Cefas) is an internationally renowned scientific research and advisory centre working in fisheries management, environmental protection and aquaculture. It aims to be the main source of high quality science used to conserve and enhance the aquatic environment, promote sustainable management of its natural resources, and protect the public from aquatic contaminants.

Cefas's strategically located wave-measuring devices provide near real-time data for flood forecasting. The data is used by the Environment Agency and the Scottish Environment Protection Agency to manage flood-risk issues and coastal defences, and forms part of the UK's Storm Tide Forecasting Service.

Cefas's SmartBuoy programme, part of the UK's Clean Seas Environment Monitoring Programme, underpins the OSPAR Commission assessments of UK waters by providing near real-time data for physical and biological parameters. The system of buoys provides:

- improved understanding of environmental variability and biodiversity; and
- new insights into marine ecosystem function.

A new SmartBuoy was added to the network in January 2009, aimed at monitoring the freshwater plume emanating from the Humber and the Wash.

A flexible package of measures has been devised to implement CFP Council Regulations on management of fish stocks. These include:

- a 30% increase in the North Sea Cod Quota and the establishment of a new separate quota for Eastern Channel Cod in 2009;
- use of more selective fishing gears – like the 'Eliminator' trawl that was piloted by Cefas in UK waters; and
- real-time and seasonal closures to fishing grounds.

The intention is to allow fishermen to land more of what they catch, whilst ensuring a significant reduction in the wasteful discarding of fish. The measures should also help to reduce overall cod mortality, leading to a more sustainable and productive fishery.

### **Centre for Environment, Fisheries and Aquaculture Science** *(continued)*

Cefas scientists have been working with the fishing industry – through the Fisheries Science Partnership and other initiatives – to pilot adaptations to traditional fishing gears. Using their knowledge of fish behaviour, the scientists have suggested simple changes such as changing mesh sizes and providing specialist escape panels for different species. These have delivered significant reductions in the numbers of discards. In addition, Cefas has been working directly with the fishing industry to encourage widespread adoption of this approach and to share more sustainable solutions among the fishing industry.

For more information about Cefas work, visit [www.cefas.co.uk](http://www.cefas.co.uk).

The Government published proposals in September responding to the International Whaling Commission's June 2008 meeting decision to discuss its future role, in order to lobby and influence other member states so as to protect whales for future generations. Defra worked with stakeholders and delivery bodies to develop a draft strategy to select and designate a network of marine protected areas, including European marine sites and MCZs. It was published for consultation in April 2009. In July, the Government ordered that about 10% of Lyme Bay off the South West coast would be closed to dredging for shellfish and demersal trawling following public consultation in 2007.

## **Air Quality**

Air Quality is key to maintaining health and environmental standards. The UK Air Quality Strategy sets out specific standards and objectives to be met in addition to EU obligations.

### **What are we doing?**

Six out of eight of the UK Air Quality Strategy objectives continue to be met over the whole of the UK. However, some areas remain in breach or are likely to exceed the levels of air pollution for the remaining two: PM<sub>10</sub> (particulate matter) and NO<sub>2</sub> (nitrogen dioxide), which can have serious health impacts. We are working to identify what further measures might be needed to reduce levels of NO<sub>2</sub>, which is a major problem along roadsides in urban areas of the UK.

In February 2009, Defra published extensive guidance to Local Authorities on the measures available to them to promote the use of low emission vehicles, low emission zones and retrofitment of pollution abatement equipment to vehicles. This guidance will assist Local Authorities in their work to reduce pollution at the local level.

Negotiations on a revised EC Ozone-Depleting Substances Regulation were successfully completed. This will reinforce existing measures to protect the stratospheric ozone layer as well as pave the way for possible new obligations dealing with recovery and destruction of ozone-depleting substances. The UK was successful in ensuring that any new such measures must include a full economic assessment of costs and benefits, taking account of the individual circumstances of Member States (see evidence text-box below).

Defra officials played a key part in the work leading to an historic decision by the Governing Council of the United Nations Environment Programme in February 2009 to prepare a new legally binding framework to control emissions of mercury, a persistent neurotoxin, which is capable of travelling over large distances and can therefore only be tackled effectively by global measures.

During 2008, Defra worked with the Department for Transport (DfT) in developing policy on the expansion of Heathrow airport in relation to air quality and noise limits following the 2007 consultation. In January 2009 the Government confirmed policy support for adding a third runway at Heathrow, making clear that safeguards would be put in place to ensure air quality and noise limits would be met. Defra is working with DfT with a view to consulting on the detail of the compliance mechanism later in 2009. A precondition of any expansion will be that air quality and noise limits are already met.

More on Air Quality can be found under the performance reporting for PSA 28 in Chapter 4 on page 149.

### **Evidence: Economics**

The economics profession at Defra has provided substantial analytical input and helped the Department to deliver on a number of key outcomes that will significantly improve air quality in the UK. This includes informing the European process to negotiate and agree the Euro VI vehicle emissions standards in relation to heavy goods vehicles (HGVs). Combined with the Euro 6 standards agreement for light duty vehicles (LDVs), such as passenger cars, this has contributed towards the realisation of expected benefits of up to £1.2bn as identified in the Air Quality Strategy 2007. Our efforts in agreeing this technical standard was further supported by the announcement in Budget 2009 that incentives would be put in place to increase uptake of Euro VI.

Defra analysis also played an integral part in informing the International Maritime Organisation's (IMO) commitment to reducing emissions from shipping, the key provision being the agreement of long-term reductions of sulphur in fuel, with an estimated air quality benefit to the UK of up to £577m.

Finally to support local improvements in air quality, guidance was also provided to Local Authorities to further support their efforts. This work provided guidance on the appraisal of all policies that may impact on air quality including introducing low emission zones, retrofitment of emission control equipment and incentivising low emission vehicles.



## Local Environmental Quality

To secure a healthy natural environment for us all, attention needs to be paid to improving our local environment. This involves improving the cleanliness of our local environment, encouraging local engagement with local environmental issues, and continuing to manage the local noise environment. Several strands of Defra's work support this objective.

### What are we doing?

National Indicator (NI) 195 is the street cleanliness indicator which measures levels of litter, detritus, graffiti and fly-posting on our streets and neighbourhoods. All councils in England must survey their areas on a regular basis and report standards of cleanliness to Defra. 72 out of 150 Local Area Agreements (LAA) have NI 195 as an improvement target.

2008 saw the completion of the roll-out of the extended Local Environment Quality Survey of England to all district and unitary councils. This in-depth survey covers everything from levels of litter on the streets to extent of graffiti and fly-posting at bus stops and is a tool to help Local Authorities improve the services they provide.

### ENCAMS

ENCAMS (also known as Environmental Campaigns or Keep Britain Tidy) works with Defra to offer direct support to local authorities including through work with the Government Offices on the LAA process.

Defra funds ENCAMS to campaign against littering and other forms of anti-social behaviour. Campaigns in 2008 focused on the two most significant elements in litter: smoking related materials and fast-food litter. The Big Tidy Up was the first national clean-up campaign in over 8 years, designed to encourage a public upsurge in local clean-up events and interest in local environmental issues.

Eco-Schools is an international award programme administered in England by ENCAMS using funding from Defra. Schools work towards gaining one of three awards – Bronze, Silver and the prestigious Green Flag award, which symbolises excellence in the field of environmental activity. The scheme encourages children and teachers to make their school more environmentally-friendly and sustainable. The number of schools in England participating in the Eco-Schools scheme neared the 50% mark during 2008/09.

For more information about ENCAMS work, visit [www.encams.org](http://www.encams.org).

Defra has been developing strategic noise maps for major roads, railways, airports and urban areas. These serve two purposes. Firstly, they can be used to provide information on noise levels that can be linked to population data to estimate how many people are affected. This leads to the second use – and the main point of noise mapping – to help people develop action plans for managing environmental noise in a sustainable way. This year we have made the necessary regulations to establish five yearly reviews of noise maps and action plans. Consultations on the proposals are expected over the forthcoming year.

## Emergency and Business Continuity Planning

Emergency Planning requires Defra, working with its operational partners, to be well prepared to deal with emergencies for which its business areas are responsible, such as animal or plant diseases, food or water supply emergencies, flooding, or coordinating the consequence management of a Chemical, Biological, Radiological or Nuclear (CBRN) incident.

Business Continuity Planning requires Defra to be well prepared to maintain essential business functions in the face of serious disruption to its staff (for example as a result of a flu pandemic or serious disruption to public transport) or as a result of serious disruption to its infrastructure such as fire, bomb, flood or IT failure or indeed a large scale and sustained response to an emergency event.

### What are we doing?

During 2008/09 Defra has shown itself to be resilient to emergencies despite fundamental departmental changes. There were successful responses to Avian Influenza incidents, Bluetongue, Rabies, flooding incidents and two industrial disputes impacting fuel supply. There was a successful Exercise Green Star, led by the Radioactive Waste Preparedness team. Green Star tested the arrangements for the consequence management phase of a CBRN incident.

In line with the recommendations coming out of the Pitt Report (flooding), the Anderson Report (animal disease) and an internal review of governance and delivery across this subject area, Defra is now working on delivering a greater sharing of experience across policy leads as well as setting up a training programme on emergency response.

In terms of animal disease, Defra's revised Contingency Plan for Exotic Animal Diseases was laid before Parliament on 9 December 2008. The plan covers arrangements for dealing with outbreaks and incidents of exotic animal disease, including Foot and Mouth Disease, Avian Influenza, Classical Swine Fever and Newcastle Disease.

The Contingency Plan is comprised of two parts:

- an Overview of Emergency Preparedness which provides details of how we have prepared for the operational response; and

- the Framework Response Plan which is an operational manual for those involved in managing the response and policy information by specific animal disease, setting out current policy on how each of these diseases will be dealt with.

Business continuity planning is being amended to bring it completely in line with British Standard BS25999 (the British Standard for business continuity management).

### **The UK Government Decontamination Service (part of the Food and Environment Research Agency from 1 April 2009)**

The UK Government Decontamination Service (GDS) is an Executive Agency of Defra. Its purpose is to increase the nation's resilience to the consequences of terrorist or major accidental incidents involving the release of CBRN materials. The GDS is also the UK's national centre for providing access to expertise on dealing with decontamination and wider remediation of the built and open environment and critical transport assets. Our work programme is divided between three main areas:

- provision of an evaluated Framework of Specialist Suppliers able to offer decontamination/remediation services in the event of a CBRN incident;
- input to the Central Government knowledge on national capability and capacity for decontamination of the built and open environment; and
- provision of operational and tactical advice and guidance to all tiers of Government and other potential responsible authorities and stakeholders.

Key Developments in 2008/09 include:

- successful completion of the programme to establish the new Framework of Specialist Suppliers – formally launched in Autumn 2008;
- provision of advice and guidance and practical support to a number of responsible authorities to facilitate recovery following local contamination incidents; and
- successful completion of programme to refocus and streamline the GDS remit and resources, and to establish the GDS as part of a new Defra Executive Agency, the Food and Environment Research Agency (FERA).

### **The UK Government Decontamination Service (part of the Food and Environment Research Agency from 1 April 2009) *(continued)***

Fera was launched on 1 April 2009 by merging the GDS with the Central Science Laboratory (CSL), Defra's Plant Health and Seeds Inspectorate (PHSI), Plant Health Division and the Plant Varieties and Seeds Division (PVS). The GDS provision will be maintained as a going concern, and for 2009/10 our plans include:

- building on the linkages between GDS and other areas of Fera to improve our capability; and
- ensuring that, as part of Fera, GDS has a stronger cross-government presence to support work on influencing and developing CBRN contingency strategies, and to provide a practical service to Government in the event of a CBRN incident.

For further information about Fera, visit [www.defra.gov.uk/fera](http://www.defra.gov.uk/fera).

## **Exotic Animal Disease**

Exotic Diseases are diseases that are not typically present in the UK (for example Foot and Mouth, avian influenza, classical swine fever).

The health and welfare of animals is central to Defra's work of protecting and improving livestock as well as controlling and eradicating disease. Government works in partnership with industry on animal health and welfare issues for four reasons.

- To protect human health – 'zoonotic' diseases are those which are transmissible between vertebrate animals and humans.
- To protect and promote the welfare of animals.
- To protect the interests of the wider economy, environment and society – some animal diseases like Foot and Mouth Disease are highly infectious and can move extensively or rapidly through animal populations.
- International Trade – the presence of animal disease, either at the national or regional level, can reduce our ability to trade.

### **What are we doing?**

Defra's Exotic Disease programme aims to reduce the likelihood and impact of exotic disease outbreaks by:

- rigorous risk-based prioritisation;
- a visible shift in responsibility to animal keepers;
- a robust delivery system;

- policies and plans that focus on the right risks and stand up to cost-benefit analysis; and
- effective and efficient response to outbreaks, with animal keepers and wider industry taking the lead where appropriate.

Defra seeks to reduce the risk of exotic disease outbreaks or incursions through various measures including surveillance, import/export controls, publishing guidance for industry on bio-security, preventative vaccination schemes and movement controls. On farm biosecurity measures to prevent the spread of endemic diseases also confers some protection to the undetected spread of exotics. Industry is also applying lessons learned from previous exotic disease outbreaks to business.

Government is also working to continuously improve its own preparedness for exotic disease outbreaks. These measures are aimed at building on capability and capacity to respond. This programme has successfully delivered improved instructions and training programmes, an extensive library of templates for disease declarations, notices and movement licences for high risk diseases, a standard for measuring policy preparedness and cross-team networks to pool knowledge and share resources.

### **Bluetongue Control Case Study**

Bluetongue disease was first confirmed as circulating within the UK in September 2007. The Bluetongue Team and its core group of industry stakeholders worked together to develop the Bluetongue Control Strategy and the 2008 Emergency Vaccination Plan. We were the first country in Europe to underwrite a supply of vaccine, making 28 million doses of vaccine available for use throughout England. This was successfully rolled out, starting with the most at-risk counties. We were the only northern European country to have seen no clinical evidence of disease circulating in 2008.

The success and unprecedented speed of this campaign was largely due to the close working relationship with industry and our delivery partners, and of course the action by farmers to vaccinate. A voluntary vaccination approach enabled us to distribute vaccine quickly and cheaply. We have seen sales of vaccine sufficient to vaccinate 60% of susceptible animals throughout England. Experts believe the high uptake of vaccine in the East and the South effectively controlled circulating Bluetongue Virus 8 (BTV-8) in this area, and protected the rest of England and wider GB from spread of the disease.

Therefore our success has not only been visible from a disease mitigation perspective, but also in terms of responsibility and cost-sharing. A balance has been achieved between the level of Government intervention to establish control zones and movement restrictions (as informed by cost-benefit analysis, underwriting vaccine supply) and industry responsibility for encouraging vaccination to protect livestock and businesses.

## Flood and Coastal Erosion Risk Management

Flooding is largely a natural result of severe weather events which are highly variable from one year to another. We can't conclusively attribute any particular event to climate change. However, climate change predictions for the UK do suggest we can expect changes in rainfall patterns including higher winter rainfall and more intense summer storms over the course of the coming century.

The Flood and Coastal Erosion Risk Management programme seeks to promote a broad portfolio of measures for managing the risk from all forms of flooding (river, coastal, groundwater, surface run-off and sewer) and coastal erosion. We are committed to ensuring that the Government's significant investment in this area yields the maximum benefit to society, whilst also ensuring that we are properly equipped to deal with future flooding events.

### What are we doing?

We are developing a long-term investment strategy for floods and coastal erosion which will consider the funding needs and pressures for the next 25 years and how the greatest value for money can be achieved in the way that our investment is delivered.

We have published for consultation a draft Floods and Water Management Bill which will consolidate the existing legislative framework, clarify roles and responsibilities for managing risk from all sources of flooding and maximise joint-working between all bodies, agencies and communities.

A consultation was launched in December 2008 on proposals for the National Flood Emergency Framework (NFEF). The consultation paper kicked-off a proactive consultation exercise involving workshops which attracted some 400 responder organisations in the period to the end of March 2009.

Defra is leading on an 18 month Flood Rescue National Enhancement project to improve flood rescue capability and coordination between agencies. This will include putting in place a UK Flood Rescue Operations Framework for all Search and Rescue (SAR) organisations to work within, as well as the further development of team typing and competency based accreditation.

The Thames Estuary 2100 (TE2100) project launched a formal public consultation at the end of March 2009 and is a good example of the application of research, particularly in relation to the understanding of the behaviour of flood risk systems and identification of key risks.

Defra have funded six Local Authorities which have significant surface water flood risk to develop surface water management plans, which will test the draft guidance contained within the draft Surface Water Management Plan guidance. The Pitt review identified an additional £15m of funding to be used by Local Authorities to develop further Surface Water Management Plans, mapping of drainage assets and adoption and maintenance of sustainable urban drainage systems.



Several recent projects have contributed to a better understanding of the costs and benefits of flood and coastal erosion risk management and how these are distributed between different groups. Particular progress has been made on understanding the benefits afforded by property-level flood protection and resilience. This was strongly supported by the Pitt review of the summer 2007 floods and has informed a pilot scheme and led to the launch of a £5m property-level protection grant scheme, announced in December 2008.

### **The Environment Agency**

The Environment Agency (EA) is the leading public body for protecting and improving the environment in England and Wales. With others, it aims to make sure that air, land and water are looked after, so that tomorrow's generations inherit a cleaner, healthier world.

The EA was set up under the Environment Act 1995 and given certain duties and powers. It has around 12,500 members of staff and a budget of just over £1bn. Around 60% of their funding comes from Government, and most of the rest comes from various charging schemes set by Parliament.

Key Achievements for 2008/09 include:

- improved flood defences around the country, including the opening of the Selby Flood Alleviation scheme, an £18m scheme reducing flood risk to 2,500 properties;
- working with industry to reduce greenhouse gas emissions e.g. working with industrial partners to set up the KES Landfill Gas Umbrella Project, a new initiative promoting landfill gas and its potential;
- working with Local Authorities to continue the downward trend in fly-tipping;
- improving river water quality for the eighteenth consecutive year;
- using our risk-based approach to reduce illegal waste activity, for example, stopping 24 consignments of waste being illegally transported to West Africa.

### **The Environment Agency** *(continued)*

For 2009/10 the EA plans to:

- continue to implement Pitt Review recommendations concerning lessons learnt from the 2007 summer floods;
- continue with our programme of work to reduce the flood risk faced by 145,000 houses by March 2011;
- produce 11 River Basin Management Plans for agreement by Ministers in late 2009; and
- contribute to the feasibility study on tidal power in the Severn Estuary towards finding an environmentally acceptable and cost effective means of exploiting the tidal range.

For more information on the EA, visit [www.environment-agency.gov.uk](http://www.environment-agency.gov.uk).

### **Forward Look for Priority 1**

In addition to continuing with our current work in supporting our Priority to secure a healthy natural environment and deal with environmental risks, in the forthcoming year Defra has the following plans:

#### **Improving Biodiversity**

- We will continue to work with Natural England and all our partner organisations to encourage remedial delivery across the SSSI suite to meet the SSSI PSA target of bringing 95% of SSSI land in England into favourable or recovering condition.
- We will complete the 4th National Report to the Convention on Biological Diversity by June 2009.
- We plan to develop and publish our Wildlife Management Strategy.
- We will publish in July 2009 the report on the UK Biodiversity Action Plan: Highlights from the 2008 reporting round.
- The Wildlife Health Strategy, which supports biodiversity, has received expert review and is due to be published on 15 June 2009.
- We will implement more of the recommendations from the Environmental Stewardship review of progress relating to further improving performance for farmland birds.
- In Summer 2009, we aim to develop a Government Strategy for biodiversity conservation in the Overseas Territories.

- Make amendments to the Wildlife and Countryside Act so as to increase protection against the threat from invasive non-native species by restricting the release, planting and sale of certain species.
- We will launch a new environmental volunteering campaign, 'Muckin4Life', a component of the Department of Health's Change4Life campaign focusing on volunteering to improve biodiversity.
- The findings from the second meeting of the AHTEG will feed into the UNFCCC process in Copenhagen in December 2009.

### **Land and Soil Management**

- Ministerial decision on set-aside mitigation will be taken following consideration of the responses to the Environmental Standards in Farming consultation.
- We will continue to implement the objectives of the new Soil Strategy for England.
- We will continue negotiations on the Soil Framework Directive, ensuring its development in line with the principles of better regulation and subsidiarity.
- We will continue work on Defra's Peat Project with the intention of developing new policy options in Winter 2009/10.
- We will continue implementation of the Commons Act 2006 which is contributing towards the SSSI target. This includes the establishment of commons councils, which will help improve the management of common land, and the introduction of powers to stop unauthorised agricultural activities on such land.

### **Water Availability and Quality**

- We will obtain Ministerial decisions on hearing/inquiries and changes to water company Water Resources Management Plans.
- We will consult on changes to the Water Fittings Regulations to improve water efficiency in Summer 2009.
- We will consult on time-limiting of permanent abstraction licences.

### **Marine**

- We will consult on the establishment of Inshore Fisheries and Conservation Authorities.
- We will publish the Strategy for Marine Protected Areas for consultation.
- We plan to ratify the OSPAR amendment to permit all routes for carbon capture and storage.
- We will implement measures to achieve the revised cod recovery plan and to manage the 2009 catch limits.
- We will consult on transposition of the Marine Strategy Framework Directive.

- We will publish the Draft Marine Policy Statement for consultation.
- We plan to deliver the Marine Science Strategy.
- We plan to gain Royal Assent of Marine and Coastal Access Act.

### **Air Quality**

- We will work with Her Majesty's Treasury (HMT) and DfT to deliver the commitment made in the Budget 2009 to encourage the use of Euro V1 HGVs and buses.
- We will continue to work with DfT and HMT to explore the feasibility of incentivising European standards for emissions from cars as announced in the 2009 Budget.
- We submitted in April 2009 the UK application seeking, for small areas of the UK, an exemption from the obligation to apply the limit value for PM<sub>10</sub>.
- We plan to commence work to develop measures on NO<sub>2</sub> including stakeholder engagement in Summer 2009.
- We will continue negotiations on the Industrial Emissions Recast Directive with a view to possible political agreement in June 2009.
- Substantially complete the review for the first group of Local Authority-regulated industry sectors of guidance on air emissions standards and begin the review for other sectors as part of a three-year programme.
- We will continue negotiations on a revised Gothenburg Protocol under the United Nations Economic Commission for Europe (UNECE) Convention on Long Range Transboundary Air Pollution.
- We will consult on transposition of the new Ambient Air Quality Directive (2008/50/EC) later in 2009.
- We will consult on proposed regulations in 2009 to help implement the EC Ozone-Depleting Substances (Qualifications) (Amendments) Regulation.

### **Local Environmental Quality**

- We will continue to campaign via ENCAMS for behaviour change that will lead to improved local environmental quality – campaigns are planned on tackling littering from vehicles and a further round of the 'Big Tidy Up'; encouraging and enabling communities to play an active role in looking after their neighbourhood and promoting good local environmental quality.
- We will be publishing, following a public consultation, noise action plans for large urban areas, major roads and major railways, which will be designed to manage noise issues and effects, including noise reduction where necessary. Airport operators will do the same for the major airports covered by the Environmental Noise (England) Regulations 2006 (as amended).

- This year we will be holding a series of events to mark the 60<sup>th</sup> anniversary of the National Parks and Access to the Countryside Act 1949. This landmark Act ensured that our most precious places are accessible to the many rather than the few, by laying the foundations for National Parks, designated Areas of Outstanding Natural Beauty, national and local nature reserves and national trails. We will use the 60<sup>th</sup> anniversary celebrations to raise awareness of the contribution that our natural landscapes make to local economic prosperity – and the opportunities they provide for people to lead greener, healthier lifestyles.

### **Local Government Performance Framework**

The new performance management framework for local government, which was agreed in 2008, was a step-change in the representation of environmental interests in local government performance management arrangements. The new national indicators set is now the only means of measuring national priorities delivered by local government and local areas. The number of indicators has been radically reduced, from around 1,200 to 198. Thirteen of these cover environmental issues. These include areas which have long been at the heart of local government delivery such as waste management and local environment quality, but for the first time also cover wider environmental issues including climate change, biodiversity and flood management. The new environmental indicators have been widely taken up by local areas in their Local Area Agreements with central Government.

### **Emergency and Business Continuity Planning**

- Defra is one of a number of departments working to make sure that everything possible is done to prepare for and minimise the effects of a possible pandemic in the UK. Teams in Food and Farming Group and Contingency Planning and Security are heavily involved, and have well developed plans, which have been put into action. Defra is working closely with all parts of industry to ensure that Government provides support where required. We are also working within Defra to ensure that services are provided to maintain as far as possible a safe working environment for our staff in relation to any possible pandemic.
- In terms of emergency preparedness, Defra plans to build on our departmental capacity for disease response by introducing a programme of activity across Defra to share experience from event responses and to train staff, including volunteers.
- Defra will also work towards further developing our existing exit strategies from exotic disease outbreaks to facilitate quick and efficient closedown of outbreak recovery phase.

- We will develop our strategies and control measures for the key medium-high risk exotic diseases, building on work done in 2008/09 and focusing particularly on pigs, horses and rabies.

### **Exotic Animal Disease**

- New legislation for Swine Vesicular Disease (SVD) to be laid in June replacing the old outdated legislation for the control of SVD with modern, more proportionate measures.
- We will encourage vaccination against Bluetongue Virus 8 (BTV-8) and prepare for the risk of incursion of other serotypes.

### **Flood Risk Management**

- As recommended by the Sir Michael Pitt report, the final National Flood Emergency Framework (NFEF) will be produced incrementally and be completed by 30 June 2010.
- By May 2009 the Flood Rescue National Enhancement project will have created a multi-agency, national register of flood rescue assets.
- The NFEF and flood rescue capability will be exercised during Exercise Watermark, a national flood exercise scheduled for spring 2011.
- Over the next 2 years we aim to offer an improved standard of protection against flooding or coastal erosion risk for 145,000 more homes, including 45,000 of those at the highest risk.
- We will continue consultation on the new Floods and Water Management Bill.
- We will work with Local Authorities and the Environment Agency to improve management of surface water.
- We will identify options for helping communities adapt to the impacts of coastal change.
- We will publish a new long term investment strategy for flood and coastal erosion risk management.
- Announce results of our new property level flood protection grant scheme and take forward a second round of applications.



## Priority 2:

Promote a sustainable, low carbon and resource-efficient economy



## Highlights from 2008/09

- A carbon footprinting methodology (PAS 2050) has been developed to enable businesses to assess the impacts of their products (launched in October 2008 by the British Standards Institute, Defra and the Carbon Trust).
- Work continues on improving the energy efficiency of energy-using products. Measures agreed under the European Union (EU)'s Eco-design for Energy-using Products Directive will save just under 7 MtCO<sub>2</sub> per annum by 2020. This will result in average annual savings of around £900m resulting from reduced energy bills, the sale of EU allowances, and changes in other environmental impacts.
- Advice on reducing waste and energy use featured in the 'Real Help' campaign to help businesses best weather the economic downturn.
- Two of ten product roadmap action plans have been launched setting out the commitments to reducing adverse environmental and social impacts across the supply chain (Dairy Supply Chain Forum's Milk Road Map was launched in May 2008 and the Sustainable Clothing Action Plan was launched at London Fashion Week in February 2009).
- More than 7 million tonnes of packaging have been recovered from the waste stream (this is equivalent to about 65% of all packaging), ensuring that we meet the EU Packaging Directive targets for 2008.
- Defra has worked with partners including the Environment Agency and the Waste and Resources Action Programme (WRAP) to monitor markets for recycled materials and to ensure that recycling continues to be a viable option.
- The 'Recycle on the Go' campaign was launched by Defra, which aims to put accessible recycling bins in public places.
- The Carbon Emissions Reduction Target (CERT) commenced on 1 April 2008 and runs until 31 March 2011. Under CERT, suppliers are assigned an individual target to deliver carbon reduction measures in households in Great Britain. An independent review of the scheme has shown that on average, consumers benefit by £9 for every £1 spent over the lifetime of the measures. As part of the Home Energy Saving Programme, the Government proposes increasing the size of the current CERT by a further 20%. This work has currently moved to The Department of Climate Change (DECC).
- The Climate Change Act was given Royal Assent in November 2008 after the creation of DECC. However Defra was responsible for taking this through most of the Parliamentary process.



- The Act On CO<sub>2</sub> marketing campaign launched the Act On CO<sub>2</sub> advice helpline and campaign bursts on TV, press and via online advertising. On 5 June 2008 the Act On CO<sub>2</sub> personal calculator reached a significant milestone with its millionth unique visitor and continues to see a steady flow of visitors eager to calculate their carbon footprint.
- The Climate Change Act included enabling powers for a compulsory charge on carrier bags (around 10 billion issued in 2008). The British Retail Consortium (BRC) made a voluntary agreement with Defra, Welsh Assembly Government and Northern Ireland to reduce the number of single use carrier bags issued by the leading supermarket chains by 50% by the end of May 2009.
- The new KES Landfill Gas Umbrella Project is working with our industry partners to promote the potential of landfill gas. During 2008/09 the Environment Agency (EA) worked closely with industry to audit the top 15 landfill gas producing sites and agree action plans at each to reduce emissions.

## Introduction

Our second Priority to promote a sustainable, low carbon and resource-efficient economy focuses on the work of Defra in areas such as sustainable consumption and production, waste management, climate change mitigation and the promotion of sustainable rural communities.

The economic downturn has emphasised the importance of improving resource efficiency for households and businesses as well as our commitment to developing a low carbon, resource efficient and sustainable economy in the longer term. Sustainability and resource efficiency supports our goals on the wider environment, addressing not only greenhouse gas emissions, but also addressing waste and the best use of our resources.

The outcomes we are seeking to achieve through this Priority are reflected in our public commitments which include several of our DSOs as well as work with DECC to deliver PSA 27. Latest performance on our targets can be found in Chapter 4: Our Performance.

## Sustainable Consumption and Production

We are working towards an economy where products and services are designed, produced, used and disposed of in ways that minimise carbon emissions, waste and the use of non-renewable resources.

Sustainable Consumption and Production (SCP) is about achieving more with less, finding ways to minimise damage to the natural world and making use of the earth's resources in a sustainable way. This contributes to the wider aim of a more sustainable, low-carbon and resource-efficient economy. Our policies are seeking to achieve the following results:

- encouraging business to produce, market and use more sustainable products and services;
- encouraging consumer demand for sustainable goods and services, and reducing the environmental impacts of household consumption;

- increasing the resource efficiency of business operations and processes;
- leading by example through sustainable public procurement; and
- preventing, reducing and recycling waste, and reducing landfill.

Current consumption, production and waste disposal patterns in the UK are incompatible with sustainable living. They account for a significant proportion of greenhouse gas emissions and are dependent on inputs of non-renewable resource, energy and water. Products and materials are currently landfilled that could be reused, recycled or have energy recovered from them. Current developed country patterns of consumption and production could not be replicated world-wide. Some calculations suggest that this could require three planets' worth of resources.<sup>6</sup>

Considering the drag on the UK's economy and costs to business from inefficient resource use, achieving sustainable consumption and production remains critical during the economic downturn. Our approach is to work with the grain of markets but to help those markets work in ways which give full value to environmental impacts. Central to achieving our goals is reducing the environmental impact of our lifestyles, the products that our economy consumes, and the waste we produce, so that we can live within our environmental means without compromising our quality of life.

### What are we doing?

SCP is a cross-Government influencing programme led by Defra. It builds partnerships with key stakeholders to influence and effect changes in the way business operates and how people live their everyday lives. Defra is working to achieve this in three key ways.

1. We are **encouraging best practice** by providing the tools, guidance, and information to help businesses and consumers choose the most sustainable behaviours. Relevant work includes the following:

- helping Government and business understand and assess the lifecycle impacts of products and how to market and differentiate those products. A number of relevant initiatives include the publication of a Progress Report on *Sustainable Products and Materials* which outlined the lifecycle environmental impacts of products, development of Product Roadmaps for ten high impact products, PAS 2050 carbon footprinting methodology, updating the Green Claims Code, and agreeing Government-wide assessment methods and labelling for product lifecycle impacts;
- continuing to provide resource efficiency support for businesses, consumers and the public sector. This work is primarily delivered through our delivery bodies. Following a review of the delivery bodies it was announced that the seven existing bodies would be brought together under the leadership of WRAP, announced on 27 March 2009. Further information on the Waste and Resources Action Programme (WRAP) can be found on page 65;

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<sup>6</sup> World Wildlife Fund (WWF), 2004, *Living Planet Report*.

- ongoing research on consumption and environmental behaviours is being used to ensure continued integration of behaviour change approaches across Defra's work in policy and communications. This has been particularly important for public engagement and developing third sector strategy, such as the new Greener Living Fund of £6m over 2008-11 which aims to support national third sector organisations to encourage pro-environmental behaviours at a community level; and
- Defra are providing financial support for the pilot phase of the 'Reynolds-Cheshire' initiative involving business and the third sector to encourage consumers to choose seasonal and locally grown produce.

2. We are **leading by example** by establishing overarching policy frameworks and ensuring that the government acts in a sustainable way. Relevant work includes the following:

- working with DECC and The Department for Business, Enterprise and Regulatory Reform (BERR) on the Low Carbon Industrial Strategy, which was launched by the Prime Minister at the low carbon economy summit on 6 March 2009. This sets out how we will develop low carbon resource efficient businesses in the UK, and builds on the response to the report of the Commission on Environmental Markets and Economic Performance (CEMEP) *Building a low carbon economy: unlocking innovation and skills* published in May 2008; and
- developing challenging, but achievable, UK Government and EU-wide frameworks for the sustainable procurement of products. An evidence base and policy approach will be developed by December 2010, with a view to publication and use of standards by the UK Government by December 2011.

3. We are **setting standards** through EU regulatory frameworks and industry guidance to ensure that minimum requirements are implemented in product design, production, use and end of life considerations. Relevant work includes the following:

- the sustainability of energy-using products is being raised through EU wide minimum energy performance and energy labelling standards, and engagement with the supply chain and with our international partners;
- Defra continues to work with industry to introduce more energy efficient light bulbs, ahead of an EU-wide mandatory phase out of incandescent light bulbs;
- Defra took a lead role with BERR to advocate and successfully develop an EU Action Plan for Sustainable Consumption and Production and Sustainable Industrial Policy in July 2008 (this includes new proposals to improve the environmental performance of products and their uptake);
- as required in the Climate Change Act, Defra is preparing guidance on how organisations should measure and report their greenhouse gas emissions for publication later this year; and

- Defra, in collaboration with the European Commission's Joint Research Centre, launched the voluntary European Code of Conduct on Data Centres in November 2008. Use of the Code by Data Centres in the UK alone over the next six years could save 4.7MtCO<sub>2</sub>, equivalent to taking more than a million cars off the road, and £700m (note that the savings presented here will overlap to some degree with other related policies, and are therefore not entirely additional).

An important aspect of more sustainable consumption and production is the impact of products at their end of life as waste. Following the Waste Strategy for England 2007, Defra is working to:

- secure better integration of treatment for municipal and non-municipal waste;
- secure the investment in infrastructure needed to divert waste from landfill and for the management of hazardous waste; and
- meet and exceed the Landfill Directive diversion targets for biodegradable municipal waste in 2010, 2013 and 2020.

The Waste Infrastructure Programme continues to support local authorities to build infrastructure. For example, 10 new Private Finance Initiatives (PFI) projects were approved in 2008, practical support on the procurement of major waste infrastructure was provided to 43 Local Authorities, a procurement advice pack with guidance documents to help all waste infrastructure projects has been produced and two, well attended, Solid Recovered Fuel (SRF) market stimulation events have been staged. A minimum standard for SRF which is included in the Renewables Obligation Order came into force on 1 April 2009.

Defra has been working with the Business Resource Efficiency & Waste Centre for Local Authorities to support 6 Local Authorities in piloting 'Zero Waste Places' across England ranging in size from a residential street to an entire region.

The Environment Agency (EA) has reduced overall reliance on landfill as a result of successful ongoing implementation of the Landfill Directive. Since 2001, the number of landfill sites located within England and Wales has reduced from over 2,000 to approximately 450 in 2009.

## Waste and Resources Action Programme

### 1) Food Waste

*The Food We Waste* report, launched by the Waste and Resources Action Programme (WRAP) in May 2008, estimated that UK households throw away 6.7 million tonnes of food every year, most of which could have been eaten had it been planned and managed more effectively. Each tonne of food waste avoided saves about 4.5 tonnes of CO<sub>2</sub> equivalent greenhouse gas emissions. WRAP has helped to reduce food waste by 137,000 tonnes, saving 600,000 tonnes of CO<sub>2</sub> equivalent greenhouse gas emissions.



## **Waste and Resources Action Programme (continued)**

WRAP's 'Love Food Hate Waste' campaign is working with the UK grocery sector, food industry, Government and organisations such as the Food Standards Agency to encourage behaviour change by making it easier for consumers to get the most from the food they buy and waste less of it.

In January 2009 the signatories of the Courtauld Commitment agreed to work together to help reduce the amount of food the nation's householders throw away by 155,000 tonnes by 2010, against a 2008 baseline.

### **2) Closed Loop plastic bottle recycling**

WRAP's funding has supported the creation of a unique reprocessing plant, Closed Loop in London, to convert waste plastic bottles back into recovered plastic resins suitable for food grade applications. These resins are used for the manufacture of new plastic bottles for drinks and milk as well as thermoformed packaging in the UK. The plant opened in 2008 and will take 35,000 tonnes per year of mixed plastic bottles from municipal and office collections, saving 50,000 tonnes of CO<sub>2</sub> equivalent greenhouse gas emissions each year.

### **3) Halving construction waste to landfill**

WRAP is helping the construction industry to achieve the Government-industry target of reducing by half construction, demolition and excavation waste going to landfill by 2012, through the voluntary agreement – *The Construction Commitments: Halving Waste to Landfill*. Over 100 leading organisations representing all parts of the construction supply chain have already signed up to the agreement.

Also assisting the construction industry to reduce waste to landfill is the Aggregates Levy Sustainability Fund (ALSF). A total £24m of ALSF funding was distributed in 2008/09 with the aim of reducing the environmental footprint of aggregates production and delivering benefits to communities in areas where aggregates are extracted.

### **4) Achievement of the first Courtauld Commitment target**

The Courtauld Commitment brokered by WRAP achieved its first objective of halting the growth in packaging used in the retail supply chain. Without this agreement it is estimated that packaging used would have increased by around 2% per annum. Absolute reductions in packaging waste are planned by 2010.

## Waste and Resources Action Programme *(continued)*

### 5) Work on market conditions

With the aim of improving the availability of market information within the recycling and re-processing sector, WRAP developed the Market Knowledge Portal, which summarises key market trends and pricing information and directs users to other key data sources. Additionally, WRAP produces regular Materials Pricing Reports and published market situation reports on organics, glass and china. This is particularly relevant in current economic conditions and volatility in commodity prices.

For more information on reducing your individual or business waste contributions, visit [www.wrap.org.uk](http://www.wrap.org.uk).

## Envirowise

Envirowise<sup>7</sup> launched a new practical online packaging indicator tool for eco-design. The tool is aimed at helping businesses reduce the environmental impact of their packaging designs. This has been piloted by Mars Snackfood, Diageo and other major companies and 800 businesses have registered for the toolkit.

The Food and Drink Federation (FDF) and Envirowise launched the Federation House Commitment in January 2008 as a response to the challenges in Defra's Food Industry Sustainability Strategy. The Commitment aims to contribute to an industry-wide 20% reduction in water use (outside of that embedded in products) by 2020 against a 2007 baseline. A total of 36 companies (including 30 FDF members) have signed up to the Commitment with nearly 200 food and drink manufacturing sites across the country working on reducing water usage under the Commitment. Actions under the initiative have so far resulted in a 1.7% reduction of absolute water use (not embedded in products) since 2007, equating to more than 475,000 cubic metres of water saved during 2008.

More on Sustainable Consumption and Production can be found under the performance reporting for DSO 3 in Chapter 4: Our Performance.

<sup>7</sup> More on Envirowise can be found at [www.panda.org/news\\_facts/publications/general/livingplanet/index.cfm](http://www.panda.org/news_facts/publications/general/livingplanet/index.cfm).

## Climate Change Mitigation

Climate change is the greatest environmental challenge facing the world today. Rising global temperatures will bring changes in weather patterns, rising sea levels and increased frequency and intensity of extreme weather.

Climate change presents a significant challenge to the UK and to the international community. However, there are also opportunities if we are willing to take action. Government, business and individuals all have a part to play both in mitigation (reducing greenhouse gas emissions to help prevent climate change) and adaptation (more on Adaptation to Climate Change can be found under Cross-cutting objective 2, page 108).

### What is Government doing?

DECC was created on 3 October 2008 to tackle the twin challenges of energy security and climate change. Defra is working closely with the new Department to reduce greenhouse gas emissions and protect the UK and global environment.

The Climate Change Act came into force on 26 November 2008 and requires Government to reduce greenhouse gas emissions to 80% below 1990 levels by 2050. In order to achieve this, the Government has set the first three UK carbon budgets spanning 2008-22 into law on 22 April 2009. These carbon budgets require a 34% reduction in greenhouse gas emissions by 2020. Defra's contribution to achieving the carbon budgets will be determined during the course of 2009, and will build on our action to reduce emissions in sectors such as agriculture, forestry, land management, and waste, and our programmes on sustainable consumption and production and the food chain.

Government commissions a wide range of scientific research on climate change and funds a number of programmes to encourage business to reduce emissions and to find cost effective measures to tackle climate change including the Climate Change Levy and Climate Change Allowances and emissions trading schemes. Government also funds the Carbon Trust and the Energy Saving Trust, who provide advice and help for businesses and the public.

### DECC and Defra

Until October 2008 Defra led on climate change policy (mitigation and adaptation) across Government, but with the relevant Departments leading their individual climate-related policies. DECC now leads on all mitigation, and international adaptation. Defra retains the lead on UK adaptation.

This means Defra's role on mitigation is now like that of DECC's other key partner Departments, such as the Department for Transport (DfT), and Communities and Local Government (CLG). Defra leads on specific policies to reduce greenhouse gas emissions in areas we influence, primarily: agriculture, forestry, and soils; waste; some industrial gases (particularly fluorinated gases); sustainable consumption and production; and the food chain.

Our other key role is to ensure that all of the Government's mitigation policy takes account of sustainability and environmental impacts.

Some of the major policies that Defra used to lead on and that are now the domain of DECC include:

- all EU and international negotiations on all aspects of climate change including the EU Emissions Trading Scheme;
- all energy-related domestic policies; and
- carbon budget policies.

### What are we doing?

Defra's 'Save Money, Save Energy, Act On CO<sub>2</sub>' campaign will provide long term assistance to households to help them tackle rising energy prices and save up to £300 every year on energy bills, through improved energy efficiency and other measures.

Defra provided a cash boost of £450,000 in 2008/09 to the Regional Climate Change Partnerships and made a further funding commitment covering 2009-11.

The highly successful Climate Change Champions initiative, focused specifically on inspiring young ambassadors within each of the regions to raise awareness around climate change and to promote action to reduce individuals' carbon footprints. It ran in 2008/09 and, thanks to the efforts of one young ambassador, the Duke of Edinburgh Awards will be incorporating climate change in its awards programme.

Defra helps the agriculture sector to play its part in mitigating greenhouse gas emissions. This includes the development of a policy framework for reducing emissions from the agriculture, forestry and land management sector, our continued work to promote the uptake of anaerobic digestion and also to fund the 'Farming Futures' communications project until March 2010.

In order to protect the large store of carbon in our soils (about 10 billion tonnes in the UK), Defra is working jointly with Devolved Administrations and public sector partners on peat protection, developing best practice for protecting peat soils from degradation as well as seeking to understand the trends and status of our peat soils. We have also commissioned a literature review into the possibility of using biochar, a charcoal-like substance created from biomass, as a means of sequestering carbon in our soils in a more permanent way.

Defra completed a major consultation in October 2008 on further proposed regulations and measures to implement controls and underpin European Community (EC) legislation on fluorinated gases.<sup>8</sup> The revised regulations came into force in early March 2009.

At the international level, Defra/UK took part in negotiations under the Montreal protocol in November 2008 that led to a successful replenishment of the Multilateral Fund (\$490m for 2009-11) that will help developing countries accelerate their phase-out of hydrochlorofluorocarbons (HCFC) as well as the complete phase out of other substances. The UK's contribution will be almost \$11m a year over the three year period. Accelerated HCFC phase-out will deliver ozone layer and climate benefits, as ozone-depleting substances are also powerful greenhouse gases.

Defra is working closely with The Department for International Development on the environmental sustainability of increased global food production, including climate impacts. Our food chain programme is also exploring the greenhouse gas emissions resulting from the international links in the UK's food chain.

Funding for Low Carbon Technologies will support low carbon development, clean technologies, climate resilience and sustainable forests management in developing countries. The UK element of the Environmental Transformation Fund<sup>9</sup> has been increased to £400m over the next three years.

<sup>8</sup> Fluorinated greenhouse gases are covered by the Kyoto protocol and have high global warming potential. They are widely used in commercial refrigeration and air-conditioning systems and other more specialised uses. Emissions of these gases amounted to just under 2% of UK emissions in 2007.

<sup>9</sup> [www.defra.gov.uk/environment/climatechange/uk/energy/fund/index.htm](http://www.defra.gov.uk/environment/climatechange/uk/energy/fund/index.htm)

## Evidence: Research & Development

Our Evidence team supports the work of Defra across our purpose and three priorities. Our work on bio-lubricants, a carbon emissions indicator and product roadmaps contribute to the promotion of a sustainable, low-carbon and resource-efficient economy.

Concrete made from non-toxic, biodegradable material will take the UK one step closer to manufacturing products in more carbon-friendly ways, thanks to Defra-funded researchers. Scientists have developed a technique that uses bio-lubricants made from vegetable oil to mould concrete. This reduced the amount of greenhouse gas emissions released by more than half compared to mineral-oil based lubricants. There is increasing demand to make concrete environmentally friendly, especially where it comes into contact with people, water and food. Bio-lubricants can help reduce the carbon-footprint of many products made by the chemicals industry, such as soaps, paint and paper.

A carbon emissions indicator was published in the summer of 2008 and represented a key piece of research for Defra policy. The indicator shows global impacts of products, and helps underpin the scope of some of the policy projects in sustainable production and consumption.

Defra is piloting the development of ten 'product roadmaps'. Product roadmapping was conceived as an approach for facilitating collaboration between Government, business and other stakeholders to achieve improvements in the sustainability of products. Various research projects have helped in identifying the environmental impacts and where targeted action is needed across the lifecycle and supply chain of roadmap products, such as cars, televisions, toilets, domestic lighting and oxy-degradable plastics. Over the next year, we are funding projects to inform the development of the action plan for the clothing roadmap.

The outputs of a food manufacturing waste mapping survey, commissioned jointly by Defra and the Food and Drink Federation (FDF), have provided a snapshot of the level of food and packaging waste occurring across FDF's member companies. The survey results will help inform Defra's, FDF's member companies and WRAP's work, to continue improving food and packaging waste prevention in the food manufacturing industry.



## Socially and Economically Sustainable Rural Communities

Supporting and promoting socially and economically sustainable rural communities contributes to all of our priorities as well as to the work with our delivery partners.

### What are we doing?

To support the promotion of socially and economically sustainable rural communities, the Prime Minister invited Matthew Taylor MP to conduct a review on how land use and planning can better support rural business and deliver affordable housing. Many rural communities are faced with a combination of higher-than-average house prices and lower-than-average local wages. This can create challenges for individual families, the local economy and the wider sustainability of the community.

The Taylor review was presented jointly to CLG and Defra on 23 July 2008. It made a number of recommendations for how these issues can be addressed within the context of existing protection for the natural environment through the application of land use and planning policy. The Government response was published on 25 March 2009 and the Government accepted most of the recommendations of the report.

A major focus of our work in relation to affordable rural housing has been in supporting delivery of the Government's target for affordable housing in rural areas. That target commits the Housing Corporation to deliver at least 10,300 affordable home completions in settlements of less than 3,000 inhabitants over the period 2008/11. Initial numbers on completions in the period 2008/11 have been promising. However, given current market conditions, it is too early to predict outputs with certainty over this time period.

With the support of CLG, Defra is funding a research and good practice project which will support the new Homes and Communities Agency to actively promote delivery of this target in light of the current challenging economic context.

We have continued to engage with DfT on its plans to make changes to the Bus Subsidy Operators Grant (BSOG), which currently provides £413m a year to support marginal bus services, many of them in rural areas. We accept the need to improve the current subsidy arrangements, but we have been clear that any changes should not adversely affect people living in rural areas. We have also engaged with DfT on proposals to replace some rural buses with taxis and an emerging EU directive on the rights of bus and coach passengers.

We have continued to work with BERR and CLG over the digital agenda, ensuring that rural areas are taken into account in broadband policy development. The Government's Digital Britain Interim Report was published in January and gave a commitment to develop plans to make broadband a universal service by 2012.

More on Rural Affairs can be found under Cross-cutting objective 3: Rurality and performance reporting for DSO 8 in Chapter 4: Our Performance.

## Forward Look for Priority 2

In addition to continuing with our current work in supporting our priority to promote a sustainable, low-carbon and resource-efficient economy, plans for the forthcoming year include:

### Sustainable Consumption and Production

- We will update and publish the Green Claims Code in 2009, which provides guidance and principles for the responsible use of product information in green marketing. A sector specific document will be published in 2010.
- Define new environmental standards for key products and services purchased by Government and develop an agreed EU framework for Green Public Procurement. Robust UK and EU minimum procurement standards are to be developed and rolled out by the UK Government by the end of 2011.
- Further work to develop pilot product roadmaps to reduce the environmental impacts of products with a significant environmental impact. Cross-government and industry decisions are to be made in 2009 on roadmaps for cars, plastics, palm oil and tourism.
- £6m Greener Living Fund projects and partners are to be launched, with projects completed by the start of 2011.
- The second phase of the 'Real Help' campaign for businesses is to be developed and implemented, with completion planned for 2009/10.
- A research centre on sustainable behaviours is due to be established in 2009, to continue to build the evidence base on consumer environmental behaviours.
- The Low Carbon Industrial Strategy is expected to be published in Summer 2009. Defra will continue to focus on the opportunities to help the UK transition to a low carbon economy from improved resource efficiency in the use of materials, water and other resources, and through waste reduction.
- Defra will also update the carbon footprinting methodology (PAS 2050), publish guidance in 2009 on corporate reporting of greenhouse gas emissions as required under the Climate Change Act, and publish jointly with BERR a strategy document setting out the Government's vision for optimising packaging and increasing the recycling of packaging waste.
- In terms of further reducing waste, Defra plans to help consumers avoid food waste by working with the FSA to clarify food labelling, establish producer responsibility schemes for the collection and recycling of used portable batteries, transpose the revised EC Waste Framework Directive and work closely with the EA, WRAP and the Local Government Association to monitor markets for waste and materials and the effects of the recession to maintain public confidence in recycling.

- We will influence further ambitious agreements under the Eco-design of Energy-Using Products Directive. The first phase is to be completed by end 2010, with the second phase commencing in early 2011.

### **Climate Change Mitigation**

- Defra has developed with other departments an international strategy statement on sustainable biofuels, focused on the need to avoid indirect greenhouse gas emissions as well as wider environmental and food security impacts from these intended mitigation measures. This will be integrated into a wider Government policy statement on biofuels at the UK, EU and international levels.
- Defra is contributing to a new government project on palm oil to help reduce greenhouse gas and biodiversity impacts.

### **Socially and Economically Sustainable Rural Communities**

- Defra in partnership with BERR, the Commission for Rural Communities (CRC) and the Regional Development Agencies (RDAs) will continue to monitor the impact of the economic downturn on rural communities. This is to have a focus on any risks that may be particularly relevant to rural areas such as issues affecting small and medium sized enterprises (SMEs) or those on low wages or in seasonal or part-time work.
- We have commissioned a number of research projects in support of our *Socially and Economically Sustainable Rural Communities* DSO. These include projects looking at educational attainment and choices, house values and their effect on rural communities, health inequalities and social capital in rural communities. These particular projects are due to conclude in Summer 2009 but the portfolio is a dynamic one and other projects will be commissioned as necessary.
- Fuel poverty is an important issue for rural areas. The nature of housing stock and lack of access to gas mains means that people living in rural areas face particular difficulties. It can be difficult to make the necessary improvements to older housing stock, of which there are high numbers in rural areas. To make housing stock more fuel efficient we are working with DECC and the CRC to better understand these issues and their possible solutions.



### Priority 3:

Ensure a thriving farming sector and a sustainable, healthy and secure food supply



## Highlights from 2008/09

- The Machinery of Government changes in October 2008 gave Defra a coordinating role in food policy. This will require us to work with other departments on wider issues, in addition to our lead responsibilities on farming, the food industry and their environmental impacts, for example social impacts (including health, wellbeing and food poverty) and international activity on global food security and sustainability.
- In December 2008 the Secretary of State announced Uplands Entry Level Stewardship (ELS), a new strand of Environmental Stewardship designed specifically for upland farmers. The scheme will replace the Hill Farm Allowance from 2010, rewarding farmers for the provision and maintenance of landscape and environmental benefits in the uplands.
- Following the announcement by the Secretary of State on 6 December 2007 that a commemorative badge and certificate would be awarded to the Women's Land Army (WLA) and Timber Corps, during 2008/09 Defra awarded over 33,500 badges to veterans and organised a special ceremony hosted by the Prime Minister at Downing Street, at which 50 ladies received their badges personally from the Prime Minister, in recognition of the contribution to the war effort of all those who served in the WLA. Defra has also been working with Lord Lieutenants around the country to support them in hosting further events to celebrate the award of the badge.
- Additional resources totalling £4.3m were announced on 21 January 2009 for bee health measures. £2.3m is targeted at implementing the first stage of the 'Healthy Bees' plan which was launched on 9 March 2009.<sup>10</sup>
- On 3 November 2008 a new Bovine TB Eradication Group was launched. The Group has met regularly since 27 November 2008.
- Defra collaborated with cross-Whitehall teams to publish the UK's first cross-government international pandemic preparedness strategy in October 2008. The strategy recommends how we might best encourage engagement and research across veterinary and human health sectors globally in support of a 'One World, One Health' approach.

<sup>10</sup> Out of a new total research and development budget of approximately £600,000 p.a., some £500,000 p.a. will be channelled into a new research programme with other funding bodies on threats to pollinators, including honey bees, and the remainder will be available for urgent honey bee issues. (The new £600,000 p.a research and development budget has been set for the next 5 years and is some £400,000 p.a larger than the current budget).



## Introduction

Our third Priority – to ensure a thriving farming sector and a sustainable, healthy and secure food supply – focuses on the work of Defra in areas such as future farming policy and practice, the impacts of climate change in the farming sector, food security, rural development and animal health and welfare.

Food security is a complex issue, one that is at the same time global and local, an immediate challenge and a far reaching one, a threat to be dealt with and perhaps also an opportunity. Defra has the lead on food security across Government; to ensure a reliable and resilient food supply. Alongside this, it is essential to support a thriving farming sector; a farming sector that is competitive, profitable, adapted to climate change and sustainable. These aims will help us promote and protect our environment.

The outcomes we are seeking to achieve through this Priority are reflected in several of our DSOs, in particular DSO 6 and DSO 7. Latest performance on these targets can be found in Chapter 4: Our Performance.

## A Sustainable, Secure and Healthy Food Supply

UK food security means consumers having access at all times to sufficient, safe and nutritious food for an active and healthy life at affordable prices. To enable this, our food supply must be reliable and resilient to shocks and crises; food must be produced sustainably, and our food security needs to sit alongside our other, urgent priorities of tackling climate change, securing a healthy natural environment, helping consumers make the transition to healthier diets as well as ensuring the long-term sustainability of the food and farming industries.

### What are we doing?

Defra published a discussion paper on ensuring food security in July 2008 and contributed to the development of a report by the Prime Minister's Strategy Unit entitled *Food Matters: Towards a Strategy for the 21st Century* (published in July 2008). Together these papers set the scene for the Government's approach to food policy – joining up the economic, health, social and environmental challenges in the food system with long-term security.

The Council of Food Policy Advisors was established in December 2008 for two years with a remit to provide independent advice to the Secretary of State on all areas of food policy. The Council's initial priorities are: defining healthy and sustainable diet; looking at how to increase fruit and vegetable consumption; and advising Government on public procurement and demand modification.

Defra has continued to carry out research into the environmental impacts of food, in particular on greenhouse gas emissions. This work contributed to the development (with BSI and Carbon Trust) of a standard methodology for measuring greenhouse gases in goods and services (PAS 2050). This has provided indicative greenhouse gas emissions data for certain foods throughout the supply chain and provided indicators of the relative merits of different potential food supply systems.



Defra is introducing regulations to protect the £4bn per annum Scotch Whisky industry to tackle fraudulent and deceptive practices estimated to be costing industry approximately £150m per annum.

Defra is responsible for the Public Sector Food Procurement Initiative (PSFPI) launched in August 2003 to help deliver the Government's Sustainable Farming and Food Strategy. A progress report covering PSFPI work in the regions during 2008/09 will shortly appear on the the Defra web site.

An evaluation of the PSFPI in March 2009 identified how best to build on the progress already made and work will begin on implementing the recommendations approved by Ministers in the financial year 2009/10. Defra is also working with the Department of Health to develop a Healthier Food Mark – a recommendation in the Cabinet Office report *Food Matters: Towards a Strategy for the 21st Century*. The mark will include both nutritional and sustainability criteria and will be piloted during 2009/10.

Defra has worked closely with the Office of Government Commerce and the Department for Children, Schools and Families over the last year to link the PSFPI and embed sustainability into the Collaborative Food Strategy. The latter was established to help public sector organisations work more closely together in their procurement of food and catering services.

Defra has funded a consortium led by Dame Fiona Reynolds and Ian Cheshire to direct work on reconnecting people with seasonal eating habits and growing their own food. The 'growing your own' phase of the campaign was launched in March 2009. The second and main part of the campaign, that encourages people to eat more in-season food, was launched on 28 May 2009.

The United Kingdom Export Certification Partnership was established as a joint government/industry pilot project in October 2008 on a three-year trial. Defra is investing and working jointly with the UK meat, livestock and genetics industry to reopen third country exporting markets for their products.

### Covent Garden Market Authority (CGMA)

LowHub provide an eco-friendly service delivering fruit, vegetables and flowers from New Covent Garden Market direct to customers using vehicles fuelled either by biofuel or electricity. They were the winners of: a 'green gong' at the City of London Corporation's annual Sustainable City Awards in the Traffic and Transport category; the prestigious Sustain magazine Award for Leadership in Sustainability; and Wandsworth Council's Green Business Award in the Innovation category.

CGMA, in partnership with the South East England Development Agency, are working to increase the volume of produce grown in the South East used by the food service sector in London. In addition to appointing a full time Business Development Manager, a number of events have been held at New Covent Garden Market bringing producers together with wholesalers and buyers to showcase local food. A series of monthly visits has been established linking producers with suppliers and end users.

More on Food Security can be found under the performance reporting for DSO 7 in Chapter 4: Our Performance.

### Common Agricultural Policy Reform

The European Union's Common Agricultural Policy (CAP) provides financial support to farmers for a range of farming, environmental and rural development activities as well as controlling EU agricultural markets.

Despite important changes in recent years, the CAP is more in need of reform than ever. Currently, the CAP is highly ineffective in achieving its objectives and results in significant costs to EU taxpayers and consumers. Europe needs a fundamentally reformed CAP to deal with the key challenges of the 21st Century, including globalisation, tackling climate change, creating a sustainable environment and protecting natural resources. In 2005, the UK set out a radical blueprint for the future of the CAP in the document *A Vision for the Common Agricultural Policy*. This CAP Vision represents our long-term policy position on the CAP.

## What are we doing?

Our CAP Vision set out a blueprint for the future, envisaging the abolition of Pillar 1 of the CAP by 2015-20. Our model for sustainable European agriculture specified that the industry should be rewarded by the taxpayer for producing societal benefits that the market cannot deliver. Remaining expenditure would be based on Pillar 2 with rural development measures gaining a central rather than a peripheral role under a future CAP.

In January 2009, the EU agreed, as a result of the CAP health check, to further decouple subsidy from production, reduce market-distorting intervention measures, reduce red tape in direct farm payments, and increase the focus on delivering public benefits including environmental benefits. The UK would have preferred to go further, by phasing out all the remaining coupled payments and ending all forms of market intervention, while greatly increasing the focus on environmental benefits.

The European Commission is now developing Implementing Regulations. The Government is likely to consult publicly this year on some aspects of implementation, such as those where there are options for Member States, including minimum single farm payments, and Good Agricultural and Environmental condition standards under cross-compliance.

The Rural Payments Agency (RPA) is responsible for the delivery of CAP Pillar 1 and Pillar 2 payments and the administration of Pillar 1 schemes. RPA also administers the Hill Farm Allowance and the British Cattle Movement Service.

RPA met its formal target of making 96.154% of payments by value under the 2007 Single Payments Scheme (SPS) by the end of the EU payment window of 30 June 2008.<sup>11</sup> This was achieved two weeks ahead of target.

Payments of 2008 SPS claims started at the beginning of December 2008, earlier than in previous years, and ministerial targets were met ahead of schedule. Figures published on 13 May 2009 showed that just over £1.56bn (96.18%) has been paid.

More on the CAP Health Check and SPS can be found under the performance reporting for DSO 6 in Chapter 4: Our Performance.

<sup>11</sup> In 2005, the Single Payment Scheme replaced 11 Common Agricultural Policy schemes which the RPA previously administered. It is paid in recognition of claimants' stewardship of the land. To receive payment farmers are required to meet environmental, public health, animal and plant health and animal welfare standards.

## Rural Payments Agency

The Rural Payments Agency (RPA) administers CAP support payments, and manages related schemes itself or through other delegated delivery bodies. The Agency tracks livestock and carries out inspections to help deliver Defra's priorities.

A three-year strategy document, published in June 2008, sets out what the Agency plans to achieve over the period 2008/09 to 2010/11. It focuses on the needs of customers and stakeholders, Defra, the Network, other government departments and international bodies.

An electronic channel using third party farm management software was successfully tested for SPS 2008 applications. Subject to further testing and roll out, all farmers and their agents will be able to apply for payment using the on-line system from the 2010 scheme year.

The Agency's priority is to continue to improve performance on paying SPS claims so that more farmers can be paid as early in the payment window as possible. RPA aims to pay at least 95% (by value) of valid claims by 31 March 2011, for the 2010 scheme year.

The Agency is committed to supporting the Department's aim of reducing the customer administrative burden, or 'red-tape', by 25% by 2010. Reducing the administrative burden of SPS on customers is a priority for RPA.

The Rural Land Register is undergoing a mapping update which will provide up-to-date and accurate maps for farmers helping to ensure that their CAP payments are correct. The Agency is working with the farming industry to help manage the change. The update will also support future electronic channels and reduce the risk of EC financial corrections (disallowance) associated with inaccurate land data.

Disallowance can be applied by the European Commission, if, in its view, there has been a failure or partial failure to meet scheme rules. Stronger disallowance management processes in 2009/10 will take account of bilateral meetings with the Commission and its audit teams, and will focus on the identification and management of potential risks of financial correction.

For further RPA plans, reports and other key documents visit [www.rpa.gov.uk](http://www.rpa.gov.uk).

## Farming for the Future

In support of our Priority to ensure a thriving farming sector, the Defra Farming for the Future programme (FFF) aims to ensure that by 2020 English agriculture is competitive and profitable without subsidy, makes a net positive environmental contribution and manages sustainably the landscape and natural resources that underlie it.

The FFF programme proposes to achieve this by creating a coherent policy and regulatory framework to drive up farming's environmental performance and help the sector to re-skill and re-structure itself in support of both its competitiveness and improved environmental performance.

The programme is aimed at delivering the behavioural change necessary to realise that vision, at the same time setting a new direction for the relationship between Government and the farming sector.

### What are we doing?

Since the Farming for the Future Conference in November 2007, Defra has worked with key agriculture and land management stakeholders to identify a long-term vision for English farming and the action needed over the next three to five years to move us in the right direction. We are aiming to secure partners' agreement in the near future to a document called *Farming for a Changing Future*, which will set out key priorities for early action.

More on FFF can be found under the performance reporting for DSO 6 in Chapter 4: Our Performance.

### Evidence: Economics

Defra's Food and Farming analysts have developed the evidence base and contributed to the development of policy across a range of issues.

As part of their ongoing contribution to Defra's evidence based policy-making, economists have been working recently on analysis of the potential for and robustness of estimates of **greenhouse gas** abatement potential in the agriculture sectors to inform Defra's position in the carbon budget setting process. We are also examining the ability of various types of policy instruments to unlock this abatement.

Economic evidence underpinned the UK's negotiating position for the wide-ranging **Health Check** reform of the EU's Common Agricultural Policy (CAP), agreed in November 2008. State of the art analysis and economic modelling identified the most distorting CAP policies and generated options for reform, informing our stance in the negotiations. The reform takes us a step closer to the UK's vision for a competitive and market-orientated EU farming sector, eliminating more than €4bn of trade-distorting agricultural support by 2013.

### **Evidence: Economics** *(continued)*

An analytical assessment of UK **food security** is being compiled. This will cover many dimensions, reflecting the complex and cross-cutting nature of food supply. The assessment will provide a structured compendium of key evidence about our food security now and in the medium term. It will be published in the Autumn.

Farming has a wide range of complex, significant and long-term impacts on the environment. These impacts can be beneficial as well as damaging and many of the impacts are external to farming so that the costs or benefits are met by other sectors or the general public. The **environmental accounts** for agriculture have been further developed to improve the estimates made of the values of these physical impacts and to track changes over time, so that the environmental impacts can be compared with each other and aggregated together to give a measure of the net overall impact of the sector.

The aims of the research **Estimating the Environmental Impacts of Pillar I Reform** were to estimate the likely effects of Pillar I reform on agricultural production. This included possible changes in land use intensity and farm practices, estimating the likely environmental impact of these changes in agriculture on environmental objectives, including landscape, biodiversity, water quality, greenhouse gas emissions as well as flooding. It also provided advice on the potential budgetary requirements for delivering a specified level of environmental quality through agri-environment measures under Pillar II.

The **Farm Business Survey** has continued to be developed as a valuable microdata source for analysis of the sector. Data has been collected through new modules on energy use and management practices to analyse the distribution and interaction of economic and environmental farm performance.

### **Skills for Farming**

To ensure a thriving farming sector, we also work with industry and stakeholders towards delivering an appropriately skilled farming industry, which is fully competitive in the marketplace, without subsidy, and delivers against a demanding agenda for the mitigation of and adaptation to climate change with an improved environmental performance.



## What are we doing?

The first phase of this project has been completed successfully and the first, annual, industry led Agri-Skills Forum was held on 9 September 2008. The agenda will continue to be taken forward by the Agri-Skills Forum's Management Group, which includes the National Farmers Union, Lantra, Landex and the Agricultural and Horticultural Development Board.

An Agri-Skills round table meeting was held on 2 April 2009 with the Secretary of State and all of the key government and industry players to consider how to accelerate progress in training and skills development in farming. As a result of the meeting, the Agri-Skills Forum is developing a plan to set out what industry stakeholders will do, and how Government can help, to improve tailoring the provision of training to match industry needs and to provide the required amount of training.

The development of the virtual Lantra Skills Manager (formerly on-line Competency Framework) is being undertaken by Lantra, the Sector Skills Council for the environmental and land-based sectors. Defra has led with funding, providing £645,000 over 3 years up to the end of the 2008/09 financial year. From 2009/10 the Skills Manager will be self-financing.

### Evidence: Research & Development

Collaborative research that Defra co-funds with industry investigated the suitability of different breeds of wheat for bread making. Targeted wheat breeding provided improved understanding of raw material functionality and processing and facilitated development of methods for objectively assessing final product quality for UK bread. The research provided information to enable wheat breeders to target breeding programmes.

Defra continues to keep farmers well informed through its quarterly news magazine *Farming Link*. A readership survey in 2008 found that approximately nine in ten (88%) felt that the magazine was good. Face-to-face communication on a variety of topics was consolidated through an extensive roadshow at over 80 livestock markets and a number of key county shows, around England. An innovative low-carbon stand at the Royal Show emphasised Defra focus on adaptation, recycling and sustainability.

## Agriculture and Climate Change

In order to promote a sustainable economy, healthy environment and thriving farming sector, we need to focus on mitigating some of the harmful impacts of agriculture on climate change.

Anaerobic Digestion is a proven renewable energy technology. It can reduce greenhouse gas emissions by capturing methane from the decomposition of organic materials enabling production of biogas that can be used as a renewable energy source for both heat and power, or the carbon dioxide and other impurities can be removed to produce biomethane which can be used as a transport fuel or added to the gas grid.

### **What are we doing?**

The Government sees anaerobic digestion as a technology with significant potential to contribute to our climate change and wider environmental, economic and social objectives. We wish to see a much greater uptake by local authorities, businesses and farmers.

Defra published the paper *Anaerobic Digestion – Shared Goals* in February 2009 developed jointly with stakeholders from the anaerobic digestion industry, agriculture, energy and water utilities, the waste management sector, regulators, and local and regional government. We now need to drive forward the development of practical ways to achieve a major increase in the use of anaerobic digestion. An Anaerobic Digestion Task Group has been set up to develop an Implementation Plan. This will set out the practical measures that Government and stakeholders will take individually and collectively to achieve a major increase in the use of anaerobic digestion.

The Chancellor announced funding in the 2009 Budget of £10m to increase food waste processing capacity, including anaerobic digesters, which is additional to the £10m identified in 2008 to fund an Anaerobic Digestion Demonstration Programme.

'Farming Futures'<sup>12</sup> is working to raise awareness of climate change among farmers. It promotes on-farm adaptation and mitigation and encourages good practice, using face-to-face and media channels. In March 2009 the Farming Futures Project phase 2 concluded. It produced very positive outputs including work to communicate climate change responsibilities to farmers, land managers and advisors and promoting behaviour change. Both Government and stakeholders involved are keen to ensure the long-term future of the project. Defra will be providing further funding until March 2010, while its long-term future is being decided.

The Secretary of State announced in August 2008 that the Rural Climate Change Forum should be reappointed for a further two and a half years, up to March 2011. All eight existing member organisations were reappointed, and three new members were invited to join – the Soil Association, the Agricultural Industries Confederation and the Agriculture and Horticulture Development Board.

On the international level, in November 2008 Hilary Benn and the Chinese Agriculture Minister signed a Memorandum of Understanding on Sustainable Agriculture and formally launched the China-UK Sustainable Agriculture Innovation Network (SAIN).

More on Climate Change and Agriculture can be found under the performance reporting for DSO 6 in Chapter 4: Our Performance.

<sup>12</sup> Farming Futures is a collaborative communications partnership between the National Farmers' Union (NFU), Country Land and Business Association (CLA), Agricultural Industries Confederation (AIC), the Agricultural and Horticultural Research Forum (AHRF), Forum for the Future and Defra.

## Nutrient Management

Another aspect of ensuring a thriving farming sector is the effective management of nutrients. The current high price of inorganic fertilisers is impacting on the farming industry, creating the opportunity for farmers to source alternative and environmentally friendly substitutes (i.e. switching from Ammonium Nitrate to Urea).

### What are we doing?

The Nitrate Vulnerable Zones (NVZ) Action Programme completed in October 2008 with extended NVZ coverage across England and new measures to ensure farmer compliance with the Nitrates Directive. Extended closed periods for fertiliser application will limit nutrient losses and encourage best practice for on-farm management of manures/slurries.

The updated Code of Good Agricultural Practice (CoGAP) was published in January 2009. This provided the farming industry with best practice advice and guidance on a range of on-farm activities. It also includes a comprehensive summary of all legal/regulatory obligations on farmers.

A Nutrient Management Plan has been developed by industry (National Farmers' Union, Country Land and Business Association, Linking Environment and Farming, Agricultural Industries Confederation and Farming and Wildlife Advisory Group) in partnership with Defra and the Environment Agency (EA) to deliver a broad range of Defra objectives including developing best practice within the sector for management of nutrients.

More on Nutrient Management can be found under performance reporting for DSO 6 in Chapter 4: Our Performance.

## Responsibility and Cost Sharing for Animal Health and Welfare

The work of the Responsibility and Cost Sharing (RCS) Programme aims to reduce the frequency and severity of animal disease outbreaks and, by extension, to improve the sustainability of livestock farming in England.

RCS is part of a wider agenda aimed at establishing a new framework to reshape the relationship between the livestock industry and wider society. It will establish mechanisms through which the responsibilities and costs of animal health activities are shared more equitably between industry and the taxpayer.

The current financial arrangements for dealing with animal disease outbreaks are unsustainable, and the Government is committed to ensuring that costs are better shared between main beneficiaries and risk managers. In addition, shared responsibility offers the chance for improved decision making and, ultimately, a reduced risk of animal disease outbreaks.

## What are we doing?

In addition to working up detailed proposals with industry for the public consultation (30 March 2009 – 30 June 2009), Defra has continued to develop its partnership-working in the field of animal health, expanding, where appropriate, the principles of disease core groups.

This consultation process is again supported by a number of regional events aimed at engaging directly with grass roots farmers and others with an interest. The key proposals developed in line with the UK Responsibility and Cost Sharing Consultative Forum include developing a new independent body for animal health policy, together with sharing the cost of exotic disease surveillance and preparedness via a registration-based levy. Less well developed in this consultation is a proposal to share the cost of *actual* exotic disease outbreaks via compulsory insurance or an extension of the levy. Any development of the insurance model will be supported by a consultation later in the year.

We received 78 written responses to our last consultation in April 2008, and over 300 people attended last year's events. It is hoped that this year's events and consultation will attract even more interest.

More information on RCS can be found on the Defra website.<sup>13</sup>

### Core Groups

Core Groups were established to allow government and stakeholders to reach decisions on animal disease policy and controls by mutual consent and contribute to joint policy development. Members of Core Groups are selected for their knowledge of particular sectors and their standing with wider stakeholder organisations, but not as representatives of particular organisations. It is hoped and expected that this way of working provides a basis for further steps on responsibility sharing between Government and stakeholders.

Core Groups are given access to as much information on current situations, expert views and risk assessments as possible by government. This equips them to give advice on favoured approaches and responses (including to Ministers). The objective in all cases is to ensure that government reaches decisions which the Core Group is able to inform, endorse, support, and advocate with wider industry.

<sup>13</sup> [www.defra.gov.uk/animalh/ahws/sharing/index.htm](http://www.defra.gov.uk/animalh/ahws/sharing/index.htm)

## Bovine Tuberculosis

Bovine tuberculosis (bTB) is one of the most difficult animal health problems that the farming industry currently faces in Great Britain. Defra's bTB Programme recognises the need to look closely at how the current strategy might be improved. The Government recognises that working in partnership with the farming industry and strengthening the current programme of research and development will bring about a sustainable improvement in controlling bTB in England with measures tailored to reflect regional variation in disease risk and emerging evidence. (The Welsh Assembly Government and Scottish Government have their own programmes focused on combating the disease.)

At the end of December 2008 around 9% of herds in England were under bTB restriction due to a bTB incident. The problem is more severe in the South West and West of England with 18.1% of West region herds under restriction. The estimated GB herd incidence for 2008, based on confirmed breakdowns was 4.7%, with an average of 5.9 bTB reactors per 1,000 animals tested, compared to confirmed breakdown of 3.8% with an average of 4.4 bTB reactors per 1,000 animals tested in 2007.

### What are we doing?

After considering the wide range of evidence, including the final report of the Independent Scientific Group on Cattle TB (ISG), the Secretary of State announced in July 2008 the Government's policy that no licences would be issued for culling badgers to prevent the spread of bTB in cattle. The Government remains open to the possibility of revisiting this policy under exceptional circumstances or if new scientific evidence were to become available.

In November 2008 the TB Eradication Group for England was set-up to make recommendations to the Secretary of State on bTB and its eradication. The membership of the group includes representatives from Defra's Food and Farming Group, Animal Health, the farming industry and the veterinary profession. The Group's priority is to develop an effective and deliverable programme for eradicating bTB in England as well as to contribute to a UK Eradication Plan for submission to the European Commission. For more information including highlights of the TB Eradication Group's meetings, visit the animal health and welfare section of the Defra website.

Compensation for bTB continues to be a controversial and complex issue. The current system, based primarily on table valuations (compensation paid equates to the average contemporaneous open sales price for same category cattle), was successfully challenged in the High Court in June 2008. In April 2009, the Court of Appeal upheld Defra's appeal against the Court's decision that table valuations discriminated against owners of high value cattle.

Vaccination of either cattle or wildlife is considered to be a potential future policy option for reducing the risk of bTB in England. Since 1998, investment in vaccine development has reached more than £23.1m and on 7 July 2008 the Secretary of State announced that £20m will be spent on bTB vaccine research and development over the next three years. Real progress has been made and there are currently seven research projects underway. An injectable Bacillus Calmette-Guérin (BCG) badger vaccine will be licensed in 2010 and consideration is currently being given to how best to use injectable vaccines, including through a badger vaccine deployment project. The earliest projected date for a licensed BCG oral badger vaccine is late 2014 and the earliest projected date for the use of a BCG cattle vaccine with a differential diagnostic test (DIVA) is mid to late-2015.

More on bTB can be found under performance reporting for PSA 9 in Chapter 4: Our Performance.

### **Veterinary Medicines Directorate**

The aim of the Veterinary Medicines Directorate (VMD) is to protect public health, animal health and the environment, and promote animal welfare by assuring the safety, quality and efficacy of veterinary medicines. This aim is met through proportionate regulation, providing high quality services to our stakeholders and clear agreements with service providers.

In 2008/09, the VMD successfully completed the change programme aimed at ensuring the VMD is in a good position to deal with developments over the next five to ten years. It continued to work with stakeholders on the Pollution Reduction Programme, which accumulates evidence to determine whether the risks posed to the environment by pollution from cypermethrin sheep dips could be reduced to acceptable levels. The VMD set up a project to ensure that implementation is efficient and effective, both for staff and stakeholders.

Looking forward, the VMD Business Plan is available on the VMD's website and sets out the strategy for the VMD over a three-year period, which is taken forward and delivered by a series of projects directed towards continuously improving the VMD's efficiency and effectiveness with particular recognition of the increasing importance of the VMD's work in the EU.

To view the VMD's business plan 2008/09 – 2011/12, visit [www.vmd.gov.uk](http://www.vmd.gov.uk).



## Veterinary Science

The Veterinary Science Team (VST) was established to reduce the impact of animal conditions on the economy, society and the environment, through:

- timely, evidence-based, up-to-date veterinary and scientific advice;
- detecting and assessing new and changing threats to animal and public health, wider society (including ensuring sustainability and biodiversity) and the economy;
- horizon scanning, international networking, surveillance, and risk analysis; and
- delivering policy to deal with relevant threats to public health and the economy, and supporting animal health and welfare, and international trade in animals and their products.

### What are we doing?

VST has worked closely with the Department of Health and the Food Standards Agency (FSA) through a range of formal and informal networks to assess new threats to public health from animal diseases and infections.

A multi-criteria decision support tool has been introduced to help prioritise where resources are directed for maximum benefit in enhancing veterinary surveillance of new health threats. This ensures that the greatest threats are identified and intervention is prompt.

Publicity campaigns have been launched to raise awareness of animal product import rules. For example, the UK Border Agency (UKBA) was launched on 1 April 2008, and is working closely with Defra, HMRC and the FSA to help raise travellers' awareness of the rules on personal imports of animal origin.

### Veterinary Laboratories Agency

The Veterinary Laboratories Agency (VLA) helps deliver the Government's requirements for animal and public health and sustainable agriculture and food industries by providing veterinary research, surveillance, consultancy, laboratory and epidemiological services, and an emergency response capability. The Agency's main customer is Defra although work is also delivered to other Government Departments, the EU and the private sector.

## **Veterinary Laboratories Agency** *(continued)*

Over the past year VLA's key achievements include the following:

- The Brucellosis 2008 International Research Conference, organised by the VLA, took place at Royal Holloway, University of London, from 10 to 13 September 2008. The meeting, co-sponsored by VLA, Defra, the World Health Organisation and the Technical Centre for Agricultural and Rural Cooperation, attracted over 300 delegates from 60 countries. It covered many areas of brucellosis ranging from applied aspects of surveillance and control programmes through to the latest cutting-edge research.
- VLA worked closely with the Institute for Animal Health by providing testing for bluetongue virus by PCR-ELISA (a technique for virus detection) for pre-movement and export purposes.

Progress on TB research includes:

- generation of safety and efficacy data in collaboration with Fera, required for the licensing of BCG as an injectable vaccine for badgers;
- identification of vaccines that improve the efficacy of BCG in cattle and improve the sensitivity of tests that differentiate between infected and vaccinated animals (DIVA tests); and
- development of home-range maps for *Mycobacterium bovis* genotypes and a web-based molecular epidemiology information system, 'SPIDA', both helping Animal Health target resources for bTB control.

VLA continues to support Defra in the implementation of EU legislation to control zoonoses in livestock production. Evidence will be used to support the setting of EU targets for pathogen reduction and informing the development of National Control Programmes.

A new statutory control programme was introduced to control *Salmonella* Enteritidis and *S. Typhimurium* in egg laying flocks. A UK target has been set to achieve a minimum 10% annual reduction in the prevalence of these serotypes over a three-year period. VLA has provided expert consultancy on the development of the national control programme and is providing laboratory testing through the *Salmonella* National Reference Laboratory.

For further information on VLA activities and reports, visit [www.vla.gov.uk](http://www.vla.gov.uk).

### **The Central Science Laboratory (Food and Environment Research Agency since 1 April 2009)**

The Central Science Laboratory (CSL) is an Executive Agency of Defra. It provides research and information services covering agriculture, food and the environment to Defra, other UK Government Departments and industry and to governments and industry around the world. Its primary aim is to provide Defra with an efficient and competitive service in scientific support, research and advice to meet both statutory and policy objectives and Defra's PSA targets. The work programme of CSL is divided between four main areas:

- a healthy environment;
- sustainable land use;
- a safe food supply chain; and
- resilience against contingency events.

Key developments in 2008/09 include:

- successful completion of a programme to create and launch a new Defra Executive Agency, Fera, by merging CSL with the UK Government Decontamination Service (GDS), Defra's Plant Health and Seeds Inspectorate (PHSI), Plant Health Division and the Plant Varieties and Seeds Division (PVS);
- a collaborative project between CSL and Defra's PHSI won the prestigious 2008 Whitehall & Westminster World Civil Service Award for Science and Technology; and
- provision of rapid, high-level testing, expertise and advice to the Department of Agriculture, Fisheries and Food (DAFF) in the Republic of Ireland following the finding of unusually high polychlorinated biphenyl (PCB) toxin levels in Irish pork and beef.

Fera was launched on 1 April 2009 with a starting complement of around 900 staff and a budget of approximately £72m. For 2009/10 our plans include:

- building on the synergies and opportunities for innovation and exploitation created by the formation of the new Agency;

### **The Central Science Laboratory (Food and Environment Research Agency since 1 April 2009) (continued)**

- management of a £25m, five-year programme to manage and contain the risks of two plant diseases, *Phytophthora ramorum* and *Phytophthora kernoviae*, from spreading further, following a scientific review and stakeholder consultation; and
- playing a key role in the implementation of a £10m programme to undertake more research into the health of bees and other pollinators.

For further information about Fera, visit [www.fera.defra.gov.uk](http://www.fera.defra.gov.uk).

## **Animal Welfare**

Improved standards of animal welfare are important for society, the economy, the environment and sustainability. The development of animal welfare policy involves understanding the relevant scientific evidence and practical experience and takes account of the wide range of views held by stakeholders. Recent progress in farm animal legislation provides not only protection from cruelty and suffering but also introduced a duty of care on keepers to take steps to protect animal welfare. The Animal Welfare Act 2006 provides protection to all vertebrate animals kept by man.

### **What are we doing?**

Our work on animal welfare involves meeting EU proposals and regulations. For example, Defra issued a public consultation document in January 2009 on our proposals for new regulations for meat chickens and a code of practice to implement EU legislation on the welfare of meat chickens. The EU rules come into force in June 2010.

The Department has also issued a public consultation document on new EU proposals in January 2009 on the protection of animals and birds at the time of slaughter or killing. The new EU proposals will replace the current 1993 Directive on welfare at slaughter to take account of recent developments in the slaughter industry.

In June 2008, Defra produced general guidance on the control of dangerous dogs, and has issued more detailed guidance on the dangerous dogs legislation for enforcement authorities.

The Farm Animal Welfare Council (the Government's advisory body on farm animal welfare matters) issued its report in June 2008 on: castration and tail docking of lambs; on the welfare standards for pigs; and its opinions on the welfare of farmed gamebirds.

## Animal Health

Animal Health (AH) is an Executive Agency which plays a key part in delivering the Animal Health and Welfare Strategy for Great Britain. AH works to prevent, control and eradicate exotic and endemic notifiable diseases, minimise the economic impact of animal disease, ensure high standards of welfare in farmed animals, and guarantee the safety of the food chain.

AH does this in a range of different ways: responding to suspected cases of exotic notifiable disease; providing advice and guidance to end user customers; monitoring the occurrence and incidence of different diseases; checking compliance with legislative requirements; issuing approvals and licences; and supporting enforcement action where appropriate to ensure compliance.

In 2008/09 AH successfully dealt with the following:

- An incident of rabies in a quarantine facility in Essex in May 2008.
- An outbreak of highly pathogenic avian influenza in poultry in Banbury, Oxfordshire in June 2008.
- Suspect cases of Bluetongue throughout GB and promoted with others the vaccination campaign.
- A consignment of wheat feed with low-level contamination with material of animal origin.

In addition, AH:

- began the centralisation of transactional customer services, including the centralisation of international exports, management of cross compliance and the control of ID cards for our field officers; and
- celebrated the Wildlife Licensing and Registration Service (WLRs) achieving the Government's 'Customer Service Excellence' standard.

## Animal Health (*continued*)

For 2009/10 AH plans to:

- restructure to align with Government Office regions in England, and appoint Directors in Scotland and Wales;
- continue to build its expertise in state veterinary medicine and delivery;
- continue to overhaul its processes and enhance its new core IT system (SAM);
- assume responsibility for the provision of advice and guidance to its end user customers; and
- continue to work with partners and customers to assure its readiness and resilience to deal with outbreaks of exotic animal disease through exercises, independent assessment and review.

For further Animal Health reports and publications, visit [www.defra.gov.uk/animalhealth](http://www.defra.gov.uk/animalhealth).

## Forward Look for Priority 3

In addition to continuing with our current work in supporting our Priority to ensure a thriving farming sector and a sustainable, healthy and secure food supply, Defra plans to carry out the following over the forthcoming year:

### Sustainable, Secure and Healthy Food Supply

- Over the next 6 months we will be engaging with a wide range of stakeholders to develop a shared understanding of what we mean by a sustainable secure food system, and on how we might get there. This will be aligned with analytical work streams to assess emerging evidence, and build upon existing statistical and economic analyses.
- We will also seek to ensure that cross-Government efforts on food policy reflect the four strategic objectives set out in *Food Matters*.
- The Government response to the Public Sector Food Procurement Initiative (PSFPI) evaluation will be produced and recommendations taken forward in 2009/10 to align the initiative with the strategic objectives set out in *Food Matters*.
- The Healthier Food Mark will be piloted later in 2009.
- The UK's food security is strongly linked to global food security. The Government's Chief Scientific Adviser, Professor John Beddington's, Foresight project on the Future of Food and Farming is looking to 2050 and examining how we will feed a global population of nine billion healthily, equitably, and sustainably, and what implications this has for UK policy.



### **CAP Reform**

- Defra will continue to press for further steps in the CAP to the benefit of farmers, consumers, taxpayers and the environment. Defra is taking forward work to flesh out our vision for a future, environmentally-focused Pillar 2 of the CAP, working closely with stakeholders and other member states.

### **Farming for the Future**

- The document *Farming for a Changing Future* will be a platform on which we can build further collaborative action.

### **Agriculture and climate change**

- Over the next year Defra will continue to develop a policy framework on greenhouse gas mitigation from agriculture. This will include developing a cost-effective package of policy instruments to reduce greenhouse gas emissions from the agriculture, forestry and land management sector.
- Defra will work with stakeholders in delivering the 'Shared Goals' through a new Task Group.
- The Anaerobic Digestion Demonstration Programme will be delivered. This is being managed by WRAP.
- Over the next year Defra will continue to develop a policy framework on adaptation measures for the agricultural sector and land managers. This will include a programme of advice, information, communications and incentives.

### **Nutrient management**

- Defra will be publishing The Fertiliser Manual (RB209) that provides farmers with a sound framework for decision-making on nutrient inputs to meet crop requirements, taking account of all sources of nutrient supply.
- Defra will be launching PLANET V3 which is an electronic version of Defra's *Fertiliser Recommendations (RB209)* publication.
- Defra will use a database of suitable mitigation options aimed at reducing nutrient oversupply, to help develop practical tools for farmers and land managers to deliver better nutrient management.

### **Responsibility and Cost Sharing for Animal Health**

- Following further public consultation on specific proposals, Defra intends to publish a draft bill for pre-legislative scrutiny during the course of the 5<sup>th</sup> Session of the current Parliament.

**Bovine Tuberculosis**

- In 2009, Defra will continue working with stakeholders to bring sustainable improvement in the control of bTB. The TB Eradication Group for England will be a key part of this and development of an eradication plan for submission to the European Commission will be an important milestone.
- The Government will publish the results of its review of the gamma interferon test policy and, with stakeholders, will consider how the conclusions of the review might inform further policy development around use of the gamma interferon test in an eradication plan.
- A review of pre-movement testing has begun and the outline scope of the review has been discussed with the TB Eradication Group for England. The review will gather information on the impacts of pre-movement testing and make any recommendations for amendments to the regime to improve its disease control objectives and minimise any negative impacts on the livestock sector.

**Animal Welfare**

- Over the next year, Defra will prepare input into the EU's review of its current rules on the protection of animals during transport; issue guidance on various species under the Animal Welfare Act 2006; and introduce regulations and guidance to protect the welfare of racing greyhounds under the Animal Welfare Act 2006.
- The Farm Animal Welfare Council will publish its reports on a long-term strategy for farm animal welfare in Great Britain as well as opinions on the welfare of dairy cattle and on the welfare implications of bone strength in laying hens.

## Cross-Cutting Objective 1: Sustainability



A key element running through all of the Department's priorities is to ensure that **Sustainable Development** (SD) is integral to the development of new policies and delivery of intended outcomes. This applies both to the way in which the Department operates (through work that we are doing within Defra and across our delivery network in the form of our Sustainable Development Action Plan) and the way in which we support the UK Government to drive sustainability, both domestically and internationally (through the cross-government *Securing the Future* strategy published in 2005).

Defra, in its champion role, convenes the cross-government Sustainable Development Programme with a specific role of engaging with key policies and processes across all-levels of government. This programme encourages and enables taking an SD approach, and ensures delivery of the SD strategy, *Securing the Future*. This programme works with four main groups, within Defra itself, with local and regional government, across Government in Whitehall and internationally.

Defra also acts as sponsor of the Sustainable Development Commission (SDC) which combines advice and capability building with a government "watchdog" role. For example, it has convened the Regional Champion Bodies for sustainable development and published the *Sustainable Development in Government 2008* watchdog report. On 1 February 2009, the SDC's official status changed from an *advisory* Non-Departmental Public Body (NDPB) to an *executive* NDPB. This change completes a Government commitment made in the 2005 UK sustainable development strategy to review the SDC's formal status in order to enable it to fulfil its expanded remit.

Progress toward SD is measured through the sustainability indicators which Defra publishes annually as *Sustainable Development Indicators in Your Pocket*. It includes indicators covering a wide range of factors from health, education and employment to greenhouse gas emissions and various measures of environmental quality. The 2008 edition demonstrated that 53 indicators show improvement over their position on the base year of 1999 (over half of those it is possible to make an assessment of), while 30 show little or no change. Those measures showing improvement include renewable electricity, emissions of air pollutants, crime, housing conditions and fuel poverty.

## Highlights from 2008/09

### Within Defra

Defra's credibility as a champion of SD depends on its ability to act as an exemplar. The Department is currently implementing new policy making and assurance processes. A key element of this work is to ensure that SD is integral to the development of new policies and intended outcomes. As part of this we have also been promoting the use of, and training for, an online tool to assess the sustainability of a policy, called 'Stretching the web', and its accompanying guidance.

All Government Departments (and some NDPBs) have Sustainable Development Action Plans (SDAPs). Defra plans to publish its next SDAP in early Summer 2009. This will include high-level priority actions showing how Defra will deliver SD through its programmes, and contribute to the commitments of *Securing the Future* over the next two years. The plan covers Defra's policy as well as other parts of the way we work covering the themes of people, communications, operations, procurement, IT, etc.

### Working across government in Whitehall

The Sustainable Development Programme and *Securing the Future* are cross-government owned and delivered. Oversight of progress is undertaken by the cross-government Board with representatives from a number of Government Departments, focusing on a set of sustainable development measures agreed between Defra, SDC and HMT. Other departments have been working closely with SDC to embed sustainability into their policies, notably Department of Health and Department for Children, Schools and Families. The SDC has also undertaken capability building with departments including CLG and HMT. Full details of SDC activity are contained in their annual report to be published in Summer 2009.

### 1. Sustainable procurement and operations across Government

Data collection, performance measurement arrangements and commitments have been strengthened by the setting up the Centre of Expertise in Sustainable Procurement (CESP) in the Office for Government Commerce (OGC). CESP, reporting the newly created post of government Chief Sustainability Officer now leads on oversight of the delivery of the Sustainable Operations on the Government Estate (SoGE) targets and implementation of other commitments in the Sustainable Procurement Action Plan. Defra transferred its resource to CESP to enable it to undertake this work, which is also supported by all other Government Departments. OGC published a comprehensive set of delivery trajectories for the government estate targets. Other work includes integrating sustainability into all major collaborative procurements. For the first time, all Permanent Secretaries had SoGE objectives in their 2008/09 performance contracts. Defra continues to lead on overall policy toward the SoGE targets and will be leading the review of them in 2009.



## 2. Housing, planning, transport and the Thames gateway

Future housing developments, transport strategies and planning reforms are strategically important policy areas for the achievement of SD. Defra has worked to ensure SD is taken into account in a number of new policy developments under these banners across Whitehall. For example the consultation on the Eco-towns Planning Policy Statement sets out the toughest green standards ever applied to development in this country, agreement of strict environmental conditions for 21 second round New Growth Points and publication of the Thames Gateway Eco-Region Prospectus.

We worked closely with CLG to develop the Thames Gateway eco-region prospectus,<sup>14</sup> an ambitious plan to make the Gateway an exemplar for a holistic set of environmental interventions. We are currently working across Government with a wide range of partners to deliver the plans covering sustainable water and wastewater management, innovative approaches to flooding, waste management, air quality and biodiversity protection and enhancement, and protecting and enhancing the Gateway's biodiversity and greenspace resources. These provisions will help to make the Gateway a more attractive and healthier place to live and work in.

## 3. Olympics

The Government's Olympic Games Legacy Action Plan, published in June 2008, confirmed Defra's role in leading work on the Games as an inspiration for sustainable living. London 2012 published an update to its Sustainability Plan in December 2008, providing a snapshot of the progress made over the last 12 months and showing that London 2012 is on track to achieve its goal of being a truly sustainable Games. In late March Defra convened a workshop of stakeholders, Olympic delivery bodies, commercial sponsors and other government departments to take forward the "inspiring sustainable living" promise.

### Local and Regional

The draft Local Democracy, Economic Development and Construction (LDEDC) Bill will bring into being a Single Integrated Strategy at regional level to replace the Regional Spatial and Regional Economic Strategies. Defra has successfully influenced a number of clauses and is now monitoring the Bill's passage through parliament closely. Work has commenced on the National Core Sustainability Framework, a guidance document against which all emerging Single Integrated Regional Strategies will be appraised. Defra's Permanent Secretary, Helen Ghosh, led a session of Permanent Secretaries and Local Authority Chief Executives on sustainability against a backdrop of recession at the annual Local Government "Sunningdale" in January.

<sup>14</sup> The prospectus can be downloaded at: [www.communities.gov.uk/documents/planningandbuilding/pdf/ppsecotowns.pdf](http://www.communities.gov.uk/documents/planningandbuilding/pdf/ppsecotowns.pdf)



## 1. Regional Development Agencies and Government Offices

During 2008, Defra initiated a series of Strategic Dialogues with Regional Development Agencies (RDAs) leading to the co-development of a Defra/RDA Strategic Partnership Agreement. In their Corporate Plans (2008-11), RDAs are now required to demonstrate regard to the cross-cutting principles of sustainability and equality in delivery of the Regional Growth Objective. Defra has also negotiated a new Strategic Agreement with the Government Offices, which will see them act as champions of SD in the regions and take an active role in helping partners integrate social, economic and environmental outcomes within their plans and programmes.

## 2. Comprehensive Area Assessment (CAA)

Through its close working relationships with CLG and the Audit Commission, Defra was able to influence the new system of assessing Local Authority (and wider services) delivery, which was launched in February 2009. The CAA has sustainability as a core theme and requires service providers within an agreed area to explicitly demonstrate evidence of integrated outcomes. The SDC has worked to train Audit Commission Inspectors on how to make the "sustainable use of resources" judgement which is a key part of the CAA.

### Internationally – the Sustainable Development Dialogues

Defra has a wide ranging programme to ensure the delivery of Defra's objectives internationally. In particular, the SD Programme lead on the cross-Government Sustainable Development Dialogues with China, India, Brazil, Mexico and South Africa. An external evaluation reported in December 2008 that the Dialogues had succeeded in adding value by improving cross-Whitehall policy coordination, broadening and deepening bilateral relations with the five countries and securing tangible impacts for those countries in terms of improved knowledge, expertise, capacity and changes to policy.

Highlights under the Dialogues over the last year include the following:

- China: The Secretary of State visited China in November 2008 and agreed the extension of the Sustainable Dialogue for a further three years and the addition of a fifth theme on 'Financing for Sustainable Development.' We have established a Sustainable Agriculture Innovation Network, jointly funded by the UK and Chinese Governments, which aims to promote joint-research and the sharing of policy and research experience on issues such as the impact of climate change on agriculture. The network will ensure that policy-making in agriculture is better informed by research;

- Brazil: Lord Hunt visited Brazil in November 2008 and agreed the extension of the Sustainable Development Dialogue. This decision has since been announced by the Prime Minister and President Lula, who welcomed the role of Dialogue in developing cooperation between our countries in their joint-statement of 26 March 2009 during the Prime Minister's state visit to Brazil. Key areas include collaboration on climate change and energy, sustainability of biofuels, forestry, food security biodiversity, sustainable consumption and production, and international environmental governance; and
- Mexico: The Secretary of State and Environment Minister Elvira agreed an extension of the dialogue for another two years during the Mexican President's state visit in March 2009. The next phase of the dialogue aims to deepen strategic elements around governance for sustainability and sustainable consumption and production. Sustainable Development Commission Chair, Jonathon Porritt, visited Mexico in February under the auspices of the dialogue and addressed a meeting of senators in the Mexican Parliament on the theme of sustainability governance. There has been good progress across all Defra funded projects, for example, our work to support the sustainable closure of municipal waste sites has already reduced methane emissions by 25,000 tonnes of CO<sub>2</sub>-equivalent. This will increase to 34,000 tonnes of CO<sub>2</sub>-equivalent when all sites are closed.

Progress in India and South Africa has been slower than expected but we reached agreement at senior official level to extend the UK–India Sustainable Development Dialogue for a further three years and have recently received confirmation of this extension. In South Africa we have agreed the priorities under the Sustainable Development Dialogue, which are climate change and energy, greening of the 2010 FIFA World Cup, implementing the national framework for SD and environmental governance and enforcement. On the latter, a project led by the Environment Agency to build capacity of pollution inspectors has led to the first ever prosecutions and fines under South Africa's national environmental legislation.

### Sustainability Operations in Defra

As part of the government-wide campaign to reduce government emissions and improve energy efficiency, known as Sustainable Operations on the Government Estate (SoGE), Defra has completed a number of high profile refurbishment projects over the past few years which have all been acclaimed for sustainability in design, build and operation. For example, 3-8 Whitehall Place achieved a Building Research Establishment's Environmental Assessment Method (BREEAM) rating of excellent and also won the Royal Institution of Chartered Surveyors (RICS) Sustainability Building of the Year Award 2005. The Nobel House refurbishment completed in 2006 achieved the then highest ever BREEAM rating for a project of its type and was awarded the RICS London Regional Award for Sustainable Building.

Measures taken to improve the energy performance of Nobel House included the installation and operation of natural ventilation, a Combined Heat and Power (CHP) plant, automatically dimmed energy-efficient lighting, PIR controls added to toilets and offices, sheep wool insulation and the replacement of ICT equipment with more efficient alternatives (LCD flat screen monitors & laptop computers).

The newest addition to the Defra portfolio is the new office at Alnwick which has been designed to operate as carbon neutral, incorporating a number of low and zero carbon technologies. These include three wind turbines, photovoltaic panels, a biomass boiler and a solar thermal system.

Defra's Environmental Management System (EMS) is certified to ISO14001. The standard requires commitment to the prevention of pollution, legal compliance and continual improvement as part of the normal management cycle. This year's SoGE report cited progress against this target as excellent, with 90% of the staff within Defra currently covered by its EMS.

Defra's proactive approach to improving the energy efficiency of its estate was recognised through accreditation to the Energy Efficiency Accreditation Scheme (EEAS) in July 2007. Defra Estates Office portfolio was one of only 12 UK organisations to achieve the Carbon Trust Standard in April 2008. The Carbon Trust Standard is awarded to organisations that have genuinely reduced their carbon footprint and that are committed to making further reductions year on year.

Defra is currently on target to exceed the 2010 SoGE target to reduce carbon emissions by 12.5%, relative to 1999/2000 figures.

On Travel, Defra's aims are to raise awareness of travel choices and ensure that travel decisions are both efficient and low carbon. The latest trajectory on Defra's performance on CO<sub>2</sub> emissions from business travel indicates that Defra is close to meeting the 2010/11 SoGE target, to reduce carbon emissions from road vehicles used for government administrative operations by 15% relative to 2005/06 levels, and forecast to exceed it. Defra is working towards a new fleet emissions average of 130 g/km by 2010 and is exploring the use of Portable Video-Conferencing (PVC) as a means to effective travel management.

### Bin-the-bin

Defra 'walked the talk' and rolled out its own behavioural change programme aimed at staff to increase recycling rates across the Defra estate. The department went "binless" in both London and York which was supported by a considered and comprehensive staff engagement and awareness campaign.

Bin-the-bin rolled out in London on 28 April 2008 and as a result, London recycling rates have increased from 65% in 2007/08 to 78% in 2008/09. In York recycling rates increased from 56% to 90% and in Alnwick when the new building opened, recycling rates increased from an average of 58% in 2007/08 to 92% in 2008/09 thanks to the Bin-the-bin programme.

Procurement is a lever for achieving more sustainable outcomes and Defra has publicly committed to be a leader by example in sustainable procurement. As well as directly influencing procurements, we are also working closely with suppliers to identify their major impacts and help them reduce their footprint. Defra successfully piloted the Carbon Disclosure Project, selecting 20 of its key suppliers for disclosure, which has enabled us to have a better understanding of our suppliers' emissions and will give us the opportunity to work together to reduce them. Our supplier engagement activity has received a lot of interest and we will continue to work with our suppliers.

The Government's Timber Procurement Policy was introduced in Summer 2000, and has since developed into an internationally recognised policy tool. Defra is taking forward efforts to implement the step change policy on public timber procurement by 1 April 2009.

The policy is aimed at both providing market incentives for legal and sustainable timber as well as for partner countries signed up to a Voluntary Partnership Agreement (VPA) or Forest Law Enforcement Governance and Trade (FLEGT) license, and also to tackle illegal logging and deforestation and improving forest governance. From 1 April 2009 only timber and timber products originating from independently verifiable legal and sustainable sources, or from a licensed FLEGT partner will be demanded for use on the Government estate, appropriate documentation will be required to prove it. From 1 April 2015 only legal and sustainable timber will be demanded.



## Cross-Cutting Objective 2: Adaptation



The Government has set up the Defra led, Adapting to Climate Change (ACC) Programme to bring together work already being done within Government and across the public sector on adaptation, and to help drive it forward. Further information can be found in the document *Adapting to Climate Change in England: a Framework for Action*, published in July 2008.<sup>15</sup>

The ACC Programme is being taken forward in two phases. Phase 1 (2008–11) will lay the groundwork necessary to implement Phase 2, a statutory National Adaptation Programme, as required by the Climate Change Act 2008. The Government's intention is to have the Phase 2 statutory Programme in place by 2012, to fulfil the requirements of the Climate Change Act. The Programme will then report progress to Parliament on a regular basis.

The work within the Programme seeks to deliver on the overarching aim of a well adapting society. Within the principles of sustainable development, the Government considers that sustainable adaptation should be the goal of the Programme.

### What does Sustainable Adaptation look like?

- **Society:** where people, particularly the vulnerable, are protected from being disproportionately affected by the impacts of climate change, and there is an equitable distribution of the burden of climate change.
- **Economy:** businesses are prepared for risks and able to take advantage of the opportunities from climate change.
- **Environment:** we maintain a healthy, sustainable and resilient natural environment.

In this way, Defra's work on cross-cutting objectives 1 and 2 is linked and complementary. Effective sustainable development means being well-prepared for the future climate. Adaptation needs to be sustainable if it is to be as effective as possible.

Phase 1 of the ACC Programme has four workstreams with the following objectives.

#### **1. To develop a more robust and comprehensive evidence base about the impacts and consequences of climate change on the UK.**

The key element to this workstream is the launch of new UK Climate Projections in early summer 2009, which will give organisations evidence to help them take informed, cost-effective and timely decisions on preparing for a changing climate.

<sup>15</sup> [www.defra.gov.uk/environment/climatechange/adapt/pdf/adapting-to-climate-change.pdf](http://www.defra.gov.uk/environment/climatechange/adapt/pdf/adapting-to-climate-change.pdf)



Projects under this workstream also include the production of a National Climate Change Risk Assessment (as required by the Climate Change Act) and the Adaptation Economic Analysis. These will tell us about the likely impacts of climate change and help resolve some of the uncertainty around future benefits, providing decision makers with a more robust and reliable evidence base.

## **2. To raise awareness of the need to take action now and help others to take action.**

The ACC Programme is working with a range of organisations from the public, private and third sectors to raise awareness of the need for action, provide and promote the information and tools needed to take action, and build capacity and capability within organisations to understand the impacts of climate change and take action. The work of the UK Climate Impacts Programme (UKCIP) organisation is a key part of this ([www.ukcip.org.uk/](http://www.ukcip.org.uk/)). Defra contributes around £900,000 a year to UKCIP.

The Government's Adapting to Climate Change website ([www.defra.gov.uk/adaptation](http://www.defra.gov.uk/adaptation)) also helps people to find the information, tools and advice they need.

The new UK Climate Projections, and the training programme that will accompany them, are a key part of the raising awareness process.

The impacts of climate change will vary, even within regional and local areas. The Programme is therefore working closely with a range of organisations at the local and regional level, including the Government Offices, the Regional Development Agencies, Local Government and the Regional Climate Change Partnerships.<sup>16</sup>

The work in this stream also involves helping to adapt national infrastructure. In a changing climate with increased risk of extreme weather events it is important that our new and existing infrastructure is resilient to the long-term impacts of climate change. Recognising that effective adaptation responses will be needed (e.g. by commissioners and operators of infrastructure) to ensure a more robust and resilient new and existing nationally significant infrastructure, a two-year cross-departmental project, under the ACC Programme, has been set up (from April 2009), focusing on transport, water and energy sectors.

## **3. To measure success and take steps to ensure effective delivery.**

Under the Climate Change Act, the Government has a new power – the Adaptation Reporting Power – to require any public body or statutory undertaker (e.g. a utility company) to produce a report on how they have assessed and are addressing the risks from climate change to the delivery of their objectives. The Programme is currently developing the strategy for the use of this power, in consultation with stakeholders.

<sup>16</sup> Each English region has already established an independent Regional Climate Change Partnership (RCCP). The RCCPs are made up of local stakeholders, ranging from the Regional Development Agencies through to small local charities, and work very closely with UKCIP. They investigate and advise on the impacts of climate change regionally, assessing how this may affect regional economic, social and environmental well-being.

In addition, as required by the Climate Change Act, the Government is setting up an Adaption Sub-Committee of the independent Committee on Climate Change, that will provide external scrutiny of the Programme.

Defra and the Devolved Administrations have recently announced the appointment of Lord John Krebs as the Chair of this Committee.

### **Adaptation Indicators**

The Government has already made “Leading the global effort to avoid dangerous climate change” one of thirty cross-government priorities (PSA 27). The existing six indicators for this overall climate change priority include one measure of success related to adaptation. The existing indicators will be a useful benchmark of success. However, because there are many other areas of life where we need to adapt, we will need to develop additional indicators.

Government has also set out, as part of the local government performance framework, an indicator for all English local authorities on embedding adaptation in the full range of their work, National Indicator (NI) 188. All local authorities will need to report on their progression through different levels of the indicator, and this will be assessed by the Audit Commission, the auditor for local government. In order to help Local Authorities respond, the ACC Programme team, working with a range of partners, has put in place targeted support for Local Authorities and their partners in Local Strategic Partnerships.

### **4. To work across Government in order to embed adaptation into Government policies, programme and systems.**

Work, coordinated by the ACC Programme team based in Defra, is being undertaken on a number of cross-Government projects to ensure that Government systems which guide investment decisions, planning, and the efficient use of public resources have adaptation considerations embedded within them. This includes the Government’s own appraisal guidance, the Green Book, which is being updated to ensure that policy and investment decisions incorporate adaptation, as well as work on the Government Estate (i.e. the Office of Government Commerce and other Government Departments) on increasing the estate’s long term resilience to the impacts of climate change.

## Adapting the Marine Environment to Climate Change

Ocean acidification is emerging as a major global environmental issue. Ocean acidity caused by increased amounts of carbon dioxide (CO<sub>2</sub>) in the oceans, has risen 30% in the last 200 years, faster than at any time in the last 65 million years. This will have significant and far-reaching consequences for marine ecosystems and the industries that depend on them (e.g. fishing), and the capacity for our oceans to act as sinks to store further CO<sub>2</sub>.

Climate change is happening now and has already caused changes in plankton abundance, fish distribution and species composition in the seas around the UK. However we need to understand much more about the scale and nature of the effect CO<sub>2</sub> is having on our oceans and marine life and so we are supporting marine research to support our decisions on mitigating and adapting to climate change. In April 2009, Defra and Natural Environment Research Council announced support for a five-year £11m study into the effects of climate change and ocean acidification on biodiversity, habitats, species and wider socio-economic implications in the North East Atlantic, Antarctic and Arctic oceans.

Defra is working with the fishing industry to ensure that the fishing management systems, established through the Common Fisheries Policy and our inshore fisheries arrangements, maintain the flexibility and resilience needed to adapt to changing circumstances and maximize economic and environmental sustainability.

The Marine Bill will provide flexible management tools to ensure appropriate use of the marine environment to mitigate and adapt to the effects of climate change. The combination of licensing reforms, clearer marine planning, a single delivery organisation (the Marine Management Organisation, MMO) and better data management will simplify licensing applications for projects supporting climate change mitigation e.g. offshore renewable projects.

Plans to implement an ecologically coherent network of marine protected areas aims to maintain and support the role marine biodiversity plays in supporting the ocean's role in absorbing CO<sub>2</sub> and minimising climate change.

## Highlights from 2008/09

### **Climate Change Bill received Royal Assent**

The Climate Change Act 2008 creates a framework for building the UK's ability to adapt to climate change.

### **Introducing the Adaptation Indicator (NI 188) in to the Local Government Performance Framework**

A new Local & Regional Climate Change Adaptation Partnership (LRAP) Board, drawing the support for Local Authorities together, met for the first time in July 2008. The Board's members include the Local Government Association, Improvement and Development Agency (IDeA) and the Nottingham Declaration Action Partnership. To date, the LRAP partners have already delivered two series of nine regional workshops through Autumn 2008 and Spring 2009, targeted at Local Authorities who have chosen NI 188 as a priority in their Local Area Agreement and produced guidance for how to go about meeting the requirements of NI 188. The Board currently has several further projects ongoing ranging from guidance for practitioners in specific professional disciplines through the evaluation of tools to help organisations measure their progress.

In addition, the ACC Programme provided a cash boost to the Regional Climate Change Partnerships of £450,000 in 2008/09. Topics covered by funding provided by the Programme include biodiversity, economic development (such as workshops on the business and technology opportunities of adaptation), assessing regional resilience and vulnerability, capacity building and community engagement and guidance on adaptation for schools and transport.

### **Helping people to find information about adaptation**

Defra have launched the ACC Programme website [www.defra.go.uk/adaptation](http://www.defra.go.uk/adaptation). The website is constantly updated with the latest developments and news as well as providing an additional platform to distribute ACC Programme publications including *Adapting to Climate Change in England: a Framework for Action*, published in July 2008.

### **Scoping stage of the Risk Assessment and Adaptation Economic Analysis complete**

The Risk Assessment is one of the most ambitious assessments to be undertaken worldwide, and will need to take some important steps forward in developing the methodology for such studies.

### **Adaptation Partnership Board**

The ACC Programme has set up a new Adaptation Partnership Board consisting of key stakeholders. The Board will provide advice to the cross-Government Programme, and will also help to spread messages about adaptation. The Partnership Board met for the first time on 10 March 2009.

### **Response to Royal Commission on Environmental Pollution (RCEP) study on adaptation**

Defra submitted, on behalf of Government, full and comprehensive evidence to the RCEP's study on the institutional arrangements for adaptation in the UK.

### **Developing work on adaptation indicators**

The ACC Programme has carried out some initial scoping work to identify the issues relating to the establishment of new performance measures on adaptation. This is a complicated task, because some of the most important outcomes will not be measurable for decades to come, for example reducing deaths in heatwaves and floods in the 2040s. It is therefore important to develop intermediate measures too which will also need to measure success on a local level.

For more information visit the ACC Programme website.<sup>17</sup>

## **Forward Look**

Over the next year work undertaken by the ACC Programme will include the following:

### **The launch of new UK Climate Projections in 2009**

The UK Climate Projections are the most comprehensive package of future climate information to made available for the UK to date. They provide information on current and future climate change for the UK up to 2099 over both land and sea, down to 25 km grid squares. They are an important step forward for us all in understanding our complex climate and how it might change in the decades ahead. They begin to quantify uncertainty and help us understand the relative risks in the future.

The projections will be accompanied by a comprehensive roll-out programme of advice and training for organisations on how they can use the projections, in Autumn 2009. The events and training sessions will help to raise awareness of adaptation across a wide audience, and illustrate how the projections can be used to support adaptation planning.

### **Establishing the Adaption Sub-Committee for Summer 2009**

The Adaptation Sub-Committee of the Committee on Climate Change will scrutinise progress on the ACC Programme and advise on the risk assessment. The Chair of the Sub-Committee has already been appointed. Members are currently being recruited and the full Committee is expected to be set up by Summer 2009.

### **Consultation on the use of the Reporting Power and on the Statutory Guidance**

A public consultation on the use of the Reporting Power and the Statutory Guidance will be launched in early summer 2009, before the strategy and list of reporting authorities are laid before Parliament in November 2009. Reporting authorities are expected to be directed to report during early 2010.

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<sup>17</sup> [www.defra.gov.uk/environment/climatechange/adapt/programme/objectives.htm#success](http://www.defra.gov.uk/environment/climatechange/adapt/programme/objectives.htm#success)

**Tendering for the National Climate Change Risk Assessment and Adaptation Economic Analysis**

Now that the scoping study has been completed, the full tender exercise will begin in summer 2009. The Risk Assessment will be presented to Parliament in 2011, and will provide an important basis for the development of the statutory programme. The Adaptation Economic Analysis will be produced to the same timescale.

**Expanding our programme of working with Local and Regional Government**

We will work with the 56 Local Authorities that have made the ACC Indicator (indicator NI 188) a priority for their Local Area Agreement, to complete the first comprehensive area assessment on the indicator in Summer 2009.

The Programme has also made a further funding commitment to the Regional Climate Change Partnerships covering 2009-11.

**Propose options for adaptation performance indicators**

The ACC Programme is committed to proposing a basket of indicators in Autumn 2009 for consultation that reflects the breadth of the adaptation agenda.



## Cross-Cutting Objective 3: Rurality



**Rural Affairs**, in addition to being core to Defra's remit, partially delivers through the over-arching *Rural Development Programme for England 2007-13*. This involves the work of many delivery partners, including other departments, Defra Non-Departmental Public Bodies (NDPB) and the Regional Development Agencies (RDAs). In addition, Defra champions the equitable treatment of rural areas and communities across England in national, regional and local public policies and programmes. Defra also works with other Government Departments to encourage them to "rural proof" their policies. "Rural proofing" is the policy tool to ensure that the principle of rural mainstreaming is observed, namely that domestic policies across government take account of rural circumstances and needs, and also do not discriminate against the rural population in favour of urban or suburban populations. Defra's resources are deployed in three ways:

- promoting the effective mainstreaming of rurality within government;
- working with national, regional and local government to ensure that they understand and address their rural responsibilities; and
- maintaining strong links with organisations representing rural communities to ensure they have a voice that is heard by national Government.

One important contribution to this work is in improving the evidence base, in terms of data collection and analysis, specifically rural research and development that is made available to other Government Departments, to help them better understand the rural context for their policies. This work follows from the *Rural White Paper 2000* and is managed in part through Defra's sponsorship of the Commission for Rural Communities (CRC) to act as a rural adviser, advocate and to challenge Government, to the tune of £6.4m in 2008/09.

## Highlights from 2008/09

### The Rural Advocate's Report on Rural Economies

In the summer of 2007 the Prime Minister asked Stuart Burgess, the Rural Advocate, to undertake an analysis of the impact of flooding and Foot and Mouth Disease on the rural economy, and to advise on how rural economies might be further strengthened. In compiling his report, Stuart Burgess analysed the rural economy as a whole and in June 2008 published his recommendations in *England's rural areas: steps to release their economic potential*. The recommendations set out a package of proposals to improve support for people and enterprises in rural areas. The Prime Minister broadly welcomed the report shortly after publication and asked Defra to work with others across Government to reflect upon it and to take forward actions in response to its recommendations. To do this, a cross-Whitehall working group (including HMT, BERR, CLG, DIUS, Defra and DWP) was brought together under the chairmanship of Defra to

develop a joint response to the recommendations. On 5 February 2009, the Secretary of State published a response on behalf of the Government, setting out the Government's rural agenda. The central messages of the Government's response are that:

- rural areas already make an important economic contribution, more so than has perhaps been historically recognised;
- the best way to support and enhance this contribution is to recognise the dynamic, diverse nature of economic activity in rural areas, and to avoid out-dated assumptions about the nature of rural businesses; and
- in recognising rural areas as places of economic opportunity we also need to recognise that they can provide a range of public goods over and above their economic contribution.

### **Environment, Food and Rural Affairs Committee report on the potential of England's rural economy**

The Environment Food and Rural Affairs Select Committee's report on the potential of England's rural economy, published on 29 October 2008, suggested that Defra was not taking the rural agenda seriously enough (by having a Departmental Strategic Objective rather than a Public Service Agreement on rural communities and by reducing available resources), not being pro-active enough in rural-proofing Government policies and needed a better strategy for working with RDAs and local bodies.

The Government's response was published by the Committee on 21 January 2009. It addressed all of the issues in the report. One of the Committee's recommendations that Defra accepted was to rename the DSO as "Socially and Economically Sustainable Rural Communities" (from "Strong Rural Communities"). Defra also responded to the recommendation of a more proactive approach to rural-proofing and mainstreaming by setting up a joint initiative with the CRC. The report and Government reply may be viewed at:

[www.publications.parliament.uk/pa/cm200708/cmselect/cmenvfru/544/544i.pdf](http://www.publications.parliament.uk/pa/cm200708/cmselect/cmenvfru/544/544i.pdf)

[www.publications.parliament.uk/pa/cm200809/cmselect/cmenvfru/155/155.pdf](http://www.publications.parliament.uk/pa/cm200809/cmselect/cmenvfru/155/155.pdf)

### **Mainstreaming**

The CRC and Defra officials worked during the year on a joint project to reinforce the rural mainstreaming message and refresh the rural-proofing tools available to policy-makers. This involves a clear statement of the principles underpinning the concepts and their meaning (at national, regional and local levels), the launch of a revised rural-proofing tool-kit, and the development of a plan for closer working with key Government Departments, regional offices and others to support them in improving their mainstreaming and rural-proofing performance. The project was due to complete its first phase with the launch of a new rural-proofing during 2009/10.

### **Organisation for Economic Cooperation and Development (OECD)**

During the year we invited OECD to conduct a study into rural policy in England. This will be one in a series of studies carried out by the organisation, principally on member countries. They will bring to bear their extensive international experience in examining the approach we have taken to rural affairs and make recommendations that we can consider taking forward in the longer term. The fieldwork for the study started in March 2009.

### **The Rural Community Action Network (RCAN)**

Defra is funding RCAN over 2008-11 (£10.35m in total) to deliver socially and economically sustainable rural communities. Funding of £3.45m was made available in 2008/09 and was managed and distributed through Action with Communities in Rural England (ACRE). The grant is intended to ensure that the RCAN network (made up of Rural Community Councils at County level across England) are able to work with Local Authorities, regional bodies and central Government to ensure that the needs of rural communities are understood and addressed at the local and regional levels. Defra works closely with ACRE over management of the RCAN contract. Separately, Defra has commissioned Capacitybuilders to provide an independent assessment of ACRE's delivery of the programme, drawing on its experience as a funder of third sector support services.

Defra and the East of England Development Agency (EEDA) (lead Rural Development Agency on rural issues), on behalf of the RDA network signed a Joint Strategic Partnership Agreement. The Agreement sets out how Defra and the RDAs will work together in partnership and some priority areas for joint action over the next 12 months as we help businesses and people in all communities through the economic downturn.

### **Forward Look**

Defra in partnership with BERR, the CRC and the RDAs will continue to take an overview of intelligence received by the Government (and in particular the National Economic Council) on the impact of the current economic situation to ensure that it is effectively rural-proofed. This will take a particular focus on any risks that may be particularly relevant to rural areas such as issues affecting Small and Medium-sized Enterprises (SMEs) or those on low wages or in seasonal or part-time work.

We will continue with the joint Defra/CRC project to restate and refresh the Government's commitment to mainstreaming and rural-proofing. One element of this involves supporting a major conference on 19 May 2009 to clarify and promote mainstreaming and rural-proofing to representatives of all levels of government and to their stakeholders. During 2009, Defra and CRC will be developing a long-term engagement plan to promote the mainstreaming and rural-proofing messages to raise their profile with Government Departments, regional, sub regional, local bodies and agencies, to increase and improve compliance with rural-proofing responsibilities.



We will maintain an active participation in the OECD rural working party of its Territorial Development Committee. The OECD will complete its rural policy study on England during the coming year. We anticipate a draft report in Autumn 2009 with sign off and publication in 2010.

Defra will undertake work to better understand the potential impact of reform of the Common Agricultural Policy on rural communities.

Defra will continue to sponsor the CRC to act as rural adviser and advocate, and to continue to challenge Government. Their work plan for 2009 includes many projects including work on the Uplands Inquiry, Rural Summits, Rural Experience days and continuing work on issues facing disadvantaged people.

# Engaged and Effective Operations

## CHAPTER 3





## How do we work?

### Introduction

The Report so far has focused on the work we do under our Priorities and cross-cutting Objectives. In order to achieve these Priorities and Objectives, it is important that we engage in effective and efficient operations. This Chapter highlights the ways in which Defra works and our achievements to be regarded as a respected department (Departmental Strategic Objective 9). These include the following:

- the way in which scientific **evidence** is managed and used in policy making, and the **research and development** which the Department supports;
- a drive for simpler and more effective **business regulation**. Our *Better Regulation, Better Business* simplification plan was published on 10 December 2008, this covers progress on reducing the administrative burden on business and progress on impact assessments;
- improved **knowledge information management** and information systems and technology services;
- a target and extensive review process for achieving sustained cash releasing annual **Value for Money (VfM)** savings worth £381m by the end of the 2007 Comprehensive Spending Review (CSR07) period;
- providing, sustaining and improving a working environment within Defra where **health and safety** of staff is embedded into normal working practices and business decisions;
- ensuring that our **recruitment practice** is maintained and strengthened;
- following up on recommendations from public scrutiny bodies such as the **Public Accounts Committee** (PAC) and our **Select Committee**;

- high quality advice to support policy, delivery and legislation by our **Legal Group**; and
- high quality and consistent **communication** with the public, across government and within our department.

## Evidence

Evidence is reliable and accurate information that can be used to support sound decisions in developing, shaping and evaluating policy. Examples of evidence include, but are not limited to:

- research (as outlined in the Organisation for Economic Cooperation and Development (OECD) Frascati Manual<sup>17</sup>);
- monitoring and surveillance;
- economic and statistical analysis and modelling;
- secondary analysis and synthesis; and
- analysis of stakeholder views.

Evidence is key to good policy-making. So we need to ensure that Defra's investment in evidence, (including our specialist people resource):

- supports the delivery of Defra's departmental priorities;
- reflects our view of future opportunities and threats;
- is strategically aligned with the Priorities and spend of other UK and international funders;
- supports and delivers the required internal skill needs of Defra;
- takes account of our key capability and capacity needs;
- reflects the strategic needs of the whole of the Defra network; and
- delivers maximum value.

Defra has a dedicated Evidence Strategy Project team, whose task it is to drive the delivery of these objectives.

## Highlights from 2008/09

**We engaged academics, interest groups and evidence specialists** from numerous organisations throughout the UK in a three-day workshop to review Defra's current evidence activities and identify gaps and pressing cross-cutting issues.

<sup>17</sup> [browse.oecdbookshop.org/oecd/pdfs/browseit/9202081E.pdf](http://browse.oecdbookshop.org/oecd/pdfs/browseit/9202081E.pdf)

**We set up an Evidence Forum** to improve strategic management of evidence in Defra by drawing together policy and specialist colleagues to facilitate collaborative working and coordination. The Evidence Forum will provide advice on evidence investment priorities, explore cross-policy and interdisciplinary evidence issues, share insights and knowledge on current and future evidence needs, procurement and engage with other funders to influence forward strategies and funding. Over 80 people, representing a good mix of policy and evidence specialists, have signed up from across Defra, Natural England and the Environment Agency.

**We improved the ability of Defra to address evidence gaps** with a new £3m Strategic Evidence Fund for 2009/10. This will provide money for research that is cross-cutting, has co-funding with other organisations or meets new or emerging needs. We identified six suitable projects for funding, covering work on the impacts and implications of ocean acidification on marine ecosystems; options for adaptation to climate change in the UK; avoiding dangerous climate change through stabilising greenhouse gas concentrations; adaptation of biodiversity and ecosystem management to climate change; changes in ecosystem goods and services in UK seas; and development of a holistic view of farming systems.

## **UK Partnerships**

### ***Living with Environmental Change Programme***

Defra is playing a key role in the development of the Living With Environmental Change programme, an unprecedented partnership of 20 research and policy-making organisations working together to find ways of coping with the environmental changes that are already starting to affect people's wellbeing and livelihoods. We are already seeing important research collaborations agreed on many topics (e.g. the Changing Water Cycle, the National Ecosystem Assessment, Ocean Acidification, and a Research Centre on Sustainable Behaviours), with many more in the planning stage.

### ***Cranfield University Risk Centre***

In response to recommendations from an earlier investigation by the Science Advisory Council, Defra has established the Collaborative Centre of Excellence in Understanding and Managing Natural and Environmental Risks. This Risk Centre is a three-year, co-funded partnership between Defra and three of the UK Research Councils (the Natural and Economic Research Council, the Economic and Social Research Council and the Engineering and Physical Sciences Research Council), based at Cranfield University. The Centre will help build Defra's capability in risk appraisal, by working with policy teams in conjunction with experts across the Defra Network, elsewhere in the UK and internationally, and to help Defra tap into current and emerging good practice and apply this to a range of risk-related policy and delivery problems.

## EU and International Partnerships

### *EU Research Framework Programme (FP7)*

Working with the Research Councils, other Government Departments, and the European Commission, Defra is ensuring that the FP7 reflects UK priorities and that we are one of the more successful country participants, with British researchers winning over €100m of EU funding in the environment and food/agriculture areas since 2007.

### *European Research Area Networks (ERA-NETs)*

We continue to collaborate with other countries through ERA-NETs in a variety of areas such as biodiversity, fisheries, flood management and plant health, maximising the value from funding through linking national research programmes. In 2008 a new, Defra-coordinated ERA-NET was established in the animal health area, bringing together 26 funding organisations from across Europe to address research on emerging and infectious animal diseases.

### Forward Look

We are developing an **Evidence and Investment Strategy** together with the Chief Scientific Adviser to ensure that Defra remains first with the best evidence for cost-effective and high-quality policy formulation.

In the coming year we hope to extend the UK, EU and international cooperation mentioned above to include other scientific areas, such as marine research and organic farming, and actively participate in coordination activities taken forward by the EU's Standing Committee on Agricultural Research, including research in the agriculture and climate change/energy areas.

### **Evidence: Social Research**

Social research has provided robust evidence and the methodological underpinning to deliver significant improvements in our approach to customer insight. We are developing a deeper understanding of our customers, who they are and what they think and feel. Customer insight was highlighted in an earlier Capability Review which advocated 'a deeper understanding of Defra's wider range of customers, not just its 'traditional' customers such as farmers and land managers, but also different business sectors and citizens in general.'

**Evidence: Social Research** (*continued*)

Social researchers, together with internal social marketing experts, successfully commissioned a series of 'public understandings' research, provided expert advice to policy teams, developed methodologies and facilitated the uptake of greater customer insight. Examples of good practice have been demonstrated within the Environmental Behaviours Unit (EBU) who have established themselves as a source of expertise both within Defra and across Whitehall (working with DfT and DECC in particular). The EBU pioneered a segmentation model to provide a framework for thinking about policy options. This has been used widely from within surveys to 'customer immersion' sessions where senior staff discussed complex issues with customer segments. The adoption of segmentation models for consumers and for one of our key customer groups (farmers), provides a way of thinking about policy targets in terms of real people with different values, preferences and capabilities and helps to frame policy options. Social researchers have been key in translating these models into applied policy tools as a way of strengthening the evidence base.

Social researchers within the Performance and Strategy Programmes have also encouraged action (and are monitoring results) as customer insight is embedded into the policy cycle and approvals process and emphasis has been placed on encouraging our delivery bodies to develop, share and act upon customer insight.

**Evidence: Operational Research**

Operational Researchers in Defra are playing a significant role in developing the UK Climate Change Risk Assessment. This will allow policy makers across the whole of government to identify where action will be of most benefit to allow the UK to adapt to the inevitable consequences of climate change. This is a statutory obligation under the Climate Change Act 2008, and the first time that a risk-based approach has been used to assess the impacts of climate change on the UK. It will interpret how future climate change will impact the UK and assess the interactions between these impacts. For example, increased tourism may result from a warmer climate, which the UK may want to capitalise on, or there may be increased pressure on health services caused by heatwaves, so health policy may need to be adjusted.

### **Evidence: Operational Research** *(continued)*

Defra's analysts have also contributed to the Farming in 2020 project. The project will help provide the evidence on which future policy directions will take over the next decade. It will work by allowing policy makers to explore the impacts of possible policy scenarios on agriculture in England in 2020. The results will help us ensure that future farming policies deliver both an economically sustainable farming sector and environmental benefits.

From a corporate perspective, Operational Researchers have been at the centre of the implementation of Defra's system of managing the funding of new pieces of work (portfolio management). This has helped Defra to better manage its financial resources whilst still delivering the objectives that we have committed to.

## **Departmental Research**

Defra invests around £130m a year on research and development (in the natural and physical science as well as economics, social research and operational research) to support evidence-based policy development and service delivery. This represents approximately 5% of total Defra programme expenditure. In addition, Defra spends an equivalent sum each year on other non-research science and evidence activities, including surveillance, monitoring, field trials and knowledge transfer, much of this activity is undertaken by delivery bodies, such as the Environment Agency and Natural England.

### **Defra's Chief Scientific Adviser**

Defra's Chief Scientific Adviser (CSA), provides an independent challenge to Defra's use of evidence. As a department, we know that our thinking needs to be tested rigorously against the evidence. The CSA continues to raise the public profile of Defra science on issues such as biofuels and adaptation to climate change. He has provided expert advice in a range of key areas, for instance, bovine tuberculosis, ecosystems services and on climate change.

### **Science Advisory Council**

The Science Advisory Council (SAC) continues to advise, offer support and challenge Defra's CSA on many of the pressing and emerging evidence issues. Alongside this, SAC's input remains crucial in helping to establish the strategic direction and priorities for Defra science.

In the last 12 months, SAC has investigated a range of issues including the use of social research in Defra and the scientific evidence base for bluetongue. In October 2008, SAC held its most successful public open meeting to date, which was attended by almost 200 people, thereby demonstrating a considerable public interest in Defra science issues.



## Horizon Scanning and Futures

The Defra Horizon Scanning and Futures programme aims to provide the tools that can be applied to enable Defra to look as far ahead as the Department can possibly see. The aim is to analyse what is seen, react to it and use that insight to strengthen policy approaches. Most importantly, the programme aims to demystify horizon scanning and futures and show that the techniques can easily be used by any team to enhance policy and strategy development.

### Highlights from 2008/09

**Development of a Futures Toolkit** to facilitate and embed horizon scanning and futures research and analysis, in policy and strategy development across the Department.

**Development of a partnership project** to undertake continuous horizon scanning and analysis for the Defra Delivery Network.

## Participation in International Scientific Meetings

The CSA has been invited to co-chair international meetings under the United Nations Environment Programme (UNEP) and on behalf of the World Bank. In November, the CSA co-chaired a meeting of the Ad Hoc Technical Expert Group (AHTEG) on Biodiversity and Climate Change, which has been established under the Convention on Biological Diversity (CBD). The purpose of the AHTEG is to provide timely scientific and technical advice and assessment on the integration of the conservation and sustainable use of biodiversity into climate change mitigation and adaptation activities.

## Better Regulation

Defra has committed to improving the way we make policy and use regulation, as well as reducing its administrative burden on business. We are pursuing a radical programme to simplify the regulatory landscape and reduce the burdens associated with our more onerous regulations, produce quick-win solutions on minor legislative burdens and improve our overall approach to regulating.

Our aim is to provide business with a clear, responsive and appropriate regulatory framework which provides recognised protection and benefits. Part of this is to strike the right balance, ensuring policy outcomes, reducing burdens and giving business certainty to operate effectively in today's market whilst providing reassurance to the public that protections are maintained.

Well designed regulation plays a significant role in delivering required outcomes and associated benefits. It is pivotal in addressing market failure and internalises the costs that business impose on the environment. It delivers meaningful benefits for the environment, public health, the economy and wider society as a whole.

An important aspect of better regulation is reducing the administrative burden our regulations place on business. Administrative burden is defined as the cost of administrative activities over and above what a business would choose to do, commonly

known as Business As Usual (BAU), in the absence of regulation. The administrative burden of regulation costs UK business and third sector organisations approximately £20bn a year. Some examples of the administrative burden of regulation are filling in forms, cooperating with inspections and keeping records.

### Highlights from 2008/09

Between June 2005 and May 2008 Defra introduced a range of initiatives which are estimated to deliver administrative burden reductions of around £130.5m by May 2010. Based on figures thus far, we have delivered an 8% (£56.1m) administrative burden reduction on Defra's revised baseline figure of £459.7m<sup>18</sup>. This includes 38 new initiatives identified this year, which have delivered or plan to deliver savings of £2.8m in administrative burden reductions and wider savings to business and third sector organisations. We are projected to deliver a further 11% net administrative burden reduction by May 2010, meaning the total administrative burden imposed by the Department will be an estimated £372.6m.

A major highlight from 2008/09 was the publication of the 3<sup>rd</sup> Simplification Plan, *Better regulation, Better Business* on 10 December 2008.<sup>19</sup> Simplification and reducing administrative burdens is cross-cutting and implicit in delivering against the majority of Defra's DSOs.

Working closely with stakeholders across our regulatory landscape, the simplification programme has helped in the development of well designed regulation to ensure administrative burdens are reduced and kept to a minimum, and existing mechanisms are used as far as possible. The programme has also addressed other issues such as improving the provision of guidance and advice across the delivery network to our customers and reducing the data burdens on Local Authorities as part of the wider Public Sector Burden Reduction drive. For example, on the latter, Defra has worked to refine its National Indicator set in response to the recommendations of the Lifting the Burdens Taskforce Review. We have reviewed the old Best Value Performance Indicator (BVPI) set, and of the 20 original Defra BVPIs, 12 have been removed with a further four consolidated into two indicators. Through this work, Defra has met its target to reduce the number of data sets collected from Local Authorities by 30%, while still maintaining the ability to assure and ensure delivery through Local Authority partners.

### Forward Look and Summary

Defra is committed to delivering a net 25% reduction in administrative burdens by May 2010. Over the next year we will be managing and mitigating risks to deliver existing projections. We will be addressing the 6% deficit between the 25% target and our forecast out-turn of 19% via the implementation of an Action Plan agreed with the Better Regulation Executive, and through active collaboration with delivery partners and stakeholders.

<sup>18</sup> In 2005 Defra's baseline was estimated at £527.8m; however we have since found an error in relation to the Pollution Preventions and Control Regulation which included a one-off cost of £23.8m and the TSE Regulations 2006 removed duplicate requirements equal to £44.4m. These have now been removed, making Defra's revised baseline £459.7m.

<sup>19</sup> [www.defra.gov.uk/corporate/regulat/better/simplify/pdf/simplification-plan-081210.pdf](http://www.defra.gov.uk/corporate/regulat/better/simplify/pdf/simplification-plan-081210.pdf)

We will be working to obtain stakeholder views on how measures are being felt on the ground and to identify further savings that will deliver real benefits to businesses and third sector organisations.

We will be seeking to minimise the burden of new regulations through effective negotiations in Brussels. We will be working with delivery bodies and businesses to develop practical and light-touch ways to implement new legal requirements and deliver outcomes effectively and efficiently.

We will promote and review the use of non-regulatory approaches, e.g. voluntary Codes of Practice, to deliver our goals and objectives. We will bed-down the better regulation requirements of the new policy-cycle to ensure they are part of day-to-day policy development and service delivery.

Annex A (see page 181) describes the specific examples of our better regulation initiatives.

### **Customer Focus and Insight**

Defra's 2007 Capability Review found that the Department needed to develop:

"... a deeper understanding of [its] wider range of customers, not just its 'traditional' customers such as farmers and land managers, but also different business sectors, and citizens in general."

As a result of the Review, the Customer Focus and Insight (CFI) project was established to drive forward a greater focus on customers across Defra. The project, which is halfway through its three-year lifespan, will continue to build on the work already identified in this Report as part of a continuous programme of improving customer and stakeholder capacity. Improved processes, better defined systems and nurturing of a cultural shift which is based on understanding and responding to behaviours and motivators, will ensure Defra, better delivers policies and services that meet customer needs and achieve our strategic objectives.

There have also been cross-cutting insight projects to gain a greater insight into Defra's business, farming and fishing customers, greater joining up with the large delivery bodies on customer insight, and increased consideration of how better to join up policy development and service delivery around the needs of the customer.

Defra's 2009 Capability Re-Review recognised that while some advances had been made, the Department:

"... now needs to increase its focus on customers, and to engage and enthuse the wider delivery network and stakeholders to achieve its strategic objectives."

## **The Capability Review**

The Capability Review 2009 was published on 31 March 2009. The results were good news for Defra. Our overall score increased by six points, and we moved up two assessment categories from 'Urgent Development Area' to 'Well placed' for D1 'Plan, resource and prioritise'. Defra was the most improved Department in our tranche of reviews and equal second most improved, together with DWP, in Whitehall.

In his Foreword to the Report, Gus O'Donnell said "I would like to congratulate Defra for making significant progress over the last two years. In particular, I have been pleased to hear about the positive way in which the Department has responded to the 2007 Capability Review and the machinery of government changes which affected it in October 2008. Defra has made considerable progress in implementing its ambitious organisational vision and demonstrated an appetite for transformational change".

Planning is under way to follow up on the recommendations of the review so that Defra can build upon the progress made so far and demonstrate further improvement by the 12 month assurance process in early 2010.

## **Knowledge Information, Information Systems and Information Technology, and Service Transformation**

This section covers the way in which the necessary infrastructure to maintain secure, accessible and efficient information handling and support sustainable and effective ways of working in the Department is provided. This can be broken up into the three main areas of knowledge information, information systems and information technology and service transformation.

### **Knowledge Information Management – Data Handling**

This involves implementing procedures to correctly handle, store and manage personal and other data in line with statutory and legislative data handling and records management requirements. These procedures facilitate operational effectiveness in enabling access to information, supporting our project and programme approach and collaborative ways of working, and instil a working culture that properly values, protects and uses information.

### **Information Systems/Information Technology (IS/IT)**

An essential part of effective delivery is ensuring that the Department's IS/IT systems, supporting kit and infrastructure, function effectively, are in line with the sustainability agenda and enable the Department to deliver its business objectives and meet Government targets. This involves delivery of a range of services ranging from provision of hardware through to managing the flow of traffic over the IT network. The services

are subject to measurement against agreed target levels of performance in areas such as: provision of Helpdesk support; levels of customer satisfaction; incident management; and user down time. This includes monitoring and management of the Authority/Supplier relationship through a jointly agreed plan describing what IBM and Defra are contracted to deliver.

Government is driving savings through economies of scale as well as energy and carbon reductions from adoption of sustainable practices and technologies (e.g. server virtualisation, audio and video conferencing) via Cabinet-led Operational Efficiency and Green ICT Strategies. These cross-government initiatives include commonality of approach to procurement, streamlining delivery through shared services, and driving innovative solutions such as those in the field of data sharing.

### **Delivery of Service Transformation Projects**

The Transformational Government Strategy and its remit to improve customer services across Government is a significant driver to the projects undertaken. The Department continues to have a number of successful service transformation projects such as the International Trade Single Window in partnership with HMRC and BusinessLink, the Whole Farm Approach and Spatial Information Repository (SPIRE). These projects aim to reduce burdens on businesses and deliver efficiencies through provision of integrated electronic channels for handling all transactional, regulatory and enforcement processes and by limiting the volume of paperwork.

The Government, through the Cabinet-led Operational Efficiency Programme, is encouraging cross-government collaboration to drive savings through economies of scale and commonality of approach and sharing of best practice.

### **Highlights from 2008/09**

#### **Knowledge Information Management – Data Handling**

Results of the second quarterly assessment of the risks to the Department's key assets with personal protected information show continued improvement. In respect of IS/IT data security, improvements have also been made to protect data, for example, via use of encryption software.

A programme of work stemming from the Data Handling Review (DHR) has been established to improve levels of assurance that information is correctly handled, protected and stored, and that Defra achieves compliance with level 1 of the Cabinet Office's Information Assurance Maturity Model along with other Government Departments. The mandatory on-line training was undertaken during the weeks leading up to end of March 2009 with the Department being obliged to report back to Cabinet Office by October on the level of uptake.

## IS/IT

Delivery of a range of robust IT services is well underway to allow secure, mobile and 'greener' working practices, including energy 4-star rated laptops. These services enable access to information from anywhere, at anytime, and support more agile ways of working, thereby increasing productivity and reducing energy costs and carbon emissions.

### Delivery of Service Transformation Projects

The Department has continued to contribute to the Transformational Government agenda in 2008/09. The Whole Farm Approach (WFA) is Defra's flagship service transformation programme. By March 2009, over 7,500 farmers had registered to use the service and during the year a new feature was added to enable farmers to more readily understand how they need to operate in order to qualify for single farm payments.

Good progress was made on a number of data sharing initiatives. Defra, as the UK government lead on the EC Infrastructure for Spatial Information in Europe (INSPIRE) Directive for sharing environmental spatial data, issued a public consultation document and impact assessment as part of the Transposition process. Defra also took the lead across government for the UK Location Programme, a joint venture to implement INSPIRE and the wider UK Location Strategy (UK government policy published by Communities and Local Government (CLG) in November 2007) and established the cross-government Location Council made up of senior representatives from key departments and the devolved executives, the aim of which is to provide direction and governance to maximise the exploitation and the benefits of location information across government. Across the Defra network, we added datasets and capabilities to the Spatial Information Repository (SPIRE) service and extended the reach to over 3,000 users in 33 organisations. We also implemented the initial release of a Customer and Land Data sharing service (CLAD) which has already been used as a key resource in dealing with emergencies.

## Forward Look

### Knowledge Information Management – Data Handling

Following the Prime Minister's Data Handling Review (DHR), Defra has undertaken quarterly assessments of the risks to the Department's key information assets and shared the findings with the Audit and Risk Committee. Although results of the second assessment showed improvements, more work is needed, particularly in the areas of staff awareness and behaviours, system accreditation and assuring the privacy implications of new projects. Work to address this, and other requirements from the DHR, will be implemented through an Information Assurance Programme.

### Defra's IT Delivery Refresh (ITDR) Programme

This programme is structured as a series of projects which will run between the end of February 2009 and September 2009 when a decision to extend the existing IBM contract or procure alternative supplier(s) will be required.



### **Defra's Network Green ICT Programme and Government's Green IT Strategy**

By the end of the first quarter 2009 the Green ICT programme aims to have produced a cost-benefit analysis and plans for harvesting reductions from existing and new activities in order to achieve carbon neutrality for ICT (against a baseline measured in Winter 2008) across the Defra Network estate before January 2012. Carbon neutrality will include savings that ICT enables in the footprints of other areas such as travel and accommodation. Whilst there are significant costs associated with this, there are expected to be equivalent, if not higher cost savings from energy reductions for the Department and its network of delivery bodies.

### **Delivery of Service Transformation Projects – UK SDI (INSPIRE)**

During 2009/10, Defra will implement important new self-service arrangements for single farm payments and cattle tracing as part of the WFA, which will use new standardised identity and access control facilities integrated with the Government Gateway. We will transpose the EC INSPIRE Directive into UK law and work with the Scottish Executive to implement complementary Scottish legislation. We also aim to progress the cross-government UK Location Programme by designing the operational model and setting up the initial web services for the programme. Within the Defra Network, we aim to improve the speed to market and reduce costs for new geo-spatial systems using SPIRE services, design the Defra Network publication arrangements for access via the UK Location Programme web services, and extend the data, users and capabilities of CLAD.

### **Value for Money (VfM)**

The Government has a commitment to Parliament that it will report openly on progress towards achieving the CSR VfM targets, so it is important that both HM Treasury and departments agree on effective VfM reporting that supports and enables Parliamentary scrutiny. This section provides that information.

The Department has a target of achieving sustained, cash releasing VfM savings worth £381m by the end of the CSR07 period. This is a change from the original Defra target of £379m. It takes account of:

- a reduction of the target to £306m following the creation of DECC in October 2009, which took responsibility for delivery of £73m of the original target; and
- an increase to the target of £75m as Defra's contribution to additional cross-Government VfM savings confirmed in the 2009 Budget.

Table 3.1 below sets out the target profile across the CSR07 period. Details of savings areas are set out in our *CSR07 VfM Delivery Agreement*, published on our website at [www.defra.gov.uk/corporate/busplan/spending-review/index.htm](http://www.defra.gov.uk/corporate/busplan/spending-review/index.htm).

**Table 3.1: CSR07 VfM target profile**

2008/09	2009/10	2010/11
£177m	£244m	£381m

At the end of March 2009, the Department had delivered £175.36m of full year savings against its 2008/09 target of £177m. All gains are cash-releasing, sustainable, conform with CSR07 VfM methodology and are reported net of costs. By the end of 2010/11, the Department has confidence in delivering £324.7m against the target of £381m. This forecast does not include options for meeting the additional £75m efficiency contribution which are still to be finalised.

Savings are being delivered across a number of areas as follows:

**Table 3.2: CSR07 VfM target grouped by savings area**

Grouping	Original Defra 2010/11 Targets (£m)	Post Budget 2009 Targets for 2010/11 <sup>20</sup> (£m)
Zero Based Review Areas (Natural Resource Protection; Flood Risk Management; Animal Health & Welfare)	107.4	107.4
Review of minor Programmes & Projects	33.5	14.8
Cross-Departmental Initiatives	104.4	56.6
SR04 Overdelivery	38.0	34.0
Allocative Savings from reprioritisation of work during 2008/09 and 2009/10 budget setting	122.5	114.9
Total (including contingency)	405.8	327.7
Original CSR Target	379.0	306.0
Additional efficiency contribution confirmed in 2009 Budget		75.0
Revised CSR Target		381.0

Examples of savings delivered in 2008/09 are listed below.

- £6.46m delivered in the Animal Health area, where proposals for cost sharing took effect from January 2009. Additional savings have been found against the collection and disposal of over 24 month old fallen stock to offset a shortfall in planned savings from the National Fallen Stock Company, where a short term subsidy is being paid.

<sup>20</sup> Post Machinery of Government Defra 2010/11 Targets (reflecting transfers to DECC and additional savings contribution).

- £4.87m delivered through efficiencies at Natural England including £1.5m from back office staff reductions, £1m from estate rationalisation, £0.7m from strategic procurement savings and £1m from other workforce reductions and improved vacancy management.
- £10.06m delivered by closing or scaling back a number of minor projects and programmes, including the Rural Social Community Programme, and cost savings at NDPBs, committees and commissions.
- £25.71m from cross-Departmental initiatives, including procurement (£3.3m), Environment Agency efficiencies (see below), lower IT support costs (£1m) and estates rationalisation (£7.8m).
- £34m counted as SR04 overdelivery, largely made up of savings from the Environment Agency and Defra Executive Agencies.
- £75.61m delivered through allocative VfM savings made as part of settling budgets for the CSR07 period. These savings are separate from the review of minor programmes and projects mentioned above. They are based on reduced input costs in lower value activities, allowing savings to be released and factored into budgets for higher value activities, leading to a better output and outcome overall. The budgets in question have been reduced by the amount of the allocative savings.

### **Case study: the Environment Agency (EA)**

The Environment Agency has delivered some £30m of savings in 2008/09 through: a strong focus on commercial procurement negotiations delivering savings which have been reinvested to enable additional projects to progress; the National Capital and Programme Management Service which uses recognised best practice value management to deliver additional Flood Risk and Coastal Management capital projects, so increasing the number of houses protected from flooding; and centralised system support work and automation of some of the processes involved (through the Flood Warnings Direct project). As a result EA has raised public awareness of this service and reduced maintenance costs.

A review by Defra Approval Panels has been completed to validate VfM outturns and forecasts. Approval has also been given to establish a new efficiency programme to secure delivery of efficiencies across the Department and its delivery network for the remainder of the CSR07 period. All savings will be reviewed by the National Audit Office (NAO), which will report on each Department's claim during the CSR07 spending period.

Looking ahead, Defra and its delivery bodies will be working together to identify and deliver the additional £75m of efficiencies required by 2010/11 confirmed in the 2009 Budget.

Examples of areas already identified are:

- the Sustainable Built Environment Workplace Support (SBEWS) initiative will bring much of the Defra estate (which currently covers over 234 sites across the Department and its Agencies) into a single Facilities Management contract. Defra will save £6m each year from 2010/11 onwards through economies of scale and increasing the flexibility and quality of Defra's facilities;
- £17m will be saved on transmissible spongiform encephalopathy (TSE) surveillance through a more risk-based approach to monitoring and enforcement and by sharing costs with industry;
- the Animal Health Agency will save £7m through modernised working practices supported by IT-enabled process change;
- creation of the Food and Environment Research Agency (Fera) will reduce overhead costs by £2.5m through the merger of the Central Science Laboratory, the Government Decontamination Service and Defra's Plant Health Service and Plant Variety Rights and Seeds Office; and
- Defra's waste management and resource efficiency activities will be delivered through a single delivery channel, the Waste and Resources Action Programme (WRAP), saving £3m.

A revised CSR07 VfM Delivery Agreement will be published once the full package of savings has been identified.

### **Progress on relocating posts from London and the South East**

Under the Lyons Relocation Programme, Defra has a target to relocate 390 posts from London and the South East by March 2010.

As at 31 March 2009, a total of 413 posts in Defra and its delivery network had been relocated, thus exceeding its 2010 target. This represents an increase of 24 on the last reported figure in Autumn 2008 of 389 posts, made up of 15 Natural England posts relocated from London to various locations outside the South East and 9 Agriculture and Horticulture Development Board (AHDB) posts from various locations to Stoneleigh, Warwickshire.

The current overall forecast for the number of posts the Department may be able to relocate by March 2010 stands at 776. This forecast, which significantly exceeds Defra's original target, includes a further 223 AHDB posts (relocating to Stoneleigh, Warwickshire from various locations in the South East) and 140 posts to form the Marine Management Organisation which is to be established in Tyneside, largely drawn from Marine and Fisheries Agency posts currently based in London.

## Working Environment: Health and Safety

Defra is committed to providing, sustaining and improving a healthy and safe working environment where health and safety is embedded into normal working practices and business decisions.

### Highlights 2008/09

Defra:

- developed a new Safety Policy setting out the health and safety management system for the core-Department which was signed by the Permanent Secretary in November 2008;
- introduced new risk assessment processes with the help of trained coordinators, requiring whole team input and senior management support and sign off;
- provided workshop training to staff on workstation ergonomics, focusing on smart working and laptop use;
- rolled out a new health surveillance programme for our high risk field staff;
- inspected all our HQ buildings and progressed remedial actions with local facilities teams and Estates Division;
- submitted six monthly health and safety performance reports to the Management Board for review; and
- revised and simplified policy and guidance documents and forms including those on the subjects of Computers and Workstations, Home-working, Driving and Travel, and Accident Reporting.

### Accidents and ill health reports in 2008/09

In 2008 there were 64 incidents reported which is a decrease on the 2007/08 figures. There were no fatalities or diseases as defined by the RIDDOR Regulations, nor were we served any enforcement notices or convicted on any breach of health and safety law.

**Table 3.3:** Numbers of reported incidents for 2008/09

Type of Incident	No. of Reports
Fatal injuries	0
Major injuries	1
Dangerous occurrences	0
Over 3 day injuries	1
Minor injuries	31
Near misses	14
Road traffic accidents	1
Acts of violence (including verbal abuse)	3
Ill health cases	13
<b>Total</b>	<b>64</b>

### Forward Look

The aim for 2009 and future years is to continue:

- to encourage visible and active leadership of health and safety matters by staff at all levels;
- to work to ensure our information, policies and procedures are fit for purpose and flexible to fit team variations under Defra's new structure; and
- to provide a programme of training and education for staff at all levels to help improve health and safety awareness.

### Working Environment: Recruitment Practice

The Civil Service Order in Council 1995 sets out the legal basis for Defra recruitment policies and practice. The Civil Service Commissioners' Principles for Recruitment and the Recruitment Code are mandatory and must be followed when any post is opened to competition from outside the Civil Service.

### Highlights 2008/09

Recruitment Practice in Defra has been maintained and strengthened through:

- implementing a multi assessment approach to our recruitment and promotion activity;
- prioritising our most immediate resourcing requirements and moving available staff in a much more flexible way than has ever previously been possible;
- identifying a group of talented people at our key policy delivery grades of HEO and Grade 7 through a promotion board and placing them in the highest priority assignments;



- beginning work on identifying our people needs (i.e. the numbers, skills and experience required) for the next 2-3 years so that we can plan better to meet them; and
- implementing more rigorous pre-employment checks on all new recruits.

### Forward Look

- Embedding the amended Civil Service Commissioners Recruitment Principals into the Department.
- Ensuring policies and procedures are fit for purpose.
- Providing appropriate guidance and support to help meet diversity targets.

## PAC recommendations

### Management of Expenditure

The House of Commons Committee of Public Accounts (PAC) published a report on 4 September 2008 entitled *Defra: Management of Expenditure*. The report focused on Defra's budget management during the financial year 2007/08.

During 2007/08 Defra faced unprecedented challenges through a summer of unforeseen circumstances with serious flooding across many parts of England and a series of animal disease outbreaks (Foot & Mouth Disease, Avian Influenza and Bluetongue). The animal disease outbreaks were contained to relatively small geographical areas and the response to the unseasonal flooding tested the emergency response capabilities of the Environment Agency and Local Authorities.

Defra was able to discharge its responsibilities and respond to the various emergency situations within its budget for the year and did not need to make a call upon the taxpayer for any additional resources. In response to the PAC recommendations, the Department was also able to point to various improvements which have since been introduced under portfolio management to further strengthen financial management, including more transparent monthly financial reporting to the Management Board. The Department also achieved 'Faster Close' of its Annual Accounts in laying its Accounts before the Summer Recess in July 2008.

The 40<sup>th</sup> PAC Report of Session 2007/08 may be viewed at:  
[www.publications.parliament.uk/pa/cm200708/cmselect/cmpubacc/447/447.pdf](http://www.publications.parliament.uk/pa/cm200708/cmselect/cmpubacc/447/447.pdf)

Defra's response to the PAC recommendations can be viewed in Annex D.

### Single Payment Scheme

PAC published a report on 15 July 2008 entitled *A progress update in resolving the difficulties in administering the Single Payment Scheme in England*.

The Committee re-examined the problems experienced by the Rural Payments Agency (RPA) in implementing the Single Payment Scheme (SPS) on the basis of a report by the Comptroller and Auditor General (C&AG) *A progress update in resolving the difficulties in administering the Single Payment Scheme in England*.

Since the C&AG's report in December 2007, RPA has continued to consolidate a series of measures to improve the delivery of SPS. These helped the Agency to meet its Ministerial targets for SPS 2007 and SPS 2008 payments. RPA's central focus continues to be on improving its customer service, with the longer-term aim of reducing the cycle from claim to payment.

The 29<sup>th</sup> report of Session 2007/08 may be viewed at:

[www.publications.parliament.uk/pa/cm200708/cmselect/cmpubacc/285/285.pdf](http://www.publications.parliament.uk/pa/cm200708/cmselect/cmpubacc/285/285.pdf).

A summary of Defra's response to the PAC recommendations can be viewed in Annex D.

### Sites of Special Scientific Interest

The National Audit Office published its report *Natural England's Role in Improving Sites of Special Scientific Interest* in November 2008. Evidence was subsequently taken by the PAC at which Natural England and Defra attended as witnesses. The Committee's report is expected imminently at which stage Defra and Natural England will respond. Full details will be included in the 2010 Departmental Report.

### Legal Group

The work of Defra's Legal team is essential for the delivery of all three Priorities. Particular highlights of 2008/09 include: involvement in preparing the Marine Bill and taking it through Parliament; the enforcement of fisheries and conservation legislation and drafting legislation requiring waste and pollution to be managed in such a way as to minimise risks to human health and the environment; and advising on enforcement of such legislation.

The Defra Legal Group has supported our first Priority through:

- securing agreement at the UNEP Governing Council in February 2009 to put in place a legally binding instrument on controlling mercury. This is a landmark agreement, receiving extensive media coverage;
- supporting negotiations, under the auspices of the Cartagena Protocol on Biosafety, to elaborate an international regime for liability and redress for damage resulting from trans-boundary movements of living modified organisms;
- supporting negotiations, within the framework of the Convention on Biological Diversity, to elaborate an international regime to promote and safeguard the fair and equitable sharing of benefits arising out of the utilisation of genetic resources;
- acting as legal advisor to Defra and DfT on the negotiations for a new global agreement on ship recycling;

- working on the transposition of the Marine Strategy Directive, which establishes a framework for the achievement of good environmental status of the marine environment by 2020; and
- advising the Marine and Fisheries Agency in relation to the regulation of deposits (including construction) in the sea, and marine dredging, through licensing and consents.

Under our second Priority the Legal Group have been working together with Defra's Procurements and Contracts Division and Office of Government Commerce to ensure that new guidance for Local Authorities and other contracting authorities specifies that Forest Law Enforcement, Governance and Trade (FLEGT) timber and legal and sustainable timber are part of the specification for supplies.

Defra also supported new legislation in February 2009 on Ozone Depleting Substances and Fluorinated Greenhouse Gases, with which the Legal Group was involved.

Support to our third Priority is through legislation related to the CAP and animal health as well as supporting and advising our Executive Agencies. This involves:

- implementation of the new CAP regimes, both in relation to the EU implementing rules and subsequent domestic implementing legislation;
- updating animal disease legislation and providing 24 hour readiness to give legal services in the event of an animal disease outbreak and to ensure that no contaminated or infected material enters the food chain;
- advising on RPA's response to EU Commission Audits of the Single Payment Scheme for 2005/06; and
- advising on the Update of the Rural Land Register project which underpins the work of RPA, Natural England and the Forestry Commission.

## Communication

Our Communications team play an important role in ensuring we deliver the right messages to the right audiences at the right time. It is essential that we keep the public, Government and our own Department informed of what we are doing, how we are doing it and how well we are doing it. This report has so far included many highlights from our work which have been communicated effectively. In particular the communications team have made the most out of positive announcements over the past financial year.

- Communicating directly with the business community became increasingly important for the department this year with the need to engage them on issues such as the Carbon Reduction Commitment and resource efficiency, which was principally delivered through the *Real help for business now* campaign.

- 2008/09 was also a good year for positive announcements including marking the successful introduction of the long awaited draft Marine Bill into parliament with a stakeholder and media event.
- The Secretary of State announced on 6 December 2007 that a commemorative badge and certificate would be awarded to the Women's Land Army and Timber Corps. Defra awarded over 33,500 badges in 2008/09 to veterans and organised a special ceremony hosted by the Prime Minister at Downing Street. 50 ladies received their badges personally from the Prime Minister in recognition of the contribution to the war effort of all those who served in the WLA. Defra has also been working with Lord Lieutenants around the country to support them in hosting further events to celebrate the award of the badge.
- The communications team participated in the successful launch of the Sustainable Clothing Action Plan at London Fashion Week.
- Closer to home, we ensured that we communicated some significant departmental changes to our staff including Defra's new performance management system, the formation of DECC and adopted new and innovative channels to ensure more proactive engagement between staff, the management board and ministers, for example through online diaries and new cascade mechanisms.

# Our Performance

## CHAPTER 4





## How well have we done?

### Introduction

This Chapter covers our performance during the first year of the Comprehensive Spending Review (CSR07) period. In most cases it is too early for us to definitively judge the impact of our work using the data from this period. This reflects the fact that most of our strategic outcomes are long-term in nature and one year's worth of data is too little upon which to make clear statements of progress under the new performance management framework. In some cases it also reflects the fact that work is ongoing to develop intermediate outcomes and indicators as part of the new performance management framework.

The format and language of performance assessment used in this Chapter is specified by Her Majesty's Treasury (HMT), along with the criteria to be used for reaching those assessments which are based on the performance of the set of indicators underpinning the Public Service Agreement (PSA) target or Departmental Strategic Objective (DSO).

- **Strong progress** – more than half of the indicators have improved.
- **Some progress** – half or less of the indicators have improved.
- **No progress** – none of the indicators have improved.
- **Not yet assessed** – at least half of the indicators are yet to have data from this CSR period.

Although this is the first year of a new CSR period, we have comparable data in some areas for earlier periods. This historical data on our ongoing commitments indicates that we are well placed to face the challenges ahead. This is supported by the noticeable progress that has been made over the last six months since our Autumn Performance Report 2008 was published. In December 2008, 94% of our DSO indicators fell into the 'not yet assessed' category with 5% of them showing improvement, according to HMT guidelines. Currently, excluding those that are under review, 43% of our DSO indicators remain in the 'not yet assessed' category with 45% of them showing improvement.



## Current Spending Review Targets

**Table 4.1:** Summary of performance assessment against each DSO.

CSR07 Target	Overall Assessment
PSA 28: Secure a healthy natural environment for everyone's wellbeing, health and prosperity, now and in the future	Not yet assessed 1 indicator shows improvement 4 indicators are yet to be assessed
DSO 1: A society that is adapting to the effects of climate change, through a national programme of action and a contribution to international action	Not yet assessed Work is ongoing to develop the Intermediate Outcome and indicator framework for this DSO
DSO 2: A healthy, resilient, productive and diverse natural environment	Not yet assessed 5 indicators show improvement 9 indicators are yet to be assessed
DSO 3: Sustainable, low carbon and resource efficient patterns of consumption and production	Not yet assessed 3 indicators show improvement 3 indicators are yet to be assessed 1 indicator is under review
DSO 4: An economy and a society that are resilient to environmental risk	Some progress 3 indicators show improvement 3 indicators are yet to be assessed
DSO 5: Championing Sustainable Development	Not yet assessed 1 indicator shows improvement 3 indicators are yet to be assessed 1 indicator is under review
DSO 6: A thriving farming and food sector, with an improving net environmental impact	Not yet assessed 3 indicators show improvement 4 indicators are yet to be assessed
DSO 7: A sustainable, secure and healthy food supply	Not yet assessed Work is ongoing to develop the Intermediate Outcome and indicator framework for this DSO
DSO 8: Socially and economically sustainable rural communities	Some progress 8 indicators show improvement 4 indicators show no improvement
DSO 9: A respected department, delivering efficient and high quality services and outcomes	No Intermediate Outcomes have been defined for this DSO

## **PSA 28: Secure a healthy natural environment for everyone's wellbeing, health and prosperity, now and in the future**

The Government's vision is to secure a diverse, healthy and resilient natural environment, which provides the basis for everyone's well-being, health and prosperity now and in the future; and where the value of the services provided by the natural environment are reflected in decision-making.

### **Overall summary: Not yet assessed**

Progress towards delivering this PSA will be measured using five key indicators:

#### **Indicator 28.1: Water quality as measured by parameters assessed by Environment Agency river water quality monitoring programmes**

This indicator has not yet been assessed in this PSA period. Most recent data (for 2007/08) indicates that both chemical and biological water quality has improved since 1990. 76% of monitored river lengths are assessed as 'good' in relation to chemical quality, and 72% in relation to biological quality. Data for 2008/09 will be available at the end of 2009.

#### **Indicator 28.2: Biodiversity as indicated by changes in wild breeding bird populations in England, as a proxy for the health of wider biodiversity**

This indicator has not yet been assessed in this PSA period. Most recent data for the 2007 breeding season show that there has been a small decrease in the wild breeding bird index. Data for the 2008 breeding season will be published in October 2009.

#### **Indicator 28.3: Air quality – meeting the Air Quality Strategy objectives for eight air pollutants as illustrated by trends in measurements of two of the more important pollutants which affect public health: particles and nitrogen dioxide**

Some progress has been made against this indicator. Six of the eight pollutant objectives are being met, and air quality continues to be good across about 99% of the UK. However, objectives for Particulate Matter (PM<sub>10</sub>) and Nitrogen Dioxide (NO<sub>2</sub>) are not currently being achieved along a small number of major roads in urban areas. The latest projections indicate that we should achieve the PM<sub>10</sub> objective by 2011, but without further action by 2015 we will still have exceedences of the NO<sub>2</sub> limit value along some 850 km of major roads, mainly in Greater London.

**Indicator 28.4: Marine health – clean, healthy, safe, productive and biologically diverse oceans and seas as indicated by proxy measurements of fish stocks, sea pollution and plankton status**

This indicator has not yet been assessed in this PSA period. Most recent data (2007) indicates that both fish stocks and sea pollution have improved since 1990, but that plankton status has declined (largely due to climate change impacts).

**Indicator 28.5: Land management – the contribution of agricultural land management to the natural environment as measured by the positive and negative impacts of farming**

This indicator has not yet been assessed in this PSA period. The positive and negative impacts of farming are based on a range of measures associated with water, air, soil, landscape and biodiversity. Most recent data (2007) indicates that both positive and negative impacts have improved since 2000. Data for 2008 will be available at the end of 2009.

## **DSO 1: A society that is adapting to the effects of climate change, through a national programme of action and a contribution to international action**

Cutting greenhouse gas emissions is a priority. But some climate change is now inevitable and all of us – as individuals, businesses, Government and public authorities – will need to adapt to respond to the challenges of climate change.

### **Overall summary: Not yet assessed**

Defra's work on adaptation was previously reported through DSO 4: Managing environmental risk. This DSO was revised after the creation of the Department of Energy and Climate Change (DECC) and the climate change adaptation part removed to form the new DSO 1. This reflects Defra's lead on domestic adaptation, and the important role we play on international adaptation, where the lead is held by other Government Departments.

Work is ongoing to develop the intermediate outcomes and indicator framework to support this DSO.

This work will build on some of the existing performance measures that relate to adaptation. The Government has already made "Leading the global effort to avoid dangerous climate change" one of thirty cross-government priorities (PSA 27). The existing 6 indicators for this overall climate change priority include one measure of success related to adaptation.

Government has also set out, as part of the local government performance framework, an indicator for all English Local Authorities on embedding adaptation in the full range of their work, National Indicator 188. All Local Authorities will need to report on their progression through different levels of the indicator, and this will be assessed by the Audit Commission, the auditor for local government.

These existing indicators will be a useful benchmark of success. However, because there are many other areas of life where we need to adapt, we will need to develop additional indicators. We have carried out some initial scoping work and plan in Autumn 2009, to propose a basket of indicators for the Adapting to Climate Change Programme for consultation. We will then need to supplement these with indicators that measure specifically what Defra is doing.

## **DSO 2: A healthy, resilient, productive and diverse natural environment**

This DSO has 8 intermediate outcomes and aims to protect and enhance the natural environment, and to encourage its sustainable use within environmental limits.

### **Overall summary: Not yet assessed**

As with the Natural Environment PSA, we have significant historical data on the health of our natural environment, but we do not yet have data within the CSR period for all indicators.

### **Intermediate Outcome 2.1: Air with minimum practicable harmful levels of pollutants**

**Indicator 2.1.1: Meeting the Air Quality Strategy targets for eight air pollutants as illustrated by trends in measurements of two of the more important pollutants, particles and nitrogen dioxide**

This is reported on under indicator 28.3 of PSA 28.

### **Intermediate Outcome 2.2: Biodiversity valued, safeguarded and enhanced**

**Indicator 2.2.1: Trends in populations of wild birds: population index for farmland; woodland; water and wetland**

This is reported on under indicator 28.2 of PSA 28.

**Indicator 2.2.2: Percentage of SSSIs meeting target condition**

This is reported on under the SR04 PSA 36 Sites of Special Scientific Interest target.

### **Intermediate Outcome 2.3: Sustainable water use aiming to achieve a balance between water quality, environment, supply and demand**

**Indicator 2.3.1: Water quality as measured by parameters assessed by Environment Agency river water quality monitoring programmes**

This is reported on under indicator 28.1 of PSA 28.

**Indicator 2.3.2: The number of Environment Agency Catchment Abstraction Management Strategies (CAMS) that are not either over-abstracted or over-licensed**

This indicator has not yet been assessed. The next update is due in June 2009. The baseline in March 2008 recorded that 297 (32%) of catchment assessment units had sustainable abstraction, and 630 (68%) of catchment assessment units had actual or probable unsustainable abstraction.

This indicator is also reported under indicator 27.2 of PSA 27 by DECC.

### **Intermediate Outcome 2.4: Clean, healthy, safe, productive and biologically diverse oceans and seas**

**Indicator 2.4.1: Riverine and direct inputs of metals from the UK to marine waters around the UK**

**Indicator 2.4.2: Number of fish stocks around the UK at full reproductive capacity and harvested sustainably**

**Indicator 2.4.3: Plankton status**

These indicators make up indicator 28.4 of PSA 28 and are reported on there.

### **Intermediate Outcome 2.5: Land and soils managed sustainably**

**Indicator 2.5.1: Land managed sustainably as measured by overall area coverage of the Environmental Stewardship Scheme and previous agri-environment schemes**

This data shows that, as at 31 March 2009, 65.1% of agricultural land in England was being managed under agri-environmental management schemes. This is on track to meet the 70% target by March 2011.

**Indicator 2.5.2: Soil status (chemical and physical)**

The Countryside Survey of 2007 (results published in November 2008) found no overall change in the average carbon concentration in soils in Great Britain since 1978, contrasting with a previous study in England and Wales. The differences between the results of the two surveys need to be investigated given the important role that the soils play in carbon storage.

Soil acidity was found to have decreased from 1978 to 2007 in Great Britain, with the average pH (a measure of acidity) changing from 5.67 to 5.87 (the smaller the number the more acid the soil). The trend mirrors declining emissions and deposition of sulphur (and is consistent with previous studies), though other factors such as liming and fertiliser use on agricultural land are also important drivers of change in some habitats.

**Indicator 2.5.3: Soil management as measured by compliance with cross-compliance and take-up of agri-environment options**

There has continued to be good uptake of soil protection relevant options within Environmental Stewardship, meaning that more farmers are taking actions which will protect their soils. The data comes from the Natural England database into which the records of new agreements are entered. Between April 2008 and March 2009 there have been 1,443 new agreements with buffer strip options, 327 agreements with overwintered stubbles, 36 new agreements with undersown spring cereals and 53 with erosion control under maize. These figures are mostly down compared to new



agreements in 2007/08, which were 2,198, 558, 77 and 50 respectively. This means that the total number of agreements that include each of these options now stands at 16,319, 4,762, 499 and 434 respectively.

The inspection statistics for cross-compliance for 2008 have not yet been published by the Rural Payments Agency (RPA).

### **Intermediate Outcome 2.6: People enjoy, understand and care for the natural environment**

#### **Indicator 2.6.1: The proportion of the adult population taking part in visits to the outdoors from home for leisure purposes and the frequency of these visits**

This indicator has not yet been assessed. We have relied on recreational data collected in past English Leisure Visits Surveys. The survey has now been renamed the Monitor of Engagement in the Natural Environment, with the fieldwork for it starting in 2009. The first full year of data is expected to be ready in March/April 2010.

### **Intermediate Outcome 2.7: Improved local environmental quality**

#### **Indicator 2.7.1: Local street and environmental cleanliness, as measured through the percentage of relevant land and highways that is assessed as having combined levels of litter, detritus, graffiti and flyposting that fall below an acceptable level**

This indicator has not yet been assessed. Returns for the year 2008/09 will be made up of an aggregation of the three four-monthly survey returns from local authorities that have adopted National Indicator 195 (street cleansing). Preliminary results will be available in the first quarter of 2009/10. This will represent the baseline year for this indicator.

### **Intermediate Outcome 2.8: Sustainable, living landscapes with best features conserved**

#### **Indicator 2.8.1: Length of linear features managed under agri-environment schemes**

Around 30,000 km of hedgerows have been restored or planted under agri-environment schemes with a further 128,000 km under environmentally friendly management under Entry Level Stewardship; about 2,500 km of dry stone walls have also been restored. Data on the length of hedgerows and walls are provided by the Countryside Survey, which reports every 6-10 years on the state of the British countryside. The latest data from the 2007 Survey indicate that the total length of hedgerows in England is around 547,000 km, while the length of walls is around 82,000 km.

### **DSO 3: Sustainable, low carbon and resource efficient patterns of consumption and production**

This DSO has two intermediate outcomes that seek to achieve sustainable patterns of consumption and production by reducing the environmental impacts of products and services and minimising waste.

#### **Overall summary: Not yet assessed**

This DSO cannot be assessed as we do not yet have baseline data for any of the indicators under Intermediate Outcome 3.1.

Furthermore, two of the indicators under this DSO are being revised, to bring them closer into line with the activities of the Sustainable Consumption and Production programme. At the same time we are working to improve the quality of the existing indicators, taking into account any findings from the recent National Audit Office review.

#### **Intermediate Outcome 3.1: More sustainable products, business processes and consumer lifestyles, which reduce environmental impacts and contribute to an innovative and productive economy**

##### **Indicator 3.1.1: Resource efficiency: Gross Value Added, CO<sub>2</sub> emissions, water use, and waste to landfill by the UK manufacturing and service sectors**

This indicator assesses the environmental impact of the manufacturing and service sector in England in relation to their output in terms of the Gross Value Added. Baseline data on environmental impacts in the first year of the CSR07 period will not be available before June 2009.

The most recent and available data shows that between 2000 and 2006, there were reductions in CO<sub>2</sub> emissions (by less than 5%), water use (8%) and waste to landfill (just under 25%), while output increased by about 17%.

##### **Indicator 3.1.2: Consumption: CO<sub>2</sub> emissions from fossil fuel and electricity use in the home, and water use and household residual waste**

This indicator assesses the environmental impact of households in England. Data on environmental impacts in the first year of the CSR07 period will not be available before June 2009.

Available data shows that, between 2000 and 2006, carbon dioxide emissions have remained stable with a slight reduction of around 1%, and there has been a slight increase in water use (3%) in the home, although there was a large reduction in waste not recycled (20%).

### **Indicator 3.1.3: Products: Annual year on year reductions in energy use in the UK from changes in the design of domestic appliances covered by the Market Transformation Programme**

This indicator assesses the contribution of changes in product design on energy use and resulting CO<sub>2</sub> emissions in the home. This indicator is under review and is expected to be revised in June 2009. The revised indicator will assess progress towards the commitments for reductions in carbon dioxide emissions from energy efficient products given in the 2007 Energy White Paper<sup>18</sup>.

Data for the currently defined indicator shows that the take-up of new technology reduced CO<sub>2</sub> emissions relating to electricity use in UK homes by between 1 and 2 million tonnes of carbon dioxide a year between 2000 and 2007, compared to total emissions relating to use of products in the home of about 50 million tonnes of carbon dioxide in 2006.

### **Indicator 3.1.4: Environmental impacts of the UK Public Sector.**

This indicator uses data collected by the Sustainable Development Commission (SDC) to assess progress in reducing environmental impacts (carbon dioxide emissions, water use and waste arisings) from the Government estate. Data for baseline performance in 2007/08 were published by the SDC in December 2008. The SDC report shows that CO<sub>2</sub> emissions from offices on the Government estate are on track to meet the 2010/11 target, although this is primarily due to reductions achieved by the Ministry of Defence. The August 2008 Government Delivery Plan suggests that departments are largely on track on most other target areas, providing they meet their published trajectories. Data on changes between 2007/08 and 2008/09 should be available in December 2009.

Following the transfer of responsibility for sustainable operations on the Government estate to the Office for Government Commerce, this indicator will be revised to cover the environmental impacts of public procurement. The development of the indicator will require new research, which will be commissioned during 2009/10.

## **Intermediate Outcome 3.2: Less waste, more material recovery and energy from waste and much less landfill**

### **Indicator 3.2.1: Household residual waste per head (i.e. after prevention re-use, recycling and composting)**

This indicator uses data collected from WasteDataFlow, which is the web based system for municipal waste data reporting by UK local authorities to government. Residual waste per head has been decreasing year on year since the 2000/01 baseline, and in 2007/08 it was 324 kg per head, compared with 452 kg per head in 2000/01. The 2010 target is to reduce household waste after reuse, recycling and composting from over 22.2 Mt in 2000 by 29% to 15.8 Mt in 2010, equivalent to 307 kg per person.

<sup>18</sup> Meeting the energy challenge: a white paper on energy [Cm 7124] can be found at [www.berr.gov.uk/energy/whitepaper/page39534.html](http://www.berr.gov.uk/energy/whitepaper/page39534.html).

**Indicator 3.2.2: Household waste recycling**

This indicator also uses data collected from WasteDataFlow. The household recycling and composting rate increased year on year between 2000/01 and 2007/08, reaching 35% in the latest year data are available. This compares with the 2010 target of 40% recycling.

**Indicator 3.2.3: Non-inert, non-municipal waste landfilled**

This indicator uses data on municipal waste to landfill from WasteDataFlow and other landfill data from statutory returns made to the Environment Agency. Non-municipal/non-inert waste to landfill is a proxy for commercial and industrial waste, calculated by subtracting municipal and inert waste landfilled from total waste going to landfill. Total waste to landfill in England has decreased over time, by 24% (19 Mt) from 80 Mt in 2000/01 to 61 Mt in 2007. During this time there has been a small decrease in non-municipal, non-inert waste to landfill, which was 21 Mt in 2007.

## **DSO 4: An economy and a society that are resilient to environmental risk**

This is delivered through ensuring that flooding and coastal erosion risks are managed sustainably, through the economy, human health and ecosystems being protected from environmental risks and emergencies, and through public health and the economy being protected from animal diseases.

This DSO has three intermediate outcomes, which focus on building resilience in the areas of flood risk management, handling animal disease, implementing chemicals regulation and Defra's response to emergencies, where it has 'lead department' responsibility. We are in the process of revising the suite of indicators which support this DSO, to help provide a better picture of progress across the range of policy areas that feed into the three intermediate outcomes.

### **Overall summary: Some progress – improvement for 3 out of 6 indicators**

#### **Intermediate Outcome 4.1: Risk from flooding and coastal erosion managed sustainably**

##### **Indicator 4.1.1: Reduction in the number of households at significant or greater risk of flooding**

A target was announced in February 2008 to remove 45,000 households from significant risk by the end of the CSR07 period. As of the end of June 2008, it was estimated that nearly 6,000 households had already been removed from significant risk. The Environment Agency's current best estimate is that slightly more than 45,000 households will have been removed from the significant risk category by the end of the CSR07 period.

Target: reduction of 45,000 households from significant risk over the CSR07 period.

Already delivered: 5,983 households.

The current best estimate of households at significant or greater risk is over 430,000, based on 2006 results (using the Environment Agency's National Flood Risk Assessment model – NaFRA). An improved estimate of the number of households at significant or greater risk is expected from NaFRA in 2009.

#### **Intermediate Outcome 4.2: Protection of the economy, human health and ecosystems from environmental risks and emergencies**

##### **Indicator 4.2.1: Assessment of implementation of REACH**

This is a process indicator, based on an internal assessment of the UK's progress with implementing the EU's REACH (registration, evaluation, authorisation and restriction of chemicals) regulation. Pre-registration of REACH opened on 1 June 2008 and ran until 1 December 2008. According to figures from the European Chemicals Agency, 22,227

UK companies made a total of 418,753 pre-registrations. This represents the highest number of companies from any of the EU member states. There was some increase in awareness of REACH among UK small and medium enterprises (SMEs), from a low level in January 2008, with increasing activity along the supply chain and with the Health and Safety Executive's (HSE) helpdesk.

Following public consultation, the UK's enforcement regulations came into force on 1 December 2008. The HSE, as Competent Authority and lead enforcement authority, has drawn up a strategy to focus enforcement activity from this date. The UK will continue to play a full and constructive part in the ongoing implementation processes within the EU. The UK nominated Short Chain Chlorinated Paraffins (SCCPs) for the first list of Substances of Very High Concern (SVHC) which will lead to authorisation. The UK is continuing to investigate chemicals for potential nomination as SVHCs and will also look for opportunities to act as rapporteur within the subsequent European Chemicals Agency procedures for dealing with them.

#### **Indicator 4.2.2: Defra emergency preparedness**

This is a process indicator, based on an internal assessment of the preparedness of the Department to respond effectively to the range of emergency situations for which it has 'lead department' responsibility (which includes flooding, animal disease outbreaks, clean-up following CBRN (chemical, biological, radiological and nuclear) incidents, water supply, water contamination, and food supply). Details of Defra's preparedness are given at page 48. This shows that the level of resilience has been maintained in the face of fundamental Departmental changes in the last year.

### **Intermediate Outcome 4.3: Public health and the economy protected from animal diseases**

#### **Indicator 4.3.1: Number of BSE cases**

The 2006 target, to reduce the number of cases of Bovine Spongiform Encephalopathy (BSE) detected by both passive and active surveillance to less than 60, was reached in 2007. In 2008, the number of cases in Great Britain fell by 38 per cent to 33. Defra continues to work towards its target of eradicating BSE in Great Britain by 2010. Although the incidence of BSE in Great Britain is very low and declining there is a high risk that we will not meet the 2010 target. However, any cases in 2010 will be the result of infection several years previously because of the long incubation period of BSE. We expect the number of new infections in 2010 to be close to zero although it will not be possible to confirm this until at least 2015.

#### **Indicator 4.3.2: Number of bTB cases**

The bovine TB (bTB) statistics for Great Britain for the calendar year to end December 2008 have shown an increase in the number of new herd incidents. There were 4,986 new herd incidents in 2008 compared to 4,172 for the same period in 2007. Over the same time period the overall incidence rate, which considers the number of new incidents as a proportion of herd tests performed each month, increased by 1.4 percentage points from 7.4% in 2007 to 8.8% in 2008.



It is important not to read too much into short-term changes. Bovine TB is a chronic disease and is cyclical in nature, with variations occurring both seasonally and over longer timescales. Factors such as testing patterns can also influence the amount of disease being detected (e.g. with increased and more targeted testing we would expect to detect more disease). Trends should therefore only be considered in the long term over a number of years.

The DSO 4 indicator provides a measure of the overall level of new disease disclosed as a result of the herd surveillance programme. This is different to the measure used in PSA 9 from the 2004 Spending Review (SR04), which considered the number of confirmed new incidents in new parishes and is a proxy measure for the spread of disease to new areas. The SR04 PSA 9 target is reported as -4.8 for December 2008, well below the target of +17.5 Confirmed New Incidences (CNIs) per annum.

More on bTB SR04 PSA 9 target reporting and calculation details can be found on page 177.

#### **Indicator 4.3.3: Proportion of farms engaged in farm health planning**

Farm Health Planning (FHP) should be a proactive process where a farmer and their adviser measure, manage and monitor herd health and performance. There is no single indicator that readily captures the proportion of farms doing this across the country. To get an understanding of what was happening ADAS prepared for Defra a snapshot of FHP practice across a statistically representative sample of the English livestock industry. This was published in December 2007 as *An Independent Evidence Baseline for Farm Health Planning in England*. Amongst many other things, this found that over half (56%) of the farm businesses surveyed had a documented plan, while a further 29% had one in mind, while 15% had no plan. However, this, by itself, cannot be taken as an indication of the proportion of farms involved in FHP. Possession of a plan does not necessarily mean that proactive FHP is happening.

Future uptake of FHP can be assessed against this baseline by those promoting the practice. Defra, in particular, is planning to track some of the key measures in the baseline through the Farm Practices Survey, which will take place later in 2009.

## DSO 5: Championing Sustainable Development

Defra is the Government's champion for Sustainable Development (SD) – domestically and internationally. DSO 5 is supported by two intermediate outcomes with underpinning indicators which aim to ensure that policy and delivery at all levels of Government observe the five principles of SD as set out in the 2005 SD strategy *Securing the Future*.

### Overall summary: Not yet assessed

#### Intermediate Outcome 5.1: SD successfully championed across government

- Indicator 5.1.1: Performance of Government as a whole against the Sustainable Operations on the Government Estate (SOG E) targets and against SD action plans as summarised in the Sustainable Development Commission's (SDC) reports
- Indicator 5.1.2: Indicator on Government estate water use and waste to landfill, and CO<sub>2</sub> emissions from the wider Government estate
- Indicator 5.1.3: Stakeholders' perceptions of Defra's (and the SDC's) effectiveness and usefulness as champion of SD

This work is led by the new Centre of Expertise in Sustainable Procurement (CESP) in the Office for Government Commerce (OGC). It has taken on the role for the delivery of the SOGE targets from Defra.

In December 2008, the SDC published the latest Government performance figures, based on data provided by departments for the period 2007/08 and measured against SOGE targets. Overall performance on the targets showed an improvement, and Government as a whole is forecasting that it will meet the 2010/11 targets on Carbon emissions from Offices and Road Transport, Waste and Recycling. Data for this CSR period will be available late in 2009.

#### Intermediate Outcome 5.2: Evidence of progress on SD Dialogues

- Indicator 5.2.1: An indicator (still under development) weighted by country measuring engagement of country and impact of the SD Dialogues
- Indicator 5.2.2: Stakeholders' perceptions of Defra's (and the SDC's) effectiveness and usefulness as champion of SD

A survey is currently underway to measure stakeholders' perceptions of progress on SD Dialogues (combined with the survey for indicator 5.1.3 and 5.2.2). In the five countries where we have Dialogues, we have around 70 live projects designed to deliver positive outcomes across all key policy themes. Following an external evaluation of the Dialogue project, the development of an indicator is underway.

## **DSO 6: A thriving farming and food sector, with an improving net environmental impact**

Making the farming industry more innovative, self-reliant, profitable and competitive and with better environmental management throughout the whole food chain.

DSO 6 is supported by four intermediate outcomes.

### **Overall summary: Not yet assessed**

#### **Intermediate Outcome 6.1: Farming has an improving net environmental impact**

Performance indicators have now been developed to establish clearer evidence about the current relationship between farming practice and environmental impact. Proxy indicators are: uptake of Single Payment Scheme (SPS) and failure rates of cross-compliance inspections; uptake of Entry Level Scheme (ELS); use of soil management plans; use of Integrated Farm Management; and length of hedgerows environmentally managed under ELS.

No assessment is possible on the progress of these proxy indicators as none of them have generated data sets during this reporting period.

##### **Indicator 6.1.1: index of farming's positive benefits on the natural environment**

This is reported on under indicator 5 of PSA 28.

##### **Indicator 6.1.2: greenhouse gas (GHG) emissions from agriculture**

This indicator is also reported on under PSA 27 by DECC. Total GHG emissions from agriculture continue to show a steady decline, but the sector still accounts for a significant proportion of the UK's methane and nitrous oxide emissions (it is responsible for 38% of methane emissions and 68% of nitrous oxide). The next update will be in June 2009.

##### **Indicator 6.1.3: index of farming's negative impacts on the natural environment (excluding GHGs)**

This is reported on under indicator 5 of PSA 28.

## **Intermediate Outcome 6.2: Profitable and competitive farm based businesses**

### **Indicator 6.2.1: Gross Value Added (GVA) per person, as a ratio of UK to EU 14**

The 2007 ratio of UK GVA to EU 14 stands at 1.32. This represents a 1% rise on the 2006 figure of 1.31, and continues the recovery towards the trajectory seen since 2004.

## **Intermediate Outcome 6.3: CAP reform vision delivered**

### **Indicator 6.3.1: production linked support as measured by projections of reductions in the sum of EU 15 support to the Amber and Blue boxes**

Indicator 6.3.1 shows the extent of EU production-linked support which is trade distorting. It includes a measure of market support and direct payments linked to production. This support is classified by the World Trade Organisation's (WTO) Amber and Blue Box definitions.

During the year, there was good progress in the WTO Doha Development Agenda negotiations, which will agree reductions in the levels of overall trade distorting domestic support allowed (including Amber and Blue Box spending) when a deal is reached: the EU's ceiling would be cut by 80%.

A final overall agreement remained unattainable and negotiations at the political level have paused whilst the new United States Administration takes office. Delays affect the Government's ability to secure progress in reducing agricultural tariffs.

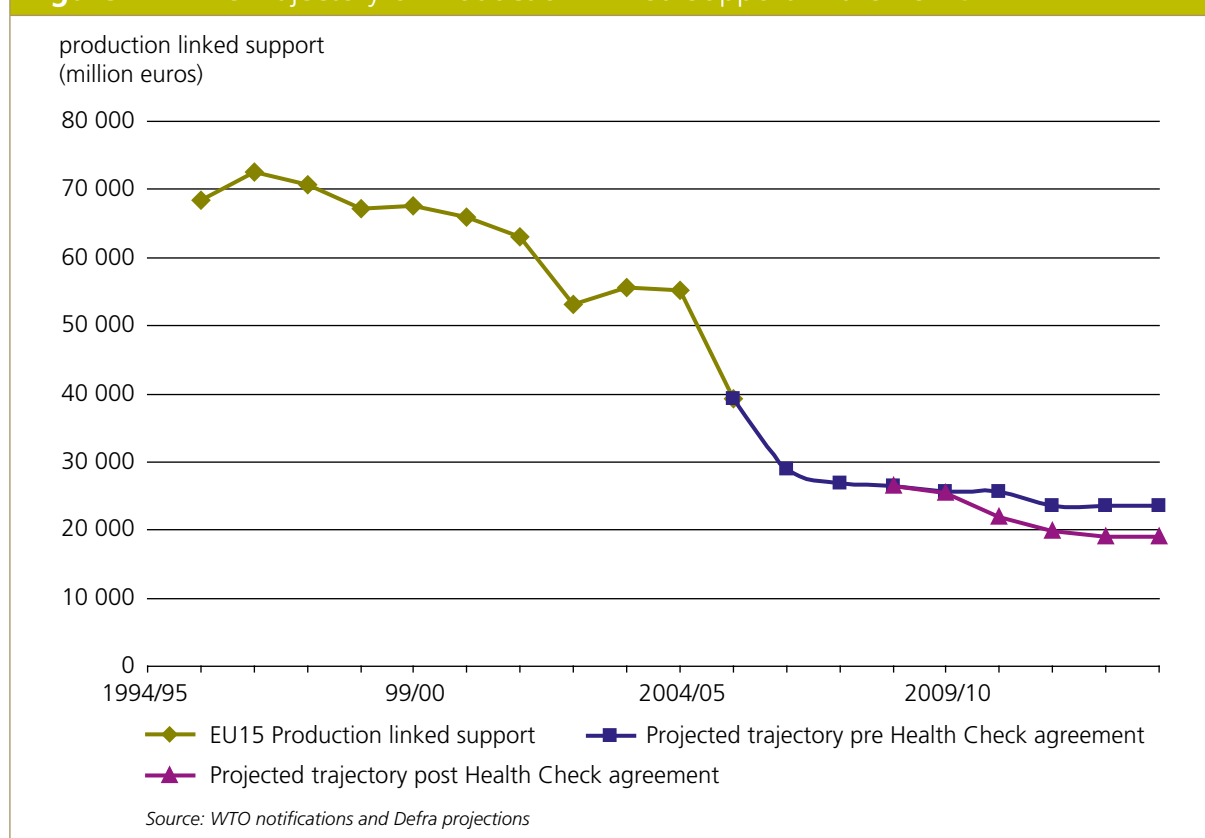
**Figure 4.1: The Trajectory of Production Linked Support in the EU 15.**

Figure 4.1 shows production linked support in the EU 15. Numbers exclude production linked support under Article 69 (payments for specific types of farming) and the larger replacement for it agreed in the Health Check (Article 68). It is not yet clear how Article 68 will be implemented, but we estimate that in a worst-case scenario, by 2013/14 it could add a maximum of approximately €1.3bn to the post Health Check trajectory.

The estimates shown in Figure 4.1 are compiled by the European Commission, including returns by each member state on their commodity support expenditure, and using the methodology specified in the Uruguay Round Agreement on Agriculture, which are then notified to the World Trade Organisation. 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 a 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.

### Indicator 6.3.2: securing Common Agricultural Policy (CAP) Health Check reforms

The Health Check was a scheduled review of the major CAP reform of 2003, which aimed to ensure those reforms were operating smoothly, make necessary adjustments, and to take further the reform principles established then, including decoupling, modulation and reduced intervention. Political agreement on the Health Check was reached in Agriculture Council in November 2008, followed by adoption of legal text in January 2009.

In the Health Check, progress was achieved in a number of areas towards the UK's longer-term aims for a fully reformed CAP. These included steps to further decouple subsidy from production, reduce market-distorting intervention measures, reduce red tape in direct farm payments, and increase the focus on delivering public benefits including environmental benefits. However the UK would have preferred the Health Check to go further in phasing out all the remaining coupled payments and ending all forms of market intervention, while greatly increasing the focus on environmental benefits.

Specifically, strong progress was made in the following areas that were identified as indicative of progress.

- Compulsory set-aside of a proportion of agricultural land was abolished from 2009.
- Potato starch support arrangements will be phased out by July 2012 – along with other reductions in the market intervention system (the purchase by the EU of excess EU production).
- Agreement was reached on the process for phasing out Milk Quotas by 2015, gradually enabling more freedom of production by annual increases and final removal of quotas.
- In January 2008, even before the Health Check, Single Payment Scheme (SPS) rules were simplified so that the land supporting annual payment claims only needs to be at a farmer's disposal for a single day rather than 10 months.
- As a result of the Health Check and previous EU reforms, a number of restrictions in land eligibility rules under the SPS have been eased, such as the inclusion of all permanent crops and short rotation coppice from 2009.
- The number of types of 'entitlements' (effectively a 'certificate' of variable value that entitles you to claim direct farm payments) in the SPS has been decreased by ending separate set-aside and national reserve entitlements from 2009.
- An upper limit on the size of individual payments, as suggested in earlier papers from the European Commission, was not imposed.
- Better targeting of cross-compliance – the environmental, animal health and welfare standards that farmers are required to meet as a condition of direct payments – was achieved.
- The rate of compulsory modulation – which transfers a proportion of money from direct payments for farmers to the delivery of environmental and other public benefits – will increase across the EU from the current 5% to 10% by 2012.



Progress was not fully achieved in three areas:

- Wheat intervention has not been fully phased out but it will be limited to 3 Mt each year from 1 July 2010. Once this threshold has been reached, intervention will take place by way of buying-in through a tendering system.
- The first €5,000 of direct farm payments will continue to be exempt from modulation. However, in practice, for the additional modulation under the Health Check, the franchise has no effect in the UK since the arrangements allow it to be offset by voluntary modulation.
- The UK did not achieve budget neutrality as a result of the Health Check, as it will allow Member States to spend unclaimed farm payment funds, at an estimated cost to the UK of around €80m in 2011, although there is likely to be a net gain for UK taxpayers in the following years.

In one other area – simplification of cross-compliance requirements – it is too soon to determine whether progress has been made, as the outcome depends on the details of implementing regulations and how they are implemented in the UK.

### Intermediate Outcome 6.4: Improved welfare of kept animals

#### Indicator 6.4.1: percentage of Animal Health random inspections which achieve full compliance with welfare code and law per annum

Since 2005, there has been no significant change in the percentage of random inspections which achieve full compliance. Assessments will only be made using the annual figures as there is too much variability in the quarterly figures to provide an accurate basis for assessing progress.

The non-significant reduction in the percentage of random inspections which achieve full compliance seen in 2007/08 figures may reflect the change in the inspection process for welfare under the single farm payment scheme where more detailed and consistent data collection has been carried out since 2007.

**Table 4.2:** Percentage of Animal Health random inspections which achieve full compliance with welfare codes and law per annum.

	2005	2006	2007	2008
All random welfare inspections	93	91	89	87
Non SPS Claimants	93	91	90	88
Cross Compliance Inspection	—	—	88	87

Source: Animal Health Agency

## DSO 7: A sustainable, secure and healthy food supply

This DSO was introduced in December 2009 when Defra was given a new remit to lead for the government in developing a coherent approach to ensuring a sustainable, healthy and secure food supply. Work is underway to develop the intermediate outcomes and indicator framework to support this DSO.

### Overall summary: Not yet assessed

We are developing a framework for assessing UK food security which is close to completion. A key element of the development has been the involvement of key stakeholders and experts who have helped shape the framework.

This consists of a scorecard of indicators of UK food security. The scorecard has two functions:

- (a) communicating the key elements of and risks relating to the security of our food system, so as to inform intelligent and evidence-based discussion of food security policy; and
- (b) monitoring changes in these indicators over time to assess any material improvement or deterioration in the different dimensions of our food security.

The scorecard gives a balanced analysis across the main themes of UK food security, namely:

1. global availability;
2. global resource sustainability;
3. UK availability and access;
4. UK food chain resilience;
5. household food security; and
6. safety and confidence.

For each theme, a headline indicator has been selected to provide an initial high level indication of the state and change in the theme. Where they do not reflect all aspects of the theme they are selected as covering the most important aspects. Additionally, supporting indicators are given to add breadth and depth to the process of monitoring change.

We are also developing indicators on sustainability, the foundations of which will be completed by the end of July when we will draw on all the evidence to consult on a suite of indicators, some or all of which could be used for reporting against the DSO.

## **DSO 8: Socially and economically sustainable rural communities**

Two intermediate outcomes have been identified for this DSO:

- Intermediate Outcome 8.1: The evidenced needs of rural people and communities are addressed through mainstream public policy and delivery; and
- Intermediate Outcome 8.2: Economic growth is supported in rural areas with the lowest levels of performance.

The DSO includes a suite of socio-economic indicators covering a wide range of the Government's policy priorities. In July, these indicators were published on the Defra website. They will be updated on an annual basis. It is worth noting that the indicator set does not lend itself to more frequent updates. So in-year risk assessment relating to individual policy areas will be limited and based on qualitative analysis of events (such as the economic downturn).

### **Overall summary: Some progress – improvement for 8 out of 12 indicators**

Tables 4.3 and 4.4 provide key figures for the main indicators. On most of these measures the data shows that overall rural people experience more positive outcomes than the national average. Areas where rural areas fare worse or equally as well as the national average are: waiting lists and affordability of housing; pensioner poverty, where there is no advantage in rural areas; earnings; and capital investment per employee.

Where local authority data has been used, 'Rural areas' refers to the most rural category, Rural-80. Where the Rural Definition has been used, data for less sparse villages has been used to represent 'rural areas'. However, these are not the only data for rural areas and further detail in addition to commentary can be found on our website<sup>19</sup>.

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<sup>19</sup> <http://www.defra.gov.uk/rural/dso/index.htm>

### Intermediate Outcome 8.1: The evidenced needs of rural people and communities are addressed through mainstream public policy and delivery

This is to be measured by data that compares outcomes for rural areas with the national average, rather than against a historical baseline.

**Table 4.3:** Performance of rural areas compared to the national average measured against each of the indicators held under Intermediate Outcome 8.1.

	Rural areas	England average	Source and year
<b>Intermediate Outcome 8.1</b>			
Sub-theme/indicator			
<b>Indicator 8.1.1: Education</b>			
1.1 Percent of pupils leaving school with 5 A*-C at GCSE	68	59	DCSF 2006/7
1.2 Full time entrants to higher education per 1,000 population	170	131	DIUS 2007/8
<b>Indicator 8.1.2: Social capital</b>			
2.1 Percent of people who feel people from different backgrounds get on well together in their area	87	82	CLG, 2007
2.2. Percent of people who have meaningful interactions with people from different backgrounds	63	79	
2.3 Percent of people who feel that they belong to their neighbourhood	81	75	
2.4 Percent of people who feel they can influence decisions in their locality	46	38	
2.5 Percent of people who participate in regular formal volunteering at least once a month	38	27	
<b>Indicator 8.1.3: Health</b>			
3.1 Life expectancy at birth (males; females)	79.0; 82.9	77.7; 81.6	ONS 2007
3.2 Infant mortality rate per 1000 live births	3.7	4.8	ONS 2007
3.3 Potential years of life lost (PYLL) from all cancers	137.8	151.7	Information Centre for Health and Social Care 2007
3.4 PYLL from stroke and related	13.4	17.5	
3.5 PYLL from coronary heart disease	40.4	52.3	
3.6 PYLL from suicide and undetermined injury	26.5	25.5	

**Table 4.3:** Performance of rural areas compared to the national average measured against each of the indicators held under Intermediate Outcome 8.1 (*continued*).

	Rural areas	England average	Source and year
<b>Intermediate Outcome 8.1</b>			
Sub-theme/indicator			
<b>Indicator 8.1.4: Affordable housing</b>			
4.1 Waiting lists as a proportion of housing stock	48	45	CLG 2008
4.2 Homelessness; temporary accommodation per 1,000 population	1.9; 1.2	3.1; 3.8	CLG 2007/8
4.3 Ratio of lower quartile house prices to lower quartile earnings	9.3	8.1	CLG 2008
<b>Indicator 8.1.5: Crime</b>			
5.1 Violence against the person offences per 1000 population	10.2	17.8	Home Office 2007/8
5.2 Sexual offences per 1000 population	0.7	1.0	
5.3 Robbery offences per 1000 population	0.2	1.6	
5.4 Burglary offences per 1000 households	5.0	12.8	
5.5 Theft of motor vehicles per 1000 population	1.5	3.2	
5.6 Theft from a motor vehicle offences per 1000 population	4.1	8.1	
<b>Indicator 8.1.6: Poverty (after housing costs) and unemployment</b>			
6.1 Proportion of households with income below poverty thresholds	19	22	DWP 2006/7
6.2 Proportion of working age people in households with income below poverty threshold	16	21	
6.3 Proportion of children in households with income below poverty threshold	22	31	
6.4 Proportion of pensioners in households with income below poverty threshold	19	19	
6.5 Unemployment rate	3.0	5.4	ONS 2007

## Intermediate Outcome 8.2: Economic growth is supported in rural areas with the lowest levels of performance

This is to be measured by data that compares outcomes for rural areas with the national average, rather than against a historical baseline.

**Table 4.4:** Performance of rural areas compared to the national average measured against each of the indicators held under Intermediate Outcome 8.2.

	Rural areas	England average	Source/year
<b>Intermediate Outcome 8.2</b>			
Sub-theme/indicator			
<b>Indicator 8.2.1: Headline indicator – district level GVA per workforce jobs</b>	89.0	100.0	ABI, ONS 2006
<b>Indicator 8.2.2: Earnings</b>			
1.1 Workplace based earnings	18,180	20,350	ASHE 2007
1.2 Residence based earnings	19,440	20,350	ASHE 2007
<b>Indicator 8.2.3: Employment</b>			
2.1 Employment rates	79.1	74.5	ONS 2007/8
2.2 Economic activity rates	82.0	78.8	
<b>Indicator 8.2.4: Skills</b>			
3.1 No qualifications (% working age pop)	10.3	12.9	ONS 2007
3.2 Proportion of working age population with NVQ2+	70.4	68.4	
3.3 Higher qualifications (% working age pop)	31.3	32.1	
3.4 Proportion of working age pop having on the job training in past 4 weeks	10.2	10.3	
<b>Indicator 8.2.5: Enterprise</b>			
4.1 Businesses per 10,000 population	450	340	ONS 2007
4.2 Business Start-ups per 10,000 population	36	35	
<b>Indicator 8.2.6: Investment</b>			
5.1 Capital investment per employee	2,607	3,297	ABI, ONS 2006



## **DSO 9: A respected department, delivering efficient and high quality services and outcomes**

Defra has adopted an approach to monitoring this DSO which is different to the others. No intermediate outcomes have been defined. Instead, progress with delivering the policy outcomes for DSOs 1-8 is tracked in combination with a range of internal management indicators which touch on customer service, stakeholder perspectives, public opinion, staff engagement and efficiency. For example, the speed, efficiency and quality with which Defra responds to correspondence and complaints are important in terms of Defra's reputation.

Ministers and the Defra Management Board continue to recognise organisational reputation as a key indicator of competence. Gaining respect is often hard won, over the long-term, by doing the 'day job' well – developing good policy across DSOs 1 to 8 and translating this into effective delivery for our customers. However, it is also easily lost by failing in any area of our business – policy, delivery or corporate – in any part of the wider Defra Network. Our reputation is also affected by the performance of other parts of Whitehall and by the general perception of Government. So, it is encouraging that we have much to look back on over the last 12 months where we have done the 'day job' well across all of our DSOs, as outlined elsewhere in this report.

For example, Defra's reputation as a Department that is adept at managing its finances is increasingly being recognised. The recent Cabinet Office Capability Review acknowledged this and in 2008 Defra succeeded for the first time in laying its Annual Accounts (which were unqualified) before Parliament rose for its Summer Recess.

The new portfolio management regime introduced to support the Renew structure has also helped ensure that the Department is allocating its resources to support priorities, and has a flexible mechanism through an Approvals Panel process to quickly move budgets as and when necessary. Representatives from other Government Departments have observed the new Approvals Panel in action over the last 12 months and have been encouraged by HM Treasury to adopt a similar framework for their Departments.

The overnight creation of DECC in October 2008 required agreement with DECC and BERR for the transfer of budgets to support the inception of a totally new entity. HM Treasury, who arbitrated over the final settlement for DECC, acknowledged the openness and speed with which Defra was able to supply the necessary budget transfers, and enable the new Department to begin operating with immediate effect.

Over the 2004 Spending Review period (2005/06-2007/08) Defra lived within its budget, delivering a total net under-spend of less than 0.1% against an £11bn budget across the three years. For the CSR07 period (2008/09-2010/11), Defra has made budget allocations for all three years well before the start of each financial year and successfully managed its business within budget for the first year 2008/09.

## Previous Spending Review Targets

In line with HM Treasury guidance, we continue to monitor and report on any outstanding PSA targets from the 2004 Spending Review (SR04).

**Table 4.5:** Summary of Performance assessment against each previous spending review PSA target.

SR04 Targets	Overall Assessment
PSA 3a: Reversing the long-term decline in the number of farmland birds	There is currently slippage against this target
PSA 3b: Sites of Special Scientific Interest (SSSI)	There is currently slippage against this target
PSA 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	Defra has met the remaining part of PSA Target 9

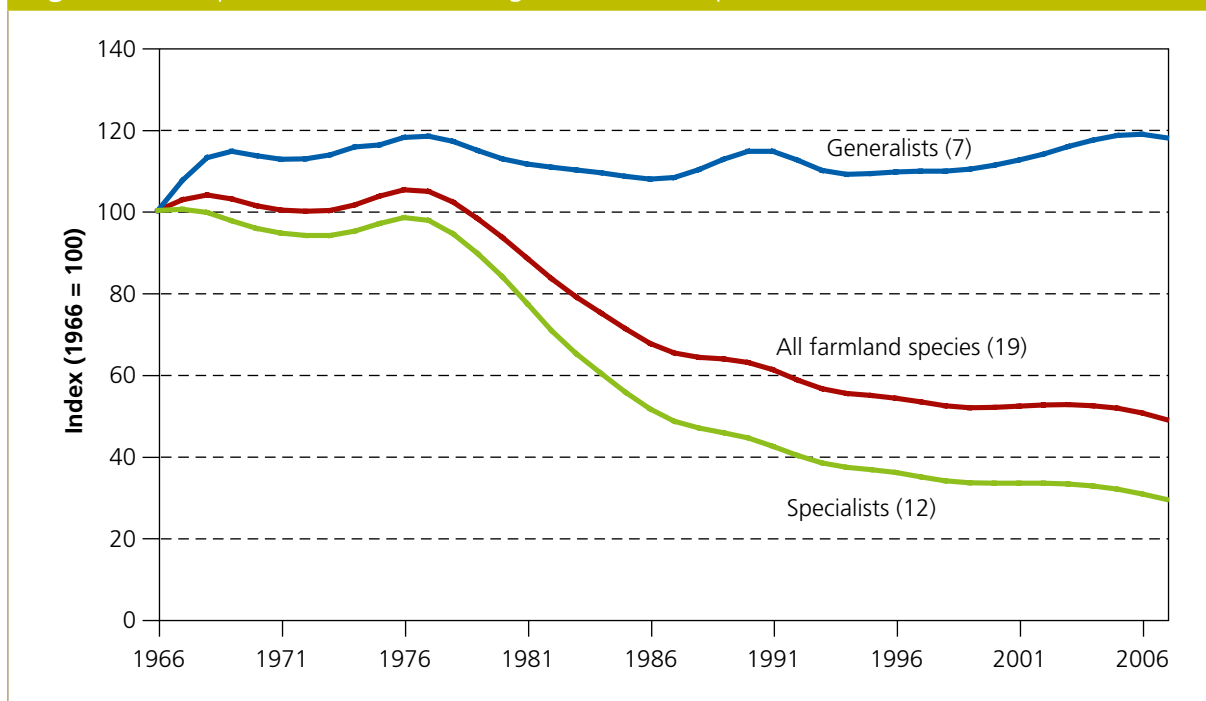
### PSA 3a: Reversing the long-term decline in the number of farmland birds

The Public Service Agreement target is a Spending Review 2004 (SR04) target and relates to the long-term trend in farmland bird populations. The target is measured by the Farmland Bird Index which is compiled using data provided by the Royal Society for the Protection of Birds (RSPB) and British Trust for Ornithology (BTO), taken from the annual Breeding Bird Survey.

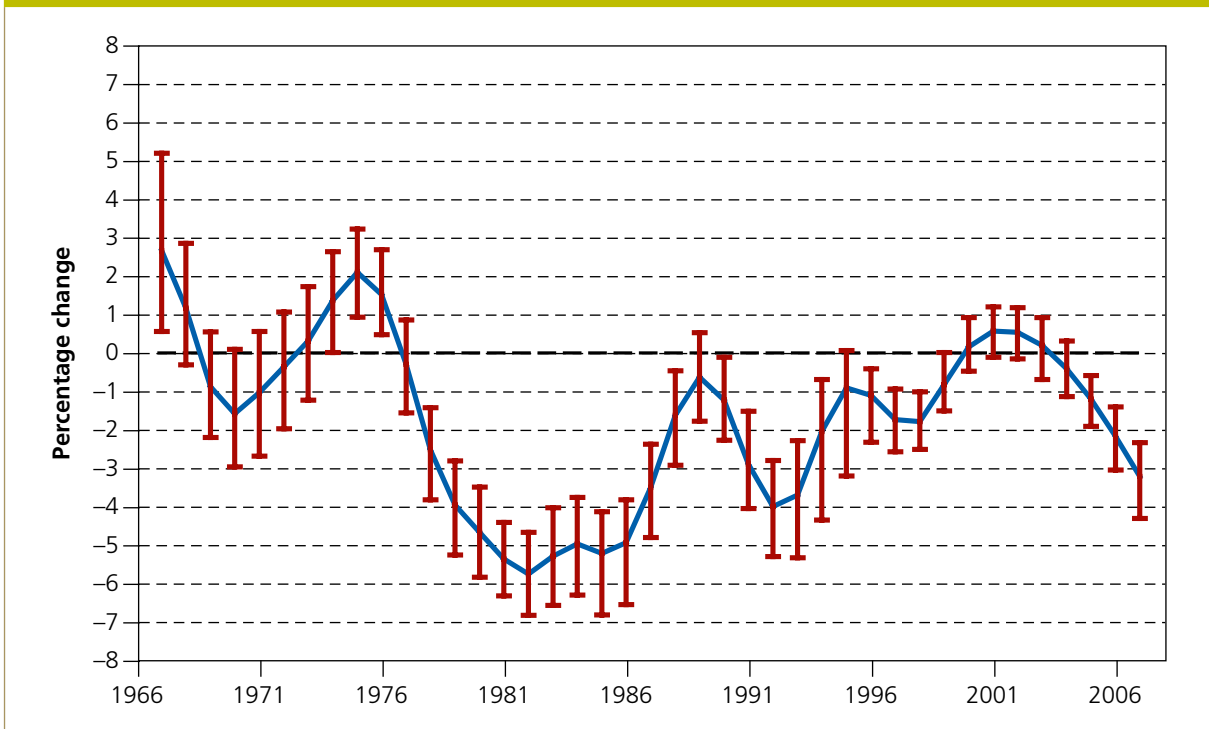
#### Overall assessment: There is currently slippage against this target

The farmland birds index for England showed a period of steep decline between the mid-1970s and mid-1990s, followed by a shallower decline until the late 1990s. Following a period of no significant change between 1999 and 2004, the index has fallen in recent years. In particular the 'smoothed' 2007 data published in October 2008 show that the index fell by almost 2 percentage points between 2006 and 2007 relative to the 1966 level. The long term decline in the farmland birds index for England is primarily driven by the farmland specialists (those species that breed solely or mainly on farmland). The populations of the non-specialists in the index have remained relatively stable since 1970.

**Figure 4.2:** Population of farmland, generalist and specialist birds 1966-2007.



Source: British Trust for Ornithology, Royal Society for the Protection of Birds.

**Figure 4.3:** Year-on-year changes in the England farmland bird population index.

Source: British Trust for Ornithology, Royal Society for the Protection of Birds, Joint Nature Conservation Committee.

Figure 4.3 shows the year-on-year changes in the smoothed England farmland bird index. In the last three years the error bars have been below zero suggesting that there has been a statistically significant decrease in farmland bird populations in England between in 2004 and 2007. The combined effect of the latest decline in numbers and the smoothing method has retrospectively made the results for 2005 and 2006 more negative.

This target contributes to PSA 28 as it is one part of a wider composite indicator, indicator 28.2, measuring biodiversity.

## PSA 3b: Sites of Special Scientific Interest (SSSI)

### Overall assessment: There is currently slippage against this target

Further good progress was made towards the target of having 95% of SSSI area in England in favourable or recovering condition by December 2010. A close working partnership between Defra, Natural England and other delivery bodies resulted in a net increase of 5.7 percentage points in the land in target condition during 2008/09 leaving a further 6.6 percentage points to be achieved over the remaining 21 months of the PSA. This has been assessed as challenging but achievable.

**Table 4.6:** Progress to date against trajectory milestones.

	<b>Trajectory Milestone</b>	<b>SSSI area meeting the PSA Target</b>
31 March 2000		50.0% *
31 March 2003		56.9% **
31 March 2004	62%	62.9%
31 March 2005	67%	67.4%
31 March 2006	72%	72.3%
31 March 2007	78%	75.4% ***
31 March 2008	83%	82.7%
31 March 2009	89%	88.4%
31 March 2010	93%	
31 December 2010	95%	

\* Estimated figure \*\* Baseline

\*\*\* In this year NE was created

## **PSA 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**

This has three parts:

1. a reduction of 40% in the prevalence of scrapie infection (from 0.33% to 0.20%) by 2010;
2. 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
3. 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.

Parts 1 and 2 had their final assessment in the Autumn Performance Report 2008. Part 3 is reported on below.

### **Assessment: This part of PSA 9 has been met**

The latest available figures indicate progress is in line with the target. As at 31 December 2008, the value for the PSA 9 indicator is –4.8 Confirmed New Incidents (CNIs) per annum in comparison with the target of no more than +17.5.

#### **Details of the calculation:**

The basic statistic used for calculating the PSA 9 indicator is the number of confirmed new bovine TB incidents (CNIs) in parishes where no CNI had been disclosed during the previous 48 months, so-called 'new' parishes. A 48-month period was chosen to ensure that herds would have been routinely tested at least once. The PSA 9 indicator is the difference between two 5-year averages of the basic statistic; for the period ending 31 December 2008, the average for 1 January 2003 to 31 December 2007 was subtracted from the average for 1 January 2004 to 31 December 2008.

In the six 12-month periods ending in 31 December 2003 through to 31 December 2008, there had been 308, 313, 291, 295, 248 and 284 CNIs in 'new' parishes. Hence the PSA 9 indicator for 31 December 2008 is  $(313 + 291 + 295 + 248 + 284)/5$  minus  $(308 + 313 + 291 + 295 + 248)/5$ , i.e. 286.2 minus 291.0, i.e. –4.8.

In order to ensure a practically complete count of CNI, the downloaded data contained records for CNI that were disclosed on or before 17 February 2009, which is 48 days after the end of the period being studied (31 December 2008). The minimum recommended delay is usually 60 days.



### Progress in 2008

The PSA indicator has been negative throughout 2008. It increased gradually, from –32.8 at the end of 2007, through –28.0 at the end of March 2008, –18.0 at the end of June 2008, –13.8 at the end of September 2008 to –4.8 at the end of December 2008.

The low figure for the end of 2007 had been expected, since it was based on an average for 2002–2006 subtracted from an average for 2003–2007. The data for 2002 was greater than usual because testing had resumed after Foot and Mouth Disease. This resulted in a low figure for the PSA 9 indicator. The data used to calculate the PSA 9 indicator for the end of 2008 will use data for 2003–2007 and for 2004–2008, so that the disturbance seen in 2002 will have no effect. The expected value for the PSA 9 indicator for bovine TB at the end of 2008 is well below the target of +17.5 CNIs per annum.

# Annex



## Annex A: Better Regulation

This section describes specific examples of our Better Regulation initiatives.

### Simplification and Modernisation of existing regulations

Defra's 2008 Simplification Plan *Better Regulation, Better Business*<sup>20</sup> provided a comprehensive overview of action the Department is taking to meet our commitment to reduce the administrative burden our regulations impose on business, design better and more focused regulation, and ensure risk-based regulation is integrated into the policy development process as early as possible.

The following examples are of some of the simplification measures that have been pursued, a number of which will specifically improve the position of small businesses.

### Review of the Bird Registration Scheme

Schedule 4 to the Wildlife and Countryside Act 1981 and associated Regulations were amended on 1 October 2008 reducing the number of birds, if kept in captivity, that needed to be registered with the Secretary of State. Deregulation (a reduction in the number of birds requiring registration) resulted in a decrease in the administration burden of £14,300 and a net benefit (NPV best estimate) of £1,190,300 over five years.

### The Public Rights of Way (Combined Orders) (England) Regulations 2008

This enables a modest reduction to the administrative burden on rights of way sections within those Local Authorities that are also surveying authorities (generally County Councils and Unitaries).

These Regulations replace the previous law, where a Local Authority, that is also a surveying authority, makes an order which changes the network of public rights of way, (for example, a public path creation order under the Highways Act 1980, section 26) they must subsequently make a further order under the Wildlife and Countryside Act 1981, section 53, in order to record the change to the network on the definitive map and statement. Paragraph 2 of Schedule 5 to the Countryside and Rights of Way Act 2000 inserted a new section, 53A into the Wildlife and Countryside Act 1981. This enables authorities to make a combined order to both change the rights of way network and at the same time modify the definitive map to take account of the change. These Regulations implement this new legislation.

<sup>20</sup> [www.defra.gov.uk/corporate/regulat/better/simplify/pdf/simplification-plan-081210.pdf](http://www.defra.gov.uk/corporate/regulat/better/simplify/pdf/simplification-plan-081210.pdf)

### Local Authority Pollution Control

Government consulted in September 2008 on extension of the risk-based regulatory method, linked to operator charges, for those sectors not already subject to it (e.g. dry cleaners and petrol stations) with the prospect of three-yearly rather than annual inspection for low-risk premises with the result that the Risk Method was introduced on 1 April 2009.

### Common Agricultural Policy (CAP) Cross Compliance

This involved a Soil Protection Review to include all cross-compliance standards in a single soil management tool and simplification of cross-compliance standards on waterlogged soil to avoid the need for applications by farmers for derogations.

### Upland Entry Level Scheme (ELS)

This is a new strand of Environmental Stewardship designed specifically for upland farmers. The scheme, which will replace the Hill Farm Allowance from 2010, will reward farmers for the provision and maintenance of landscape and environmental benefits in the uplands.

Defra worked very closely with stakeholders throughout the development of Uplands ELS to ensure the final design achieved the right balance between being practical for farmers and beneficial for the uplands environment.

### Implementation of the Nitrates Regulations

In line with the Department's commitment to evidence-based policy, the nitrate vulnerable zone (NVZ) designation methodology was updated to reflect an improved understanding of the underpinning science. Using this methodology for the 2008 review of NVZ areas, some former NVZ areas have subsequently been de-designated. This means action is targeted where it is needed and unnecessary burdens are not imposed. The Nitrates Pollution Prevention Regulations 2008 revoke 13 pieces of related legislation and some areas of land formerly designated as nitrate vulnerable zones have been de-designated. Free software is available for farmers (generally categorised as 'small businesses') to simplify record-keeping and assist with compliance.

Detailed Guidance was issued in October 2008 to provide clarity for farmers on what they need to do to meet the new requirements and what they can expect by way of compliance-checking by the Environment Agency, the competent authority for enforcement. We note here some key features of the Nitrates Directive and its development.

- Defra carried out a four-month (August-December 2007) public consultation on regulation proposals. There were over 600 responses and we published a detailed analysis of responses on the internet. Further discussion post consultation considered possible changes in policy, particularly to deal with the practical difficulties of implementation. The final Regulations very much reflect decisions taken in response to stakeholder input.

- The Directive establishes criteria for identifying waters as polluted, or likely to become polluted, and requires Member States to designate all land draining to waters so identified to be designated as nitrate vulnerable zones (NVZs). Farmers must follow an Action Programme to reduce and prevent nitrate loss.
- The Nitrates Directive is very prescriptive in defining what must be included in the Action Programme which farmers in NVZs must follow. We ensured that the limited discretion allowed to Member States in drawing up the detail of the Action Programme was fully exercised, using an extensive evidence base (including the IA) to support our approach. A sound evidence base was also crucial in persuading different factions (the EU Commission, farmers, environmental groups) that the approach we were taking in developing the Regulations was the most appropriate.
- More efficient use of manures and fertilisers is a key element of the new Regulations. This requires farmers to undertake some quite complex calculations using prescribed standards and processes set down in the Regulations. The free software is a practical tool for helping farmers carry out the necessary assessments and calculations.
- Negotiations on revising the Action Programme measures in light of the recent review have been protracted and difficult, with key stakeholders (farmers, non-governmental organisations and the EU Commission) often having very different agendas. Early and regular consultation with the farming sector (through meetings, workshops and seminars) proved invaluable in getting some acceptance of the environmental message which underpins the Directive and hence some buy-in to the new Regulations.

### **The new UK European Fisheries Fund (EFF)**

EFF is designed to secure a sustainable European fishing and aquaculture industry. There is approximately £111m funding available for the UK, of which there is just over £38m for projects in England. The programme opened to applications on 15 September 2008. The types of projects eligible for grant include:

- modernising fishing vessels, e.g. to reduce discards, improve gear selectivity and minimise environmental impact. Not to increase catching capacity;
- improving product quality;
- investment in aquaculture and diversification of farmed species;
- marketing fisheries products;
- improvements to processing and port facilities;
- pilot and collective actions by industry;
- the development of sustainable fisheries; and
- development support towards fisheries-dependent communities.

This scheme replaced the old Financial Instrument for Fisheries Guidance (FIFG). EFF is more streamlined, simplified and modernised than the old FIFG scheme, providing new and innovative measures to take account of the changing needs of the sector.

### **Legislative Reform Orders**

No Legislative Reform Orders (LROs) were made by Defra in 2008. One is in preparation, the Legislative and Regulatory Reform (Local Government) (Animal Health Functions) Order 2009. Defra will continue to monitor the situation and come forward with proposals to use LROs where it is appropriate to do so.

## **Improvement of design of new regulation**

### **Progress on Impact Assessments in the UK**

Defra's new policy cycle process closely maps to Impact Assessment (IA) development, and policy teams will be advised to include production of IAs in their Project Plans from the outset.

We will also be re-launching guidance on producing IAs and Defra Regulatory Improvement Units will be redoubling efforts to advertise their bespoke 1:1 advice service to policy colleagues drafting IAs, which includes looking to ensure IAs commit to a review. We will be monitoring the quality of IAs as we make these changes.

Available data show that IAs on 26 policies were produced in the third quarter of 2008/09. Of these, 21 included a commitment to review the legislation at a specific point in the future (either within a defined period of years following implementation or by a set date), and the remaining five committed to a review without a timeframe.

We are also looking more widely at other initiatives that can improve the overall quality of IAs. For example, The Agriculture Monitoring Group Draft Action Plan includes asking business representatives to regularly assess a sample of Defra IAs for clarity, but this has yet to be agreed.

### **Progress on Impact Assessments in the EU**

In respect of EU Commission impact assessments, Defra has tried to supplement their often general nature, and help negotiation, by seeking information from business between publication of the Commission's proposals and adoption. Some examples are:

- Animal By Products rules apply general requirements potentially to a wide range of very different businesses, the impact assessment process was an opportunity to seek information at a level of detail not addressed by the Commission;
- new welfare at slaughter rules proposed specific new regimes in abattoirs, these were considered in detail in the draft impact assessment and the information obtained will provide important evidence in discussions in 2009;



- presentation of a robust and detailed impact assessment helped the UK to obtain some concessions/changes in the proposals for sheep electronic identification; and
- the Soil Framework Directive which is currently under negotiation. Impact assessment of costs and benefits was carried out to understand better the potential burdens on government as well as industry. Findings have directly informed the UK negotiating position.

### Impact Assessments to inform policy

There are a number of positive cases where Defra has used the IA process to inform policy development. These include:

- use of extensive impact assessments to determine whether installations regulated under Local Authority Pollution Control (LAPC), which are not directly required to be regulated by EA directives, should continue under LAPC, some other form of regulation or should be deregulated. A Better Regulation review consultation running from November 2008 to February 2009 contained proposals for three sectors to be deregulated and a significant number of industry sectors to be examined for suitability for simplified permitting; and
- a partial impact assessment accompanied public consultation launched in August 2007 on proposals to revise the nitrates regulations while an updated and full IA was laid with Regulations in September 2008. This partial impact assessment contributed to EU officials accepting our approach to implementation of the Nitrates Directive. Defra made full use of the limited discretion allowed to member states in implementing the prescriptive requirements of the Nitrates Directive. Since 2004 the Regulations have been subject to four-yearly reviews.

### Use of Flexible Regulations and alternatives to Regulation

Defra aims to introduce flexibility into its regulatory approach to ensure that new Regulations are modern and responsive. For example, there are provisions in the Veterinary Medicines Regulations for fee reductions, e.g. annual fees for a wholesale dealer's authorisations and for inspections of wholesale dealer premises.

The Veterinary Medicines Directorate (VMD) is proposing to change the frequency of inspections from a fixed cycle to a risk-based frequency in 2009. The VMD also have alternative enforcement procedures, e.g. seizure and improvement notices. Streamlined and simplified guidance notes accompany Veterinary Medicines Regulations and provide details for those covered on the legislative requirements.

Similarly, we seek to ensure that a fundamental part of the new policy-cycle and IA process is for policy officials to question the need for Regulation, particularly domestic regulation, and to consider if there are any alternatives. Examples of effective use of alternatives to classic regulation include the following:

- since April 2008 the Marine and Fisheries Agency (MFA) has been permitted to impose fines for fisheries offences as an alternative (for the offender) to taking them to court. Reduction in court cases has saved time and money for MFA and the industry, without impairing the effectiveness of enforcement activity; and
- the Paint Products Directive provides for licensing of paints with high solvent content required for use in restoring vintage vehicles and historic buildings. This was criticised on cost and bureaucracy grounds. A Review, conducted in consultation with stakeholders, arrived at an alternative approach involving an administrative option, pragmatic enforcement, and a code of practice. This is currently being consulted on.

## **Changing attitudes and approaches to regulation**

Defra continues to work with delivery bodies, business and others to ensure we address the real regulatory irritants that impair performance. However, we are conscious that many businesses, particularly smaller enterprises, find that a flexible and responsive legislative framework allows them to operate confidently and to ensure that environmental abuses are identified and penalised.

Defra's Network Delivery Group brings together Chief Executives (or their nominated and empowered representatives) from organisations across Defra's delivery network to take shared decisions to commit joint investment, resources and funding for specific collaborative action in order to deliver business functions and services to customers. Recent meetings have focused on how the network can work together to continue to deliver services with reduced budgets.

Defra also recognises the importance of meeting Common Commencement Dates (CCDs). We publish lists of forthcoming legislation bi-annually on the internet which include details of regulations entering into force on CCD dates.<sup>21</sup> Where possible, Defra complies with CCDs but it should be borne in mind that around 70% of Defra's Regulations originate in the EU and often we are required to adhere to dates laid down in EU Instruments.

In respect of EU measures, 30 completed EU Directive transposition plans have been received. Each plan gives details of the key contacts throughout the UK who are responsible for overseeing transposition, the means of transposition (whether by legislative or administrative measures, primary or secondary legislation) and the target dates for laying and making of regulations in England, Wales, Scotland, Northern Ireland and Gibraltar (if appropriate). Outstanding transpositions are monitored, in order to avoid a breach of the Commission's deadline for transposition.

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<sup>21</sup> [www.defra.gov.uk/corporate/regulat/](http://www.defra.gov.uk/corporate/regulat/)

Defra carries out a large number of public consultation exercises each year on a range of proposed regulatory measures. From 1 April 2008 to 1 April 2009 a total of 80 consultations were carried out. Of those, 68 lasted a minimum of 12 weeks, which is the best practice standard set down in the Code of Practice. The remaining 12 lasted less than 12 weeks. There were a number of reasons for shortened consultations including the purely technical nature of proposals, narrow and specialised target audiences, compliance with timescales laid down in EU legislation and delays at European level in agreeing EU texts. All consultations, including shortened consultations, were agreed by a Defra Minister.

## **Annex B: Summary of updates to information in earlier Departmental Reports**

### **Whole Farm Approach**

The Whole Farm Approach has been identified as a strategic enabler for the Government's Service Transformation Strategy. It is working closely with Business Link looking at how Defra services for farmers, and online farming content, can be made available via the Business Link portal.

Since its release in March 2006, the Whole Farm Approach portal has achieved take-up in line with predictions with over 7,500 farmers having completed the registration process by March 2009 and deemed active users. During the past year the system has been enhanced by providing self-assessment tools to support farmers in understanding and meeting cross compliance requirements.

The Whole Farm Approach programme is working with the Defra delivery network to identify further services and products suitable to be made available online in order to support the farming industry in understanding regulatory requirements and reducing their administrative burdens. The key areas of focus are the provision of Single Payment Scheme and cattle Tracing Scheme services online.

### **Farm Inspections project**

Following an initial review of inspection activities, and in particular duplicate activities, Defra, through the Rural Payments Agency and Animal Health, has been running a pilot to join up Cattle Identification Inspections with TB tests, where possible. Early feedback from this pilot is very positive with 94% of keepers and 86% of inspectors reporting this to be a positive experience.

Defra is continuing to work with delivery partners and stakeholders to develop a consistent, risk-based approach to enforcement including improved sharing of data.

### **Regulatory Enforcement and Sanctions Bill**

Defra has continued to develop its relationship with the Local Better Regulation Office through regular engagement and membership of their Programme Board to deliver a world class regulatory service.

### **Local Authority Enforcement Targets**

In working to design the new, reduced National Indicator set, Defra consulted widely with stakeholders to develop a set of indicators that enable local authorities to continue to support their local communities, and deliver the wider Government policy agenda.

Defra have reviewed the old Best Value Performance Indicator set, and of the 22 original Best Value Performance Indicators, 13 have been removed, with a further four consolidated into two indicators. Through this work, Defra has met its target to reduce the number of data sets collected from Local Authorities by 30%, while still maintaining the ability to assure and ensure delivery through local authority partners.

### Hampton Implementation

The Plant Health and Seeds Inspectorate (PHSI) and the Plant Variety Rights Office and Seeds Division (PVS) will merge with the Central Science Laboratory (CSL) and the Government Decontamination Service (GDS) on 1 April 2009 to form the Food and Environment Research Agency (Fera). The National Bee Unit (NBU), which is already part of CSL, will also be part of Fera.

The Environment Agency and Animal Health have completed their Hampton Implementation Reviews, the Animal Health Report is yet to be published. The Environment Agency are working with the better Regulation Executive to assess their progress in addressing the issues raised.

## Annex C: The Defra Network

### Executive Agencies

Although there is no one agency model, common features of agencies usually include a certain level of financial and human resource flexibility to get the job done and operating performance targets that are agreed between Defra and the Minister. Defra had the following executive agencies during 2008/09.

**Table C.1:** Executive Agencies

Executive Agencies	Website
Animal Health	<a href="http://www.defra.gov.uk/animalhealth/">www.defra.gov.uk/animalhealth/</a>
Centre for Environment, Fisheries and Aquaculture Science	<a href="http://www.cefass.co.uk">www.cefass.co.uk</a>
Central Science Laboratory	<a href="http://www.csl.gov.uk">www.csl.gov.uk</a>
Government Decontamination Service	<a href="http://www.defra.gov.uk/gds">www.defra.gov.uk/gds</a>
Marine and Fisheries Agency	<a href="http://www.mfa.gov.uk">www.mfa.gov.uk</a>
Regulatory Science Agency (a shadow body until 31 March 2009)	N/A
Rural Payments Agency	<a href="http://www.rpa.gov.uk">www.rpa.gov.uk</a>
Veterinary Laboratories Agency	<a href="http://www.vla.gov.uk">www.vla.gov.uk</a>
Veterinary Medicines Directorate	<a href="http://www.vmd.gov.uk">www.vmd.gov.uk</a>

### Non-Departmental Public Bodies

Non-Departmental Public Bodies (NDPBs) are delivery bodies that operate at arms lengths from Ministers and Departments. Each NDPB is overseen by a sponsor team which agrees the NDPB's remit and monitors performance. The sponsor teams work with the NDPBs, providing support for their high-level aims and also for the purpose of budgetary control. Executive Agencies are overseen by a Defra Corporate Owner whose role is to provide corporate governance and strategic purpose.

Executive NDPBs (eNDPBs) are set up either by legislation or as companies to have a separate legal identity from that of the sponsoring department. eNDPBs are usually funded through grant in aid by the sponsoring department. Advisory NDPBs differ from eNDPBs in that they are usually set up as ad-hoc organisations and the fairly minimal resources they require are provided directly by the Department. During 2008-09 Defra sponsored the following NDPBs.



**Table C.2:** Executive Non Departmental Bodies

Executive Non Departmental Bodies	Website
Agricultural and Horticultural Development Board	<a href="http://www.ahdb.org.uk">www.ahdb.org.uk</a>
Agricultural Wages Board	N/A
Agricultural Wages Committee	N/A
Commission for Rural Communities	<a href="http://www.ruralcommunities.gov.uk">www.ruralcommunities.gov.uk</a>
Consumer Council For Water	<a href="http://www.ccwater.org.uk">www.ccwater.org.uk</a>
Environment Agency	<a href="http://www.environment-agency.gov.uk">www.environment-agency.gov.uk</a>
Food from Britain	<a href="http://www.foodfrombritain.com">www.foodfrombritain.com</a>
Gangmasters Licensing Authority	<a href="http://www.gla.gov.uk">www.gla.gov.uk</a>
Joint Nature Conservation Committee	<a href="http://www.jncc.gov.uk">www.jncc.gov.uk</a>
National Forest Company	<a href="http://www.nationalforest.org">www.nationalforest.org</a>
Natural England	<a href="http://www.naturalengland.org.uk">www.naturalengland.org.uk</a>
Royal Botanic Gardens Kew	<a href="http://www.kew.org">www.kew.org</a>
Sustainable Development Commission	<a href="http://www.sd-commission.org.uk">www.sd-commission.org.uk</a>

**Table C.3:** Advisory NDPBs

Advisory NDPBs	Website
Advisory Committee on Hazardous Substances	<a href="http://www.defra.gov.uk/environment/chemicals/achs/">www.defra.gov.uk/environment/chemicals/achs/</a>
Advisory Committee on Organic Standards	<a href="http://www.defra.gov.uk/farm/organic/standards/acos/">www.defra.gov.uk/farm/organic/standards/acos/</a>
Advisory Committee on Packaging	<a href="http://www.defra.gov.uk/environment/waste/topics/packaging/">www.defra.gov.uk/environment/waste/topics/packaging/</a>
Advisory Committee on Pesticides	<a href="http://www.pesticides.gov.uk/acp_home.asp">www.pesticides.gov.uk/acp_home.asp</a>
Advisory Committee on Releases to the Environment	<a href="http://www.defra.gov.uk/environment/acre/">www.defra.gov.uk/environment/acre/</a>
Advisory Group on Sustainable Consumption and Production Evidence Base	N/A
Agricultural Land Tribunal	<a href="http://www.defra.gov.uk/farm/working/alt/default.htm">www.defra.gov.uk/farm/working/alt/default.htm</a>
Agricultural Dwelling House Advisory Committee	N/A

**Table C.4:** Advisory NDPBs (*continued*)

<b>Advisory NDPBs</b>	<b>Website</b>
Air Quality Expert Group	<a href="http://www.defra.gov.uk/environment/airquality/panels/aqeg/">www.defra.gov.uk/environment/airquality/panels/aqeg/</a>
Animal Health and Welfare Strategy England Implementation Group	<a href="http://www.defra.gov.uk/animalh/ahws/eig/">www.defra.gov.uk/animalh/ahws/eig/</a>
Bovine TB Advisory Group	<a href="http://www.defra.gov.uk/animalh/tb/partnership/advisorygroup.htm">www.defra.gov.uk/animalh/tb/partnership/advisorygroup.htm</a>
Darwin Advisory Committee	<a href="http://www.defra.gov.uk/darwin">www.defra.gov.uk/darwin</a>
Expert Panel on Air Quality Standards	<a href="http://www.defra.gov.uk/environment/airquality/panels/aqs/">www.defra.gov.uk/environment/airquality/panels/aqs/</a>
Farm Animal Welfare Council	<a href="http://www.fawc.org.uk/">www.fawc.org.uk/</a>
Independent Agricultural Appeals Panel	N/A
Independent Scientific Group on Cattle TB	<a href="http://www.defra.gov.uk/animalh/tb/isg/">www.defra.gov.uk/animalh/tb/isg/</a>
Inland Waterways Advisory Council	<a href="http://www.iwac.org.uk/">www.iwac.org.uk/</a>
Pesticide Residues Committee	<a href="http://www.pesticides.gov.uk/prc_home.asp">www.pesticides.gov.uk/prc_home.asp</a>
Science Advisory Council	<a href="http://www.defra.gov.uk/science/how/sac/">www.defra.gov.uk/science/how/sac/</a>
Spongiform Encephalopathy Advisory Committee	<a href="http://www.seac.gov.uk/">www.seac.gov.uk/</a>
Trade Union Sustainable Development Advisory Committee	<a href="http://www.defra.gov.uk/environment/tusdac/">www.defra.gov.uk/environment/tusdac/</a>
Veterinary Products Committee	<a href="http://www.vpc.gov.uk/">www.vpc.gov.uk/</a>
Veterinary Residues Committee	<a href="http://www.vet-residues-committee.gov.uk/">www.vet-residues-committee.gov.uk/</a>
Zoos Forum	N/A

**Table C.5:** Levy Boards

Levy Boards	Website
Agriculture & Horticulture Development Board	<a href="http://www.ahdb.org.uk">www.ahdb.org.uk</a>
Sea Fish Industry Authority	<a href="http://www.seafish.org">www.seafish.org</a>

**Table C.6:** Public Corporations

Public Corporations	Website
British Waterways	<a href="http://www.britishwaterways.co.uk">www.britishwaterways.co.uk</a>
Covent Garden Market Authority	<a href="http://www.cgma.gov.uk">www.cgma.gov.uk</a>

**Table C.7:** Others

Others	Website
English National Parks Authority Association	<a href="http://www.nationalparks.gov.uk">www.nationalparks.gov.uk</a>
Forestry Commission (a non-ministerial department)	<a href="http://www.forestry.gov.uk">www.forestry.gov.uk</a>
National Fallen Stock Company	<a href="http://www.nfsco.co.uk">www.nfsco.co.uk</a>
Waste and Resources Action Programme	<a href="http://www.wrap.org.uk">www.wrap.org.uk</a>

Levy Boards are NDPBs that are funded through statutory levies from particular industry sectors. Defra has responsibility for two Public Corporations. Public Corporations are industrial or commercial enterprises under direct Government control. They have a Board whose members are appointed by Ministers, employ their own staff (who are not civil servants) and manage their own budgets. We have also listed several other independent organisations with very close involvement in, or ties to, the Defra Network.

### Changes to the Defra Network during 2008/09

With effect from October 2008 the following bodies transferred to the newly Created Department of Energy and Climate Change (DECC).

**Table C.8:** Non Departmental Bodies transferred to DECC

Non Departmental Bodies (Other)	Website
Carbon Trust	N/A
Committee on Radioactive Waste Management	<a href="http://www.corwm.org.uk/">www.corwm.org.uk/</a>
Energy Savings Trust	<a href="http://www.energysavingtrust.org.uk/">www.energysavingtrust.org.uk/</a>
Fuel Poverty Advisory Group	<a href="http://www.berr.gov.uk/energy/fuel-poverty/fpag/">www.berr.gov.uk/energy/fuel-poverty/fpag/</a>
National Non Food Crop Centre	<a href="http://www.nnfcc.co.uk">www.nnfcc.co.uk</a>

### Performance reporting on Agencies and NDPBs

All Executive Agencies and most NDPBs also publish their own annual reports and accounts which provide full information on targets and performance of the relevant organisation as well as its financial information. These can be obtained from their websites (listed above) or The Stationery Office.

## Annex D: Defra responses to PAC recommendations

### Management of Expenditure

40<sup>th</sup> PAC Report (19 March 2008):

[www.publications.parliament.uk/pa/cm200708/cmselect/cmpubacc/447/447.pdf](http://www.publications.parliament.uk/pa/cm200708/cmselect/cmpubacc/447/447.pdf)

#### Conclusion 1:

**Policy and operational delivery within the department and its delivery bodies have been adversely affected by financial management failings.**

Defra's priorities were protected and policies delivered.

- Around £1bn invested in expanding and renewing important assets that both safeguard and improve the environment including flood defences and waste management and recycling plants.
- Defra's agencies and sponsored bodies, crucial in achieving our strategy, have clearly agreed budgets.
- The Environment Agency received over £500m (included in the £1bn above) to fund flood management activities e.g. building and maintaining defences, flood forecasting, supporting Local Authority and Internal Drainage Board projects.
- Over £200m spent on schemes such as the Rural Development Programme for England which will leave a durable legacy in the countryside and environment.

**Conclusion 2:**

**The Department's budget setting process did not contain sufficient flexibility to deal with events which were unforeseen at the start of the year.**

- The demands made on the Department's budget in 2007 were exceptional, with avian influenza, flooding and Foot and Mouth Disease all occurring close to one another.
- The Department therefore took a fresh look at its priorities for 2007/08 and the budget reflected these.
- It would be imprudent use of taxpayers' money to set aside large sums of money that may not be used.
- Measured risk management and reprioritisation of funds meant that other important spending areas of Defra's work were not neglected.
- It was testament to its financial management that Defra was able to manage the cost of these unforeseen events by re-prioritising within its annual budget and avoiding the need to make any additional burden on taxpayers.
- Robust planning, portfolio management and setting balanced budgets before the beginning of the financial year has ensured Defra will stay within spending limits for 2008/09.
- 2009/10 balanced budgets were notified to business areas and arms length bodies in July 2008, 2010/11 budgets will be agreed and settled in Spring 2009 to facilitate effective forward planning and financial control.
- Budgets for the CSR period contain a contingency for emergency situations.



**Conclusion 3:**

**The financial management failings arose largely from unwillingness within the Department's Management Board to tackle budgetary problems, and from a failure to instil a culture of tight financial management throughout the organisation.**

- A regular system of monthly financial reporting to the Management Board is in place.
- Defra achieved "Faster Close" of its Annual Accounts for the first time by laying its Accounts before the Summer Recess of Parliament in July 2008.
- The "Renew" change programme resulted in changes to the Management Board and financial management teams, including a new permanent Finance Director.
- Portfolio management by a Central Approvals Panel (a sub-committee of the Management Board) ensures scrutiny and challenge of business cases for new projects and programmes of work and reprioritisation of activities and expenditure at its monthly meetings. This has resulted in a tougher financial and outcome monitoring system by the Management Board, representing a more rigorous approach to what we do in order to provide better value for money for the taxpayer.
- The creation of DECC in October 2008 was achieved through collaborative working with BERR and DECC colleagues.

**Conclusion 4:**

**The Department's financial management challenges arise in part from the number and variations in scale of the delivery bodies used to achieve its objectives, as well as the significant variations in financial management skill and practice within those bodies.**

- A refreshed Financial Management Improvement project is delivering more effective and focused financial management across the department, including relationships with delivery agents.
- Parliamentary decisions to set up NDPBs create a level of independence for the bodies and gives them certain freedoms to manoeuvre. We must continue to work together to build up a standardised flow of information and we are doing this through the Corporate Owners of our key delivery bodies within Defra.

### Administering the Single Payment Scheme

29<sup>th</sup> PAC Report of Session 2007/08 (15 July 2008):

[www.publications.parliament.uk/pa/cm200708/cmselect/cmpubacc/285/285.pdf](http://www.publications.parliament.uk/pa/cm200708/cmselect/cmpubacc/285/285.pdf)

**Conclusion 1:**

**The Rural Payments Agency has not yet managed to bring the administration of the Single Payment Scheme properly under control.**

- Corrective work on SPS entitlements data has been undertaken by the RPA to date leading to better data being held for those customers leading to fewer errors in payments. However, it is likely that further corrections will be necessary, on an on-going basis, as a result of, for example, changes to the Rural Land Register (RLR), additional checks on land data and the results of on-farm inspections.

<p><b>Conclusion 2:</b></p> <p><b>The Agency has been slow to investigate possible overpayments, and only began taking action to recover excess payments made under the 2005 Scheme in November 2007.</b></p>	<ul style="list-style-type: none"> <li>• The RPA concentrated resources on making full payments for the 2007 SPS scheme year rather than focusing on recovering overpayments.</li> <li>• The investigation and recovery of overpayments has proven to be particularly difficult due to the inter-relationship between the entitlements of individual farmers, the newness and complexity of scheme rules and the impact on the accuracy of the partial payments made in 2005 and 2006.</li> <li>• The RPA's overpayments recovery work is now well underway.</li> </ul>
<p><b>Conclusion 3:</b></p> <p><b>By mid November 2007, the Agency had reviewed 33,592 claims, but had failed to keep an accurate central record of overpayments made under the 2005 and 2006 Schemes.</b></p>	<ul style="list-style-type: none"> <li>• The RPA now has an improved process in place for recording overpayment and recovery action.</li> <li>• Regular management information is provided to the RPA's Agency Management Board and a financial summary of recoveries is presented to the RPA's Audit Committee which meets at least four times a year.</li> </ul>
<p><b>Conclusion 4:</b></p> <p><b>The Agency's failings in implementing the Scheme have led to the risk of significant disallowance of expenditure and the imposition of penalties by the European Commission, and added to the Agency's business change project costs.</b></p>	<ul style="list-style-type: none"> <li>• Various initiatives are being taken forward within the RPA to reduce the risk of disallowance in future years. For example, as part of an exercise to improve the RLR, a trial is underway which includes updating the land information held.</li> <li>• A Disallowance and Accreditation Committee has been established at RPA to identify and advise the Board and senior management on disallowance risks.</li> <li>• An additional programme of work was agreed with the Department for the period 2007/08 to 2009/10. This covered business process and technology changes and benefits will accrue from the SPS 2009 scheme year.</li> </ul>

<p><b>Conclusion 5:</b></p> <p><b>The Agency's service to farmers is still undermined by weaknesses in its IT systems, such as its inability to provide farmers with a predicted amount and payment date to assist them with their financial planning.</b></p>	<ul style="list-style-type: none"> <li>• Significant IT improvements, including steps towards converting the main IT system from being task-based to claim-based, have been delivered since the PAC hearing. Further system improvements are planned on an ongoing basis.</li> <li>• During 2007 and 2008 RPA has stabilised its workforce and developed an SPS Training System designed to provide whole case workers with the skills and competencies to better administer the scheme.</li> <li>• Taken together, these improvements helped enable the Agency to meet its payment targets since 2007 without the need for partial payments. Independent quarterly customer surveys have recorded significant improvements in the level of farmer satisfaction.</li> <li>• RPA is moving towards achieving a stable 12-month process from claim submission to payment. This will give farmers year on year predictability for receipt of payments.</li> </ul>
<p><b>Conclusion 6:</b></p> <p><b>The average cost of processing claims exceeded the value of over a third of the 106,000 claims under the 2006 Scheme, making improvements in the Agency's efficiency essential.</b></p>	<ul style="list-style-type: none"> <li>• RPA is driving through a number of performance and efficiency improvements and value for money initiatives to reduce SPS administration costs.</li> <li>• RPA is working with the Department and its network to improve efficiency (as well as levels of customer service) through Delivery Transformation initiatives such as Better Regulation and the Whole Farm Approach. In the 2008 and 2009 SPS scheme years, for example, it released the first phases of an electronic channel option to farm software providers and electronic claim submission screens to pilot customers.</li> <li>• Through improved corporate, business planning and performance management processes, RPA aims to reprioritise resources to deliver further efficiency savings.</li> </ul>

**Conclusion 7:**

**In preparing policy papers for Ministers, the Department had not drawn sufficient attention to all the risks to implementing the complex dynamic hybrid scheme and the likely impact on delivery timescales.**

- The Department has made changes to the way it presides over the work of RPA to improve information exchanges and levels of collaboration. For example, RPA's Chief Executive now reports to the Director General, Food and Farming Group who chairs a Strategic Advisory Board. In year performance issues and priorities are also considered by the Defra-led Delivery Review Board.
- RPA's Chief Executive has regular dialogue with Defra Ministers and the Permanent Secretary concerning risks to RPA's performance, especially those affecting customers.
- RPA's Chief Executive has also made improvements to Agency governance by creating a new Agency Executive Group.
- Other changes within RPA include a new Programmes and Projects Directorate with responsibility for evaluating, prioritising and selecting the right programmes and projects to ensure alignment with RPA's strategic objectives and ensuring that projects are effectively and efficiently planned and delivered.
- Performance management processes have also been strengthened. RPA aims to minimise delivery risks through a robust process of challenge and review from its non-executive (external) Directors, Audit Committee members and Defra's Strategic Advisory Board.

## Annex E: SCS by payband

**Table E.1:** Senior Civil Service numbers by pay band as of 31 December 2008

	Core Defra	Executive Agencies	Outward Loans	Inward Loans
Pay band 1	104	27	18	2
Pay band 2	21	6	1	0
Pay band 3	6	0	1	0
<i>Sub total</i>	<i>131</i>	<i>33</i>	<i>20</i>	<i>2</i>
<b>Total</b>	<b>186</b>			



## Annex F: Correspondence with Ministers and the Public

The Department has a centralised Customer Contact Unit (CCU) to handle Ministerial and public correspondence and to provide a consistent and high performing service to the customer.

In 2008, the Department handled 20,626 letters and emails from the public, 11,819 letters from MPs and/or stakeholders and 132,339 telephone calls from the public to the Defra Helpline.

**Table F.1:** Performance levels achieved for letters and emails from the public, and letters signed by Defra Ministers in the last two financial years

Type of correspondence	2007	2008
Ministerial correspondence <sup>22</sup>	72	61
“Deal with officially” cases <sup>23</sup>	94	88
Departmental email <sup>24</sup>	96	93
Telephone calls <sup>25</sup>	Not available	80

(All figures are reported in percentages)

The introduction of centralised correspondence handling in 2006 has resulted in a substantial and steady improvement in overall performance. The creation of the Department of Energy and Climate Change (DECC) in October 2008 interrupted the flow of correspondence and this had a significant, but temporary, impact on performance. Defra’s CCU continues to handle DECC’s correspondence on issues where Defra previously took the lead, although the figures in the table above exclude such correspondence.

Looking ahead to 2009/10, volumes of correspondence are expected to increase. Waste and recycling, animal health and welfare, and local environment quality issues, among other issues, are likely to continue to generate both Parliamentary and public interest.

<sup>22</sup> Letters signed by Ministers.

<sup>23</sup> Letters signed by officials on behalf of Ministers.

<sup>24</sup> Public enquiry emails handled by the Department’s Customer Contact Unit.

<sup>25</sup> Telephone calls received by the Defra Helpline.

## Annex G: Public Complaints

**Table G1:** Complaints on the Department to the Parliamentary Ombudsman 2007-08

	Complaints reported on	Complaints accepted for investigation	Complaints fully upheld	Complaints partly upheld	Complaints not upheld
<b>TOTAL Defra</b>	<b>12</b>	<b>8</b>	<b>25%</b>	<b>25%</b>	<b>50%</b>
Core Defra	6	4	17%	33%	50%
Rural Payments Agency	3	2	67%	33%	0%
Environment Agency	2	1	0%	0%	100%
Consumer Council for Water	1	1	0%	0%	100%

Source: Data obtained from figure 2 on page 11 and figure 3 on page 13 of the Parliamentary and Health Service Ombudsman Annual report 2007/08.

### Complaints Handling in Defra:

Complaints are received and dealt with at three levels within the Department:

- level one – at the point where the problem has occurred;
- level two – at group programme level; and
- level three – by the Service Standards Complaints Adjudicator.

Most complaints are resolved at levels one and two. Complainants who remain dissatisfied can take their complaint to the Ombudsman once level three has been completed.

The Service Standards Complaints Adjudicator, also the Ombudsman/Defra liaison contact, is Trevor Cook (trevor.cook@defra.gsi.gov.uk).

The Defra complaints procedure can be found at:  
[www.defra.gov.uk/corporate/complain/index.htm](http://www.defra.gov.uk/corporate/complain/index.htm).

## Annex H: Expenditure on Professional Services and Consultancy

The expenditure of the Department and its executive agencies<sup>26</sup> on Professional Services, which includes consultancy and staff substitution/interim management, was £573.3m for 2007/08. Published data was submitted in October 2008 in response to the Office of Government Commerce (OGC)/Treasury Public Sector Procurement Expenditure Survey (PSPES) and is based on the OGC Professional Services Forum definitions.

**Table H.1: Professional Services expenditure for 2007/08**

Name	Status	1 Professional Services Other	2 Professional Services Temp Staff	3 Professional Services Consultancy
Department for Environment, Food and Rural Affairs	Core Dept	412,443,355	12,344,109	37,290,720
Centre for Environment, Fisheries and Aquaculture Science	Executive Agency	7,415,371	522,452	206,855
Veterinary Laboratories Agency	Executive Agency	8,881,796		2,026,407
Rural Payments Agency	Executive Agency	12,359,518	47,948,467	20,636,899
Central Sciences Laboratory	Executive Agency	2,617,119	15,457	344,322
Marine and Fisheries Agency	Executive Agency	59,710	429,955	142,715
Government Decontamination Service	Executive Agency	46,500	12,657	138,110
Animal Health	Executive Agency	5,522,607	846,741	1,042,202
		<b>449,345,976</b>	<b>62,119,838</b>	<b>61,828,229</b>

In previous Departmental Reports, the Professional Services analysis for Defra focused on supplier categorisation. The implementation of a new Category Coding Schema<sup>27</sup> in March 2007 has provided the source data for the analysis in Table H.1.

The new schema focuses on spend categorisation and improves the reporting accuracy and has captured 81.6% of the total expenditure with third party suppliers in 2007/08. The success of this schema has enabled the department to analyse its Professional Services expenditure to a greater level of detail.

Professional Services Other includes £358.2m for the Warmfront programme which has been categorised under Environmental Services at the direction of the OGC.

<sup>26</sup> Excludes Veterinary Medicine Directorate.

<sup>27</sup> Used by Defra, Animal Health Agency, Natural England, Marine & Fisheries Agency, Government Decontamination Service.

Professional Services Temporary Staff includes staff substitution/interim management.

**Table H.2:** Professional Services Consultancy for the core department

Defra – Professional Services Sub-groups	2007/08
Professional Services Corporate. Business Strategy	14,714,033
Professional Services Corporate. Policy Delivery	3,880,213
Professional Services Corporate. Procurement	2,383,586
Technical/Specialist Services. Communication Advice & Studies	223,593
Professional Services Corporate. Audit	70,367
Professional Services Corporate. Communications	749,538
Professional Services Corporate. Finance	2,149,258
Professional Services Corporate. Human Resources	1,966,773
Professional Services Corporate. Information Technology	9,711,804
Professional Services Corporate. Legal	163,738
Professional Services Corporate. Property & Estates	1,277,817
Total	37,290,720

Defra has played an active role in the OGC's Consultancy Value Programme (CVP). In 2008/09 Defra developed a Professional Services Procurement Policy which was signed off by the Management Board and sets out how and when consultancy may be used in the department.

As part of the ongoing work, Defra measures itself against 12 key behavioural change indicators provided in the High Level Action Plan required by the CVP programme. At the end of December 2008, Defra achieved a Green status in 9 of the behavioural change indicators and Amber in the remaining 3. Those given an Amber assessment will form the main focus of our work during 2009.

Key messages of the CVP:

- The Government's Consultancy Value Programme continues to deliver significant achievements in controlling departmental expenditure on consultants, and we continue to work with the NAO in ensuring value for money for the taxpayer.
- The Government uses consultants because it needs access to temporary specialised advice, skills and experience which are not available within Government and would not make commercial sense to retain in house.
- The use of consultants is an essential part of running any large public or private sector organisation and it is common practice to use consultants to speed up change processes.

- Consultants provide specific skills, either as individuals or as a group, which are either not available within that organisation or are not needed on a permanent basis.
- The NAO were consulted on the process used for capturing the data, and the methodology used was the same as part of their 2006 study and report into consultant spend.

## Annex I: Core Tables

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 and includes tables outlining how Defra spends its money by country and region.

The details of the Parliamentary Main Estimate are published separately.

### Table 1 – Defra Total Departmental Spending

This table sets out a summary of the expenditure on Departmental Strategic Objectives (DSOs) which underpin the Department, covering the period from 2003/04 to 2010/11. Future year figures reflect the budgeted figures agreed with HM Treasury for the Department.

### Table 2 – Defra Resource Budget DEL and AME

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 DSOs and Intermediate Outcomes.

### Table 3 – Defra Capital Budget DEL and AME

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 various categories of fixed assets, debtor and creditor values, and also the extent of provisions made.

### Table 5 – Defra's 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 pay bill costs and other costs.

### Table 6 – Staff Numbers

This table shows actual and projected staffing in the Department from 2002/03 to 2009/10 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 2007/08**

This table shows actual identifiable expenditure on services by function, country and region for 2007/08.

## **Commentary on core tables**

### **Introduction**

These tables are an authoritative statement of how the Department has used its resources. The tables are split by Departmental Strategic Objectives (DSOs) to be consistent with the layout of the Parliamentary Estimate and are sub-analysed by Intermediate Outcome (IO). The Estimate was restructured in the 2008 Winter Supplementary Estimate (WSE) and now reflects the new DSO structure agreed with HM Treasury as part of the Comprehensive Spending Review (CSR07) settlement. This structure was further updated in the Spring Supplementary Estimate (SSE) following the creation of a new Department, the Department of Energy and Climate Change (DECC), that brought together much of Defra’s climate change responsibilities with the energy component from the Department for Business Enterprise and Regulatory Reform. These tables are also now structured on a DSO basis and therefore show a different view of the data to that shown in previous Departmental Reports. The tables are also split between Departmental Expenditure Limit (DEL) & Annually Managed Expenditure (AME), both terms being explained below.

HM Treasury publishes a glossary in the Public Expenditure Statistical Analyses report<sup>28</sup> (HC 489) that explains most of the terms used in the common core tables and in the commentary below so these are not all repeated here.

There are many references to individual programme budgets within the main text of the Report so the comments below are restricted to the trends shown by the common core tables.

<sup>28</sup> [www.hm-treasury.gov.uk/d/pesa0809\\_complete.pdf](http://www.hm-treasury.gov.uk/d/pesa0809_complete.pdf)

## Table 1 – Total Departmental Spending

### Background

Total Departmental Spending is the sum of the Resource Budget and Capital Budget less depreciation (excluded so as to avoid double counting). Both the Resource and Capital Budgets are split into DEL and AME elements for control purposes.

DEL budgets are negotiated with HM Treasury via Spending Reviews (SRs) that cover three years. The most recent Comprehensive Spending Review (CSR07) covers 2008/09 to 2010/11. DEL includes the accruals-based consumption of the Non-Departmental Public Bodies (NDPBs) that the Department sponsors and excludes the grant-in-aid which provides them with the necessary cashflow.

AME budgets are usually demand led and not easily controllable by departments so are set at the beginning of each year via the Parliamentary Main Estimate. They can be updated during the year via the Winter and Spring Supplementary Estimates, subject to approval by Parliament.

Defra has a very small AME Budget. It is limited to the impact of the costs associated with the provision for the water industry closed pension fund (£59m charge for the unwinding of the discount rate, £85m credit for the utilisation of the provision and £35m credit for the associated cost of capital charge) and the consumption of the Levy Funded Bodies (LFBs) that the Department sponsors (£66m per annum). The levy income of the LFBs is classified as Non-Voted Non-Budget.

As this table is a summary of Tables 2 and 3, only commentary on the overall totals is added here.

## Comparisons – current and forward looking

### 2009/10 Main Estimate

The plans for 2009/10 agree to the 2009/10 Main Estimate. The plans for 2010/11 are based on the 2007 Comprehensive Spending Review settlement, amended for changes processed during the preparation of the subsequent Main and Supplementary Estimates. The main change is the transfer of the majority of Defra's Climate Change responsibilities to DECC.

### Comparison of 2008/09 estimated outturn with the 2008/09 Spring Supplementary Estimate

The resource outturn for 2008/09 was estimated, at the beginning of the fourth quarter, to be £101m lower than the budget made available via the SSE. That was made up of a £34m forecast underspend in Resource DEL and a £67m forecast underspend in Resource AME. The forecast underspend in Resource DEL is due to a number of small underspends across the programme portfolio. The £67m forecast underspend in Resource AME is mainly caused by:

- £12m underspend on the interest on scheme liabilities for the water industry closed pension fund. This underspend will not continue to the year end as more up to date information indicates the forecast being fairly close to that provided for in the SSE;
- £13m underspend relating to a provision for the Food from Britain pension scheme. There were uncertainties at the time of the SSE about the timing and requirement for this provision. Cover was included in the SSE as the most prudent option; and
- £40m credit relating to the utilisation of the CAP disallowance provision that has been scored to AME to reflect the element of the provision that was initially created in AME.

The estimated capital outturn for 2008/09 is £23m more than the budget made available in the SSE. This forecast overspend is almost entirely within DEL and reflects a movement in spend from Resource to Capital in respect of flood defences where the exact nature and classification of the expenditure is determined by the Environment Agency as they undertake the work. A Written Ministerial Statement was made on the 26 March to announce that Defra would switch £20m from Resource DEL to Capital DEL to cover this. The Department has continued to manage away the risk of any small remaining overspend through to the year end.

#### **Comparison of the 2008/09 estimated outturn with 2008/09 Plans published in the 2008 Departmental Report**

Comparing the total Resource Budget for 2008/09, the estimated outturn is £317m lower than the Plans that were published in the 2008 Departmental Report. This is due to:

- £282m decrease to the DEL Budget:
  - £232m decrease as a result of the DECC machinery of government change reflected in the SSE;
  - £34m forecast underspend in DEL at the time the tables were prepared (explained above); and
  - £16m decrease in the WSE mainly due to a transfer of the Departmental Unallocated Provision (DUP) to Capital for the Energy Efficiency Package
- £35m decrease to the AME Budget:
  - an increase of £12m in the WSE for the interest on scheme liabilities for the water industry closed pension fund;
  - an increase of £7m in the SSE for the Agricultural & Horticultural Development Board;
  - an increase of £13m in the SSE to provide cover for a provision for the Food from Britain Pension Scheme; and
  - offset by the £67m forecast underspend in AME (explained above).

Comparing the total Capital budget for 2008/09, the estimated outturn is £379m lower than the plans that were published last year. This is almost entirely within DEL and is mainly due to:

- £418m decrease due to the DECC machinery of government change reflected in the SSE;
- £16m increase in the WSE mainly due to a transfer of the DUP to Capital for the Energy Efficiency Package; and
- £23m forecast overspend (explained above).

### **Comparison of the 2009/10 Main Estimate with the 2008/09 Spring Supplementary Estimate**

The Resource DEL Budget is £21m higher in the 2009/10 Main Estimate than in the 2008/09 SSE, an increase of less than 1%. The Resource DEL Budget then decreases due to Defra's contribution to the value for money and operational efficiency programme for 2010/11.

The Capital DEL Budget is £70m higher in the 2009/10 Main Estimate than in the 2008/09 SSE, mainly due to £8m additional funding in the 2009 budget for developing reprocessing facilities for food waste, £20m flood risk management spend being brought forward from 2010/11 due to HM Treasury's fiscal stimulus package and additional funding for flood risk management secured by the CSR07 settlement. This Budget then decreases into 2010/11 due to the fiscal stimulus package mentioned above and a larger transfer of Capital Budget to DECC, mainly relating to the Environmental Transformation Fund.

## **Comparisons – backward looking**

### **Review of movements within previous years outturn**

Since the last Departmental Report, these tables have been restructured and now reflect the new DSO structure as agreed with HM Treasury as part of the CSR07 settlement and subsequently adjusted following the creation of DECC. How internal programmes map to the new DSO structure has mainly been resolved but may require finessing over time. There has also been a decrease to all previous years outturn primarily due to the removal of most of the Climate Change responsibilities on the formation of DECC. Other small changes include the transfer of the Chemicals Regulation Directorate (formerly known as the Pesticides Safety Directorate) to the Health and Safety Executive.

### **Comparison of 2007/08 actual outturn with the estimated outturn published in the 2008 Departmental Report**

The actual resource outturn for 2007/08 is £373m lower than the estimated outturn published in last year's Report. This is made up of £360m DEL and £13m AME.

The decrease in outturn for DEL is mainly due to:

- £204m transfer of Climate Change responsibilities to DECC;
- approximately £40m more Environmental and Flood Management actual expenditure being classified as Capital rather than Resource; and
- the Department's actual spend for 2007/08 was lower than estimated in last year's report as the Department ensured it did not overspend against its Resource budget after the core tables were prepared.

The decrease in outturn for AME is mainly caused by a £12m credit relating to the utilisation of the CAP disallowance provision that has been scored to AME to reflect the element of the provision that was initially created in AME.

The actual capital outturn for 2007/08 is £351m lower than the estimated outturn published in last year's Report. This all relates to DEL and is mainly due to the £381m transfer of Climate Change responsibilities to DECC partially offset by more Environmental and Flood Management actual expenditure being classified as Capital rather than Resource.

Table 1 Total Departmental Spending

£'000

	2003/04 Outturn	2004/05 Outturn	2005/06 Outturn	2006/07 Outturn	2007/08 Outturn	2008/09 Estimated Outturn	2009/10 Plans	2010/11 Plans	2011/12 Plans
<b>Resource budget</b>									
<b>Resource DEL</b>									
A Healthy Natural Environment	877,455	869,420	735,077	879,590	894,476	977,042	1,007,970	1,003,207	—
Sustainable Consumption and Production	65,307	116,784	129,904	194,957	231,889	81,588	95,289	94,198	—
Addressing Environmental Risk and Emergencies	271,682	546,760	608,259	682,430	683,066	694,385	746,805	772,752	—
A Thriving Farming and Food Sector	97,939	96,739	116,663	101,936	104,139	101,404	88,404	100,526	—
Championing Sustainable Development	2,319	3,800	9,143	11,823	7,641	9,765	8,413	7,109	—
Strong Rural Communities	120,746	112,575	134,125	105,562	93,540	48,741	81,260	75,339	—
A Respected Department	247,939	318,693	252,123	234,662	303,903	294,496	277,656	251,970	—
Area Based Grant	—	—	—	—	—	2,997	2,997	5,500	—
Departmental Unallocated Provision	—	—	—	—	—	—	26,000	50,000	—
Rural Payments Agency	453,757	444,222	499,409	582,137	290,638	328,816	263,263	234,126	—
Forestry Commission	76,071	69,244	77,027	66,297	85,018	84,729	75,179	68,148	—
Adapting to Climate Change	55,002	34,822	41,670	17,659	6,226	19,373	31,669	14,865	—
A Sustainable, Secure and Healthy Food Supply	7,653	4,569	4,934	7,424	3,060	10,705	3,727	3,801	—
<b>Total resource budget DEL</b>	<b>2,275,870</b>	<b>2,617,628</b>	<b>2,608,334</b>	<b>2,884,477</b>	<b>2,703,596</b>	<b>2,654,041</b>	<b>2,708,632</b>	<b>2,681,541</b>	—
<i>of which: Near-cash</i>	2,038,088	2,273,496	2,146,763	2,330,543	2,319,977	2,280,502	2,373,200	2,339,117	—
<b>Resource AME</b>									
A Healthy Natural Environment	9,553	9,777	62,522	-56,884	-70,962	-64,252	-53,400	-57,097	—
A Thriving Farming and Food Sector	63,292	61,821	62,998	51,602	54,859	51,822	57,849	48,000	—
Rural Payments Agency	—	—	—	—	-12,400	-40,000	—	—	—
<b>Total resource budget AME</b>	<b>72,845</b>	<b>71,598</b>	<b>125,520</b>	<b>-5,282</b>	<b>-28,503</b>	<b>-52,430</b>	<b>4,449</b>	<b>-9,097</b>	—
<i>of which: Near-cash</i>	63,236	60,965	69,188	60,758	61,597	59,289	64,271	56,603	—
<b>Total resource budget</b>	<b>2,348,715</b>	<b>2,689,226</b>	<b>2,733,854</b>	<b>2,879,195</b>	<b>2,675,093</b>	<b>2,601,611</b>	<b>2,713,081</b>	<b>2,672,444</b>	—
<i>of which: depreciation</i>	118,139	184,055	137,083	156,175	211,893	214,708	224,926	209,681	—
<b>Capital budget</b>									
<b>Capital DEL</b>									
A Healthy Natural Environment	97,659	72,997	73,839	86,557	72,239	105,304	99,723	80,239	—
Sustainable Consumption and Production	86,574	47,295	58,489	58,573	60,788	81,501	117,185	35,325	—
Addressing Environmental Risk and Emergencies	132,849	126,987	401,823	298,980	339,024	385,752	388,195	422,055	—
A Thriving Farming and Food Sector	4,355	15,081	19,983	1,322	-2,872	1,367	1,300	360	—
Strong Rural Communities	777	152	21,105	30,390	28,206	27,859	22,766	16,967	—
A Respected Department	19,383	42,885	54,655	73,797	33,595	-5,907	18,198	42,241	—
Rural Payments Agency	35,928	7,362	5,271	20,039	24,391	24,135	19,548	13,183	—
Forestry Commission	5,209	546	3,875	-1,642	2,525	-2,000	2,000	-2,000	—
Adapting to Climate Change	18,703	525	—	—	794	—	—	—	—
A Sustainable, Secure and Healthy Food Supply	1,242	—	—	—	—	—	—	—	—
<b>Total capital budget DEL</b>	<b>402,679</b>	<b>313,830</b>	<b>639,040</b>	<b>568,016</b>	<b>558,690</b>	<b>618,011</b>	<b>668,915</b>	<b>608,370</b>	—



Table 1 Total Departmental Spending (continued)

£'000

	2003/04 Outturn	2004/05 Outturn	2005/06 Outturn	2006/07 Outturn	2007/08 Outturn	2008/09 Estimated Outturn	2009/10 Plans	2010/11 Plans	2011/12 Plans
<b>Capital AME</b>									
A Healthy Natural Environment	353	500	—	208	40	—	—	—	—
A Thriving Farming and Food Sector	964	896	2	173	192	183	500	846	—
<b>Total capital budget AME</b>	<b>1,317</b>	<b>1,396</b>	<b>2</b>	<b>381</b>	<b>232</b>	<b>183</b>	<b>500</b>	<b>846</b>	<b>—</b>
<b>Total capital budget</b>	<b>403,996</b>	<b>315,226</b>	<b>639,042</b>	<b>568,397</b>	<b>558,922</b>	<b>618,194</b>	<b>669,415</b>	<b>609,216</b>	<b>—</b>

### Total departmental spending<sup>†</sup>

A Healthy Natural Environment	968,252	917,694	842,705	892,419	851,140	979,265	1,016,315	986,762	—
Sustainable Consumption and Production	151,881	164,079	188,222	253,288	292,562	163,089	212,474	129,523	—
Addressing Environmental Risk and Emergencies	343,888	611,846	940,468	890,146	946,018	995,485	1,050,730	1,097,937	—
A Thriving Farming and Food Sector	166,161	173,469	197,246	150,546	152,416	153,684	146,827	149,340	—
Championing Sustainable Development	2,319	3,800	9,143	11,016	7,442	9,765	8,413	7,109	—
Strong Rural Communities	121,523	112,727	153,694	136,881	118,219	76,584	94,010	92,306	—
A Respected Department	244,665	276,226	289,963	286,321	277,635	226,124	232,049	244,379	—
Area Based Grant	—	—	—	—	—	2,997	2,997	5,500	—
Departmental Unallocated Provision	—	—	—	—	—	—	26,000	50,000	—
Rural Payments Agency	475,801	451,584	488,825	583,524	281,711	288,226	258,086	224,809	—
Forestry Commission	77,482	69,056	79,619	62,954	85,260	79,800	74,273	65,648	—
Adapting to Climate Change	73,705	35,347	41,037	17,097	6,802	19,373	31,669	14,865	—
A Sustainable, Secure and Healthy Food Supply	8,895	4,569	4,891	7,225	2,917	10,705	3,727	3,801	—
<b>Total departmental spending†</b>	<b>2,634,572</b>	<b>2,820,397</b>	<b>3,235,813</b>	<b>3,291,417</b>	<b>3,022,122</b>	<b>3,005,097</b>	<b>3,157,570</b>	<b>3,071,979</b>	<b>—</b>
<i>of which:</i>									
<b>Total DEL</b>	<b>2,560,410</b>	<b>2,748,053</b>	<b>3,111,459</b>	<b>3,296,782</b>	<b>3,051,253</b>	<b>3,058,125</b>	<b>3,153,699</b>	<b>3,080,230</b>	<b>—</b>
<b>Total AME</b>	<b>74,162</b>	<b>72,344</b>	<b>124,354</b>	<b>-5,365</b>	<b>-29,131</b>	<b>-53,028</b>	<b>3,871</b>	<b>-8,251</b>	<b>—</b>

<sup>†</sup> Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

### Spending by local authorities on functions relevant to the department

<b>Current spending</b>	<b>3,836,902</b>	<b>4,082,831</b>	<b>4,440,822</b>	<b>4,656,771</b>	<b>4,962,252</b>	<b>5,311,002</b>			
<i>of which:</i>									
financed by grants from budgets above	-12,664	2,401	51,486	34,962	86,996	31,921			
<b>Capital spending</b>	<b>300,804</b>	<b>415,932</b>	<b>433,264</b>	<b>382,147</b>	<b>453,533</b>	<b>595,244</b>			
<i>of which:</i>									
financed by grants from budgets above††	158,244	121,880	143,677	140,197	124,453	187,250			

†† This includes loans written off by mutual consent that score within non-cash Resource Budgets and aren't included in the capital support to local authorities line in Table 3.

## Table 2 – Resource Budget DEL and AME

Movements within Administration spend are dealt with in the Table 5 commentary.

### Resource Budget DEL

#### A Healthy Natural Environment

Under Biodiversity the 2006/07 figure includes funding transferred to Natural England from Defra in respect of the Shared Services and IBM Enabling contracts. The forward years budgets have built in efficiencies agreed as part of the Modernising Rural Delivery Programme. There was a further decrease to Biodiversity as some Rural Policy capital grants have been switched from Resource to Capital.

The decrease in 2005/06 for both Sustainable Water Use and Improved Local Environment is due to the transfer of capital grants from Resource to Capital. The figures for the following years are much higher, due to increased spending in this area.

The increase to Land Management Sustainability from 2008-09 is due to increase expenditure on the Rural Development Programme for England (RDPE).

#### Sustainable Consumption and Production

Spending on Less Waste reduced in 2008/09, following the end of the Business Resource Efficiency and Waste (BREW) programme. The programme operated from 2005 to 2008 and funded a range of delivery bodies that provided sustainability advice and support to businesses. In 2008/09, to realise greater value for money, the Department changed its approach to how the remaining funding was deployed, resulting in a reorganisation of expenditure lines. There was a further reduction due to an element of the Carbon Trust that was held under Less Waste being transferred to DECC.

#### Addressing Environmental Risk and Emergencies

Spending in Flood Management rose sharply in 2004/05 due to a baseline transfer from the then Office of the Deputy Prime Minister for flood management purposes. The figures for 2006/07 onwards are much higher, due to increased spending in this area.

Spending on BSE under Animal Disease Protection rose in 2006/07 because of the start of the testing regime, funded here, for cattle over 30 months old to enter the food chain. This allowed for the termination of the culling and compensation scheme (OTMS) that was funded from the RPA OTMS line. Expenditure for Animal Disease Protection has risen steadily over the last few years. This is due to the creation and continued increased investment in a new agency, the Animal Health agency, whose functions were previously carried out within the Core Department. Spending will increase in later years due to the Animal Health's investment in the Business Reform Programme, which will produce savings in later years.

Spending on Addressing Environmental Risk and Emergencies Administration costs reduced in 2007/08 due to consultancy spend that had previously been allocated to Business Areas on the HM Treasury database (COINS), and are now being held centrally.

### **Championing Sustainable Development**

Spending on Sustainable Development from 2006/07 reflects an increase in project activity on Sustainable Development dialogues as the dialogues developed and matured.

### **Strong Rural Communities<sup>29</sup>**

The drop in expenditure for Rural Economy in 2006/07 relates to the transfer of functions relating to the Rural Delivery Service from the Core Department to Natural England.

The lower estimated outturn for Rural Economy in 2008/09 relates to reductions in Regional Development Agencies (RDA) spending due to an agreement with HM Treasury. There was also a transfer of a small element of the RDA's budget to DECC for the CSR07 period. More up to date forecasts show increases in spending relating to Genesis, a Defra IT system used for scheme processing.

### **A Respected Department**

The relatively low outturn on Effective Delivery (Skills) for 2006/07 was mainly due to a non cash adjustment to the cost of capital charge. The relatively high estimated outturn for 2008/09 was due to non-cash forecasts for various provisions that are held centrally.

The increase in Administration Costs in 2007/08 is mainly due to £22m allocated in the 2007/08 WSE to cover the costs of voluntary early retirement and voluntary early severance schemes. There was also a further increase due to previous years consultancy spend being allocated to the Business Areas in the HM Treasury database (COINS) and much of the 2007/08 budget and onwards being held centrally. Additionally there were non-cash increases in 2007/08 relating to various property impairments.

Spending on Emergency Response starts in 2005/06 due to the formation of the executive agency Government Decontamination Service (GDS).

### **Area Based Grant**

Area based grants to Local Authorities (LAs) were introduced in the CSR07 settlement. They were part of the reforms to LA funding and the reduction in ring-fenced funding.

### **Departmental Unallocated Provision**

As part of the CSR07 settlement, Defra created a Departmental Unallocated Provision (DUP) to meet unforeseen pressures. This was set at £50m per year. In 2008/09 and 2009/10 the DUP was reduced to meet increased spend on Warm Front as announced in the Energy Efficiency package in the Pre Budget Report (November 2008). This was subsequently transferred to DECC as part of the Machinery of Government changes.

<sup>29</sup> The title of this DSO has since been amended to Socially and Economically Sustainable Rural Communities.

### **Rural Payments Agency**

OTMS spend fell significantly from 2005/06 onwards as the cattle culling and compensation scheme (OTMS) was replaced by a testing regime, funded under the Animal Disease Protection line. The much smaller Older Cattle Disposal Scheme funded here ended in 2008/09.

The reduction in Direct Payments Under CAP and CAP income in 2007/08 was due to a change by the EU in the applicable accounting policy. The increase in 2008/09 and 2009/10 was to mitigate against RPA exposure to the declining sterling/euro exchange rate on their European Union Single Payment Scheme payments. The effect of exchange rates on 2010/11 payments will be assessed nearer the time.

The increased expenditure in 2006/07 for Other Funding is due to increase provisions for potential disallowance of payments made to farmers under the EC Common Agricultural Policy (CAP) schemes. The negative spend in 2007/08 relates to a write back of a previous year's CAP provision. This also had an effect on the AME budget.

RPA administration costs fall towards 2010/11 as the efficiency gains from their recovery plan are realised.

### **Forestry Commission**

Expenditure for the Forestry Commission remains fairly constant across the years.

### **Adapting to Climate Change**

This DSO was created due to a restructure of the Department following the creation of DECC.

### **A Sustainable, Secure and Healthy Food Supply**

This DSO was created due to a restructuring of the Department following the creation of DECC.

### **Resource Budget AME**

#### **A Healthy Natural Environment**

There has been a large decrease in the AME Budget for Sustainable Water Use due to the credits for the utilisation of the provision for the water industry closed pension fund and the associated capital charge on the remaining provision.

### **Rural Payments Agency**

The negative value in 2007/08 on Direct Payments under CAP relates to the write back of a previous years provision that was originally created in AME.

The credit entry in 2008/09 on Other Funding relates to the utilisation of the CAP disallowance provision that has been scored to AME to reflect the element of the provision that was initially created in AME.

Table 2 Resource budget DEL and AME

£'000

	2003/04 Outturn	2004/05 Outturn	2005/06 Outturn	2006/07 Outturn	2007/08 Outturn	2008/09 Estimated Outturn	2009/10 Plans	2010/11 Plans	2011/12 Plans
<b>Resource DEL</b>									
<b>A Healthy Natural Environment</b>	<b>877,455</b>	<b>869,420</b>	<b>735,077</b>	<b>879,590</b>	<b>894,476</b>	<b>977,042</b>	<b>1,007,970</b>	<b>1,003,207</b>	—
<i>of which:</i>									
Pollutant Free Air	14,401	13,875	2,094	1,513	3,015	10,903	10,855	6,037	—
Biodiversity	225,100	211,814	188,892	302,198	288,138	266,298	255,704	215,777	—
Sustainable Water Use	72,972	68,555	48,543	88,828	96,300	120,820	123,405	130,046	—
Clean Healthy Oceans	31,527	38,549	29,153	20,253	44,521	62,496	76,283	68,141	—
Land Management	201,621	202,658	163,838	165,252	187,417	212,564	215,809	247,658	—
Sustainability									
Natural Environment	25,120	28,330	43,538	43,318	44,743	47,422	51,882	61,200	—
Enjoyment									
Improved Local Environment	147,128	149,663	116,130	133,229	126,252	152,801	163,667	144,357	—
Sustainable Living Landscapes	133,838	131,257	110,306	93,142	80,873	78,205	83,624	99,706	—
A Healthy Natural Environment Administration Costs	25,748	24,719	32,583	31,857	23,217	25,533	26,741	30,285	—
<b>Sustainable Consumption and Production</b>	<b>65,307</b>	<b>116,784</b>	<b>129,904</b>	<b>194,957</b>	<b>231,889</b>	<b>81,588</b>	<b>95,289</b>	<b>94,198</b>	—
<i>of which:</i>									
Better Products	6,080	5,948	8,770	6,754	7,335	17,517	18,897	11,207	—
Less Waste	53,643	103,649	110,263	179,312	215,514	58,700	71,303	75,611	—
Sustainable Consumption and Production Administration Costs	5,584	7,187	10,871	8,891	9,040	5,371	5,089	7,380	—
<b>Addressing Environmental Risk and Emergencies</b>	<b>271,682</b>	<b>546,760</b>	<b>608,259</b>	<b>682,430</b>	<b>683,066</b>	<b>694,385</b>	<b>746,805</b>	<b>772,752</b>	—
<i>of which:</i>									
Flood Management	1,369	285,754	282,324	346,134	346,203	346,227	394,162	443,418	—
Environmental Risk Protection	1,462	3,490	7,241	387	10,879	15,968	17,379	15,500	—
Animal Disease Protection	220,063	210,536	259,364	280,979	307,932	314,200	318,332	287,477	—
Addressing Environmental Risk and Emergencies Administration Costs	48,788	46,980	59,330	54,930	18,052	17,990	16,932	26,357	—
<b>A Thriving Farming and Food Sector</b>	<b>97,939</b>	<b>96,739</b>	<b>116,663</b>	<b>101,936</b>	<b>104,139</b>	<b>101,404</b>	<b>88,404</b>	<b>100,526</b>	—
<i>of which:</i>									
Environmental Farming	9,248	7,738	11,773	6,659	18,804	27,627	31,697	24,538	—
Competitive Farming	34,701	47,308	34,464	32,593	33,771	43,403	25,010	30,879	—
CAP Delivered	14,291	6,012	3,570	9,657	3,361	539	585	769	—
Animal Welfare	7,345	2,709	19,404	11,125	15,889	7,223	7,587	14,005	—
A Thriving Farming and Food Sector Administration Costs	32,354	32,972	47,452	41,902	32,314	22,612	23,525	30,335	—
<b>Championing Sustainable Development</b>	<b>2,319</b>	<b>3,800</b>	<b>9,143</b>	<b>11,823</b>	<b>7,641</b>	<b>9,765</b>	<b>8,413</b>	<b>7,109</b>	—
<i>of which:</i>									
World Summit on Sustainable Development	536	895	1,119	2,727	2,737	3,145	3,313	4,630	—
Sustainable Development	—	—	—	1,806	2,965	3,505	3,505	1,338	—
Championing Sustainable Development Administration Costs	1,783	2,905	8,024	7,290	1,939	3,115	1,595	1,141	—

Table 2 Resource budget DEL and AME (continued)

£'000

	2003/04 Outturn	2004/05 Outturn	2005/06 Outturn	2006/07 Outturn	2007/08 Outturn	2008/09 Estimated Outturn	2009/10 Plans	2010/11 Plans	2011/12 Plans
<b>Strong Rural Communities</b>	<b>120,746</b>	<b>112,575</b>	<b>134,125</b>	<b>105,562</b>	<b>93,540</b>	<b>48,741</b>	<b>81,260</b>	<b>75,339</b>	—
<i>of which:</i>									
Rural Economy	112,262	104,990	121,072	92,430	79,349	37,469	58,878	55,436	—
Rural Needs	1,826	1,675	3,154	9,607	10,013	9,482	20,648	16,500	—
Strong Rural Communities Administration Costs	6,658	5,910	9,899	3,525	4,178	1,790	1,734	3,403	—
<b>A Respected Department</b>	<b>247,939</b>	<b>318,693</b>	<b>252,123</b>	<b>234,662</b>	<b>303,903</b>	<b>294,496</b>	<b>277,656</b>	<b>251,970</b>	—
<i>of which:</i>									
Effective Delivery (Skills)	40,470	94,953	52,297	22,700	19,288	40,366	18,526	15,831	—
Effective Delivery (Policy)	21,004	17,054	16,861	18,458	24,524	23,594	26,024	24,881	—
Communications	6,685	5,671	2,227	1,832	7,623	5,850	8,983	19,348	—
Emergency Response	—	—	951	2,204	1,876	3,127	3,508	2,670	—
A Respected Department Administration Costs	179,780	201,015	179,787	189,468	250,592	221,559	220,615	189,240	—
<b>Area Based Grant</b>	—	—	—	—	—	<b>2,997</b>	<b>2,997</b>	<b>5,500</b>	—
<i>of which:</i>									
Area Based Grant	—	—	—	—	—	2,997	2,997	5,500	—
<b>Departmental Unallocated Provision</b>	—	—	—	—	—	—	<b>26,000</b>	<b>50,000</b>	—
<i>of which:</i>									
Departmental Unallocated Provision	—	—	—	—	—	—	26,000	50,000	—
<b>Rural Payments Agency</b>	<b>453,757</b>	<b>444,222</b>	<b>499,409</b>	<b>582,137</b>	<b>290,638</b>	<b>328,816</b>	<b>263,263</b>	<b>234,126</b>	—
<i>of which:</i>									
OTMS/OCDS	161,045	130,243	77,573	73,789	44,780	43,359	—	—	—
Direct Payments Under CAP	2,000,663	2,257,989	2,030,580	1,831,701	1,582,255	1,840,410	1,871,433	1,554,928	—
CAP Income	-1,919,065	-2,175,984	-2,008,684	-1,819,892	-1,580,766	-1,840,361	-1,871,433	-1,554,928	—
Other Funding	13,101	—	159,476	273,382	-7,784	53,750	55,750	55,338	—
Rural Payments Agency Front Line Administration Costs	198,013	231,974	240,464	223,157	252,153	231,658	207,513	178,788	—
<b>Forestry Commission</b>	<b>76,071</b>	<b>69,244</b>	<b>77,027</b>	<b>66,297</b>	<b>85,018</b>	<b>84,729</b>	<b>75,179</b>	<b>68,148</b>	—
<i>of which:</i>									
Forestry Commission (England)	62,096	56,354	62,657	49,854	67,103	65,245	56,860	55,455	—
Forestry Commission (GB Core)	13,975	12,890	14,370	16,443	17,915	19,484	18,319	12,693	—
<b>Adapting to Climate Change</b>	<b>55,002</b>	<b>34,822</b>	<b>41,670</b>	<b>17,659</b>	<b>6,226</b>	<b>19,373</b>	<b>31,669</b>	<b>14,865</b>	—
<i>of which:</i>									
Climate Change Adaptation	45,188	21,746	26,412	—	1,105	17,302	25,319	7,878	—
Adapting to Climate Change Administration Costs	9,814	13,076	15,258	17,659	5,121	2,071	6,350	6,987	—
<b>A Sustainable, Secure and Healthy Food Supply</b>	<b>7,653</b>	<b>4,569</b>	<b>4,934</b>	<b>7,424</b>	<b>3,060</b>	<b>10,705</b>	<b>3,727</b>	<b>3,801</b>	—
<i>of which:</i>									
Reduce Impact of Food Production	5,950	2,834	2,417	5,198	1,341	5,902	2,012	2,194	—
A Sustainable, Secure and Healthy Food Supply Administration Costs	1,703	1,735	2,517	2,226	1,719	4,803	1,715	1,607	—
<b>Total resource budget DEL</b>	<b>2,275,870</b>	<b>2,617,628</b>	<b>2,608,334</b>	<b>2,884,477</b>	<b>2,703,596</b>	<b>2,654,041</b>	<b>2,708,632</b>	<b>2,681,541</b>	—

Table 2 Resource budget DEL and AME (continued)

£'000

	2003/04 Outturn	2004/05 Outturn	2005/06 Outturn	2006/07 Outturn	2007/08 Outturn	2008/09 Estimated Outturn	2009/10 Plans	2010/11 Plans	2011/12 Plans
<i>of which:</i>									
Near-cash	2,038,088	2,273,496	2,146,763	2,330,543	2,319,977	2,280,502	2,373,200	2,339,117	—
<i>of which:†</i>									
Pay	802,750	922,746	975,560	994,062	1,073,484	1,076,388			
Procurement	584,133	713,240	669,757	870,995	776,389	774,178	835,529	1,039,773	—
Current grants and subsidies to the private sector and abroad	527,798	516,709	343,678	349,461	295,599	329,370	285,734	322,587	—
Current grants to local authorities	–12,664	2,401	51,486	34,962	86,996	31,921	36,466	52,300	—
Depreciation	118,139	183,405	135,915	155,711	211,033	213,927	223,848	209,681	—
<b>Resource AME</b>									
<b>A Healthy Natural Environment</b>	<b>9,553</b>	<b>9,777</b>	<b>62,522</b>	<b>–56,884</b>	<b>–70,962</b>	<b>–64,252</b>	<b>–53,400</b>	<b>–57,097</b>	—
<i>of which:</i>									
Sustainable Water Use	—	—	54,900	–66,814	–78,560	–72,500	–60,900	–65,700	—
Clean Healthy Oceans	9,553	9,777	7,622	9,930	7,598	8,248	7,500	8,603	—
<b>A Thriving Farming and Food Sector</b>	<b>63,292</b>	<b>61,821</b>	<b>62,998</b>	<b>51,602</b>	<b>54,859</b>	<b>51,822</b>	<b>57,849</b>	<b>48,000</b>	—
<i>of which:</i>									
Competitive Farming	63,292	61,821	62,998	51,602	54,859	51,822	57,849	48,000	—
<b>Rural Payments Agency</b>	—	—	—	—	<b>–12,400</b>	<b>–40,000</b>	—	—	—
<i>of which:</i>									
Direct Payments Under CAP	—	—	—	—	–12,400	—	—	—	—
Other Funding	—	—	—	—	—	–40,000	—	—	—
<b>Total resource budget AME</b>	<b>72,845</b>	<b>71,598</b>	<b>125,520</b>	<b>–5,282</b>	<b>–28,503</b>	<b>–52,430</b>	<b>4,449</b>	<b>–9,097</b>	—
<i>of which:</i>									
Near-cash	63,236	60,965	69,188	60,758	61,597	59,289	64,271	56,603	—
<i>of which:†</i>									
Pay	15,448	–10,400	32,588	26,216	25,038	27,455			
Procurement	47,788	71,718	38,799	37,193	37,693	32,871	40,475	41,305	—
Current grants and subsidies to the private sector and abroad	—	—	—	—	—	—	—	—	—
Current grants to local authorities	—	—	—	—	—	—	—	—	—
Depreciation	—	650	1,168	464	860	781	1,078	—	—
<b>Total resource budget</b>	<b>2,348,715</b>	<b>2,689,226</b>	<b>2,733,854</b>	<b>2,879,195</b>	<b>2,675,093</b>	<b>2,601,611</b>	<b>2,713,081</b>	<b>2,672,444</b>	—

† The breakdown of near-cash in Resource DEL by economic category may exceed the total near-cash Resource DEL reported above because of other income and receipts that score in near-cash Resource DEL but aren't included as pay, procurement, or current grants and subsidies to the private sector, abroad and local authorities.



## Table 3 – Capital Budget DEL and AME

### A Healthy Natural Environment

The reducing level of expenditure in Land Management Sustainability from 2005/06 was due to funding for the RDPE system winding down. The increase on the same line from 2008/09 onwards is due to the end of the Local Area Agreements and subsequent re-allocation of funding to this area.

Expenditure on Natural Environment Enjoyment only started in 2007/08 as the schemes relating to grants to Local Authorities only started in this year.

### Sustainable Consumption and Production

The high value in 2003/04 for Less Waste was because all Local Authorities' waste management was classified as Capital. The large increase on the same line in 2008/09 and 2009/10 is due to the end of the Local Area Agreements and subsequent re-allocation of funding to this area.

The decrease for Less Waste in 2010/11 reflects the planned decrease in the CSR07 settlement. In order to meet landfill targets, investment must peak by 2009/10.

### Addressing Environmental Risk and Emergencies

The increase in Flood Management from 2005/06 onwards reflects increased Government investment in flood risk management.

### Strong Rural Communities

The increase in Rural Economy reflects the transfer of capital grants for the Regional Development Agencies from Resource for 2005/06 onwards.

### A Respected Department

The spike in 2006/07 for Effective Delivery (Skills) was because the budgets for IT project capital spend were held centrally but in subsequent years they have been progressively delegated out to business areas to increase accountability. This was the same for 2007/08 but the figures are lower due to capital disposals for various sites including High Mowthorpe Farm, Malton and Rosemund Farm, Worcestershire.

The negative estimated outturn for 2008/09 for Effective Delivery (Policy) relates to the capital receipts from the sale of the Guildford site.

### Rural Payments Agency

The increased capital spend for RPA from 2006/07 reflects the increased investment in their recovery plan.

Table 3 Capital Budget DEL and AME

£'000

	2003/04 Outturn	2004/05 Outturn	2005/06 Outturn	2006/07 Outturn	2007/08 Outturn	2008/09 Estimated Outturn	2009/10 Plans	2010/11 Plans	2011/12 Plans
<b>Capital DEL</b>									
<b>A Healthy Natural Environment</b>	<b>97,659</b>	<b>72,997</b>	<b>73,839</b>	<b>86,557</b>	<b>72,239</b>	<b>105,304</b>	<b>99,723</b>	<b>80,239</b>	—
<i>of which:</i>									
Pollutant Free Air	3,507	2,497	2,402	2,297	2,376	2,365	4,965	4,965	—
Biodiversity	13,465	7,041	25,310	14,423	13,866	14,892	17,042	16,077	—
Sustainable Water Use	1,611	65	—	21,723	10,936	16,599	5,129	253	—
Clean Healthy Oceans	10,025	1,600	8,846	3,732	2,079	3,000	3,150	4,600	—
Land Management Sustainability	50,923	43,807	26,005	13,597	5,021	15,011	17,500	19,000	—
Natural Environment Enjoyment	—	—	—	—	362	5,500	2,900	—	—
Improved Local Environment	11,338	14,820	8,149	22,700	21,077	20,959	23,489	25,114	—
Sustainable Living Landscapes	6,790	3,167	3,127	8,085	16,522	26,978	25,548	10,230	—
<b>Sustainable Consumption and Production</b>	<b>86,574</b>	<b>47,295</b>	<b>58,489</b>	<b>58,573</b>	<b>60,788</b>	<b>81,501</b>	<b>117,185</b>	<b>35,325</b>	—
<i>of which:</i>									
Less Waste	86,574	47,295	58,489	58,573	60,788	81,501	117,185	35,325	—
<b>Addressing Environmental Risk and Emergencies</b>	<b>132,849</b>	<b>126,987</b>	<b>401,823</b>	<b>298,980</b>	<b>339,024</b>	<b>385,752</b>	<b>388,195</b>	<b>422,055</b>	—
<i>of which:</i>									
Flood Management	80,613	99,781	360,690	267,187	289,214	344,700	360,390	400,000	—
Environmental Risk Protection	11,475	1,520	11,061	483	1,875	210	—	—	—
Animal Disease Protection	40,761	25,686	30,072	31,310	47,935	40,842	27,805	22,055	—
<b>A Thriving Farming and Food Sector</b>	<b>4,355</b>	<b>15,081</b>	<b>19,983</b>	<b>1,322</b>	<b>-2,872</b>	<b>1,367</b>	<b>1,300</b>	<b>360</b>	—
<i>of which:</i>									
Environmental Farming	634	524	1,473	—	—	—	—	—	—
Competitive Farming	70	65	10,008	1,642	-3,806	865	1,000	60	—
CAP Delivered	—	—	—	-6	80	200	—	—	—
Animal Welfare	3,651	14,492	8,502	-314	854	302	300	300	—
<b>Strong Rural Communities</b>	<b>777</b>	<b>152</b>	<b>21,105</b>	<b>30,390</b>	<b>28,206</b>	<b>27,859</b>	<b>22,766</b>	<b>16,967</b>	—
<i>of which:</i>									
Rural Economy	777	152	21,105	30,302	28,199	23,126	17,466	16,967	—
Rural Needs	—	—	—	88	7	4,733	5,300	—	—
<b>A Respected Department</b>	<b>19,383</b>	<b>42,885</b>	<b>54,655</b>	<b>73,797</b>	<b>33,595</b>	<b>-5,907</b>	<b>18,198</b>	<b>42,241</b>	—
<i>of which:</i>									
Effective Delivery (Skills)	12,887	40,399	53,277	70,588	29,304	-1,019	16,698	40,741	—
Effective Delivery (Policy)	4,606	1,940	1,378	1,217	1,543	-4,888	1,500	1,500	—
Communications	1,890	546	—	1,954	1,823	—	—	—	—
Emergency Response	—	—	—	38	925	—	—	—	—
<b>Rural Payments Agency</b>	<b>35,928</b>	<b>7,362</b>	<b>5,271</b>	<b>20,039</b>	<b>24,391</b>	<b>24,135</b>	<b>19,548</b>	<b>13,183</b>	—
<i>of which:</i>									
Rural Payments Agency Front Line Administration Costs	35,928	7,362	5,271	20,039	24,391	24,135	19,548	13,183	—
<b>Forestry Commission</b>	<b>5,209</b>	<b>546</b>	<b>3,875</b>	<b>-1,642</b>	<b>2,525</b>	<b>-2,000</b>	<b>2,000</b>	<b>-2,000</b>	—
<i>of which:</i>									
Forestry Commission (England)	3,299	-2,143	987	-3,547	307	-3,913	40	-2,000	—
Forestry Commission (GB Core)	1,910	2,689	2,888	1,905	2,218	1,913	1,960	—	—

Table 3 Capital Budget DEL and AME (continued)

£'000

	2003/04 Outturn	2004/05 Outturn	2005/06 Outturn	2006/07 Outturn	2007/08 Outturn	2008/09 Estimated Outturn	2009/10 Plans	2010/11 Plans	2011/12 Plans
<b>Adapting to Climate Change</b>	<b>18,703</b>	<b>525</b>	—	—	<b>794</b>	—	—	—	—
<i>of which:</i>									
Climate Change Adaptation	18,703	525	—	—	794	—	—	—	—
<b>A Sustainable, Secure and Healthy Food Supply</b>	<b>1,242</b>	—	—	—	—	—	—	—	—
<i>of which:</i>									
Reduce Impact of Food Production	1,242	—	—	—	—	—	—	—	—
<b>Total capital budget DEL</b>	<b>402,679</b>	<b>313,830</b>	<b>639,040</b>	<b>568,016</b>	<b>558,690</b>	<b>618,011</b>	<b>668,915</b>	<b>608,370</b>	—
<i>of which:</i>									
Capital expenditure on fixed assets net of sales†	196,626	187,203	220,878	184,456	185,944	208,018	221,152	257,995	—
Capital grants to the private sector and abroad	46,076	3,986	252,781	221,851	204,620	184,942	172,171	164,295	—
Net lending to private sector	—28	—	—	—	—	—	—	—	—
Capital support to public corporations	1,761	761	204	7,640	15,618	26,548	24,548	9,048	—
Capital support to local authorities††	158,244	121,880	143,677	140,189	124,453	187,250	233,688	150,165	—
<b>Capital AME</b>									
<b>A Healthy Natural Environment</b>	<b>353</b>	<b>500</b>	—	<b>208</b>	<b>40</b>	—	—	—	—
<i>of which:</i>									
Clean Healthy Oceans	353	500	—	208	40	—	—	—	—
<b>A Thriving Farming and Food Sector</b>	<b>964</b>	<b>896</b>	<b>2</b>	<b>173</b>	<b>192</b>	<b>183</b>	<b>500</b>	<b>846</b>	—
<i>of which:</i>									
Competitive Farming	964	896	2	173	192	183	500	846	—
<b>Total capital budget AME</b>	<b>1,317</b>	<b>1,396</b>	<b>2</b>	<b>381</b>	<b>232</b>	<b>183</b>	<b>500</b>	<b>846</b>	—
<b>Total capital budget</b>	<b>403,996</b>	<b>315,226</b>	<b>639,042</b>	<b>568,397</b>	<b>558,922</b>	<b>618,194</b>	<b>669,415</b>	<b>609,216</b>	—
<i>Of which:</i>									
Capital expenditure on fixed assets net of sales†	197,943	188,599	220,880	184,837	187,918	208,201	221,652	258,841	—
Less depreciation†††	118,139	184,055	137,083	156,175	211,893	214,708	224,926	209,681	—
Net capital expenditure on tangible fixed assets	79,804	4,544	83,797	28,662	—23,975	—6,507	—3,274	49,160	—

† Expenditure by the department and NDPBs on land, buildings and equipment, net of sales. Excludes spending on financial assets and grants, and public corporations' capital expenditure.

†† This does not include loans written off by mutual consent that score within non-cash Resource Budgets.

††† Included in Resource Budget.

## Table 4 – Capital Employed

The figures for the years 2007/08 and earlier are extracted from the audited Resource Accounts for those years, including those of the NDPBs that are not consolidated into Defra's own accounts but which form part of the DEL group.

The figures for 2007/08 onwards have been amended to reflect the DECC transfer.

Tangible assets have shown significant growth since 2003/04 reflecting investment in both the building estate and IT projects. This investment has slowed down and the impact of depreciation has begun to reduce the net book value.

In 2006/07 a reclassification of assets occurred between Land and Buildings and Fixtures and Fittings.

The reduction in the net book value of Equipment and IT from 2006/07 to 2007/08 reflects the planned transfer of IT assets from Core Defra to Natural England.

The increase in current assets and creditors due within one year for 2005/06 and 2006/07 relates to balances with the EC for CAP Pillar 1 payments. 2005/06 shows a much larger creditor and corresponding EC debtor figure because of the delays in making payments to land owners on the Single Payment Scheme (SPS) 2005 following the issue of their entitlements in February 2006. The creditor is higher than the debtor because this also includes a creditor with HM Treasury, as the Department has to surrender this EC income as a Consolidated Fund Extra Receipt (CFER). There is also a relatively high level of accrued payments and income for 2006/07, but still lower than 2005/06, as the timing of payments under the SPS has improved. These improvements are expected to continue for future years. The creditors and debtors balances from 2007/08 onwards have been amended since the last Departmental Report to better reflect the SPS debtors/creditors.

Provisions increased in 2003/04 due to the provision for the water industry closed pension scheme and again in 2005/06 and 2006/07 due to the CAP disallowance provision.

NDPB net assets are forecast to increase from 2008/09 through to the end of the CSR period. This is mainly due to significant additional projected investment in flood risk management by the Environment Agency. In addition to this, in 2007/08 there was a planned transfer of IT equipment from the Core Department to Natural England.

**Table 4 Capital Employed****£ million**

	2002/03 Outturn	2003/04 Outturn	2004/05 Outturn	2005/06 Outturn	2006/07 Outturn	2007/08 Outturn	2008/09 Estimated Outturn	2009/10 Projected	2010/11 Projected
<b>Assets and liabilities on the balance sheet at end of year:</b>									
<b>Assets</b>									
Fixed assets									
Intangible	6	13	16	17	16	12	7	6	6
Tangible	599	741	813	893	957	960	920	870	836
<i>of which:</i>									
Land and Buildings	383	444	461	563	538	551	545	520	507
Fixtures and Fittings	26	25	30	28	60	47	46	45	40
Vehicles, Plant & Machinery	35	33	31	30	29	28	27	15	19
Equipment & IT	155	239	291	272	330	212	207	200	180
Assets under construction						122	95	90	90
Investments	16	16	12	11	9	8	7	6	5
Current Assets	1,417	983	1,486	4,429	2,419	2,160	2,033	1,674	1,674
<b>Liabilities</b>									
Creditors (<1 year)	-1,378	-944	-1,512	-6,120	-3,311	-2,528	-2,455	-2,010	-2,010
Creditors (>1 year)	-42	-38	-25	-21	-19	-50	-109	-21	-21
Provisions	-238	-1,038	-1,125	-1,319	-1,533	-1,534	-1,488	-1,085	-1,111
<b>Capital employed within main Department</b>	<b>380</b>	<b>-267</b>	<b>-335</b>	<b>-2,110</b>	<b>-1,462</b>	<b>-972</b>	<b>-1,085</b>	<b>-560</b>	<b>-621</b>
NDPB net assets	1,984	2,150	2,336	2,387	2,223	2,554	2,965	3,231	3,499
<b>Total capital employed in the Departmental Group</b>	<b>2,364</b>	<b>1,883</b>	<b>2,001</b>	<b>277</b>	<b>761</b>	<b>1,582</b>	<b>1,880</b>	<b>2,671</b>	<b>2,878</b>

## Table 5 – Administration Costs

The total Administration Budget across all years has changed since the last Departmental Report. This is mainly due to the removal of most of the Climate Change responsibilities on the formation of DECC. Other small changes include the transfer of the Chemicals Regulation Directorate (formerly known as the Pesticides Safety Directorate) to the Health and Safety Executive.

The total administration expenditure and total administration income from 2009/10 onwards have both decreased significantly. This change, which doesn't affect the total net administration budget, was agreed with HMT to ensure that internal income between the core Department and executive agencies is not included on a gross basis within the Estimate.

The total Administration Budget shows a downward trend towards 2010/11, reflecting the 5% reduction required by CSR07.

**Table 5 Administration Costs**

£'000

	2003/04 Outturn	2004/05 Outturn	2005/06 Outturn	2006/07 Outturn	2007/08 Outturn	2008/09 Estimated Outturn	2009/10 Plans	2010/11 Plans	2011/12 Plans
<b>Administration Expenditure</b>									
Paybill	217,439	228,870	241,284	239,171	227,429	217,316			
Other	320,617	308,891	330,402	364,227	373,457	303,692			
<b>Total administration expenditure</b>	<b>538,056</b>	<b>537,761</b>	<b>571,686</b>	<b>603,398</b>	<b>600,886</b>	<b>521,008</b>	<b>425,055</b>	<b>392,184</b>	—
Administration income	-223,909	-199,600	-216,051	-246,562	-255,290	-215,028	-120,759	-93,847	—
<b>Total administration budget</b>	<b>314,147</b>	<b>338,161</b>	<b>355,635</b>	<b>356,836</b>	<b>345,596</b>	<b>305,980</b>	<b>304,296</b>	<b>298,337</b>	—
<b>Analysis by activity</b>									
A Healthy Natural Environment	26,409	24,719	26,332	31,629	23,130	25,389	26,741	28,630	—
Sustainable Consumption and Production	5,584	7,187	10,871	8,891	9,040	5,371	5,089	7,380	—
Addressing Environmental Risk and Emergencies	50,387	46,980	50,386	54,911	18,267	19,323	16,932	29,133	—
A Thriving Farming and Food Sector	32,031	32,972	46,093	41,513	31,647	22,559	23,525	30,756	—
Championing Sustainable Development	1,783	2,905	8,024	7,290	1,939	3,115	1,595	1,141	—
Strong Rural Communities	6,658	5,910	9,899	3,525	4,178	1,790	1,734	3,403	—
A Respected Department	179,778	202,677	186,255	189,192	250,555	221,559	220,615	189,300	—
Adapting to Climate Change	9,814	13,076	15,258	17,659	5,121	2,071	6,350	6,987	—
A Sustainable, Secure and Healthy Food Supply	1,703	1,735	2,517	2,226	1,719	4,803	1,715	1,607	—
<b>Total administration budget</b>	<b>314,147</b>	<b>338,161</b>	<b>355,635</b>	<b>356,836</b>	<b>345,596</b>	<b>305,980</b>	<b>304,296</b>	<b>298,337</b>	—

Table 6 Staff Numbers

		2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Plans
<b>Department for Environment, Food and Rural Affairs (Gross Control Area) <sup>(2)</sup></b>	CS FTEs	10,034	10,132	9,732	9,326	8,604 <sup>(4)</sup>	8,572	7,734 <sup>(6)</sup>	7,553 <sup>(8)</sup>
	Overtime	245	174	144	209	194	224	136	126
	Casuals <sup>(1)</sup>	925	642	775	1,004	670	223	89	88
	<b>TOTAL</b>	<b>11,204</b>	<b>10,948</b>	<b>10,651</b>	<b>10,539</b>	<b>9,468</b>	<b>9,019</b>	<b>7,959</b>	<b>7,767</b>
<b>Veterinary Laboratories Agency (Net Control Area)</b>	CS FTEs	1,244	1,303	1,244	1,210	1,226	1,201	1,164	1,160
	Overtime	26	25	35	35	34	34	34	30
	Casuals <sup>(1)</sup>	36	32	17	20	24	29	16	10
	<b>TOTAL</b>	<b>1,306</b>	<b>1,360</b>	<b>1,296</b>	<b>1,265</b>	<b>1,284</b>	<b>1,264</b>	<b>1,214</b>	<b>1,200</b>
<b>Food and Environment Research Agency (Net Control Area) <sup>(7)</sup></b>	CS FTEs	642	646	644	635	628	630	611	868
	Overtime	8	8	8	8	8	7	9	12
	Casuals <sup>(1)</sup>	47	32	41	44	52	28	15	18
	<b>TOTAL</b>	<b>697</b>	<b>686</b>	<b>693</b>	<b>687</b>	<b>688</b>	<b>665</b>	<b>635</b>	<b>898</b>
<b>Veterinary Medicines Directorate (Net Control Area)</b>	CS FTEs	116	124	125	128	136	135	137	149
	Overtime	1	1	0	1	1	1	1	1
	Casuals <sup>(1)</sup>	0	0	0	0	0	0	0	0
	<b>TOTAL</b>	<b>117</b>	<b>125</b>	<b>125</b>	<b>129</b>	<b>137</b>	<b>136</b>	<b>138</b>	<b>150</b>
<b>CEFAS (Net Control Area)</b>	CS FTEs	514	521	515	504	533	520	522	509
	Overtime	15	12	12	13	12	11	11	12
	Casuals <sup>(1)</sup>	7	7	2	5	1	0	0	0
	<b>TOTAL</b>	<b>536</b>	<b>540</b>	<b>529</b>	<b>522</b>	<b>546</b>	<b>531</b>	<b>533</b>	<b>521</b>
<b>Pesticide Safety Directorate (Net Control Area)</b>	CS FTEs			182 <sup>(3)</sup>	191	181	178 <sup>(5)</sup>		
	Overtime			0	1	0	0		
	Casuals <sup>(1)</sup>			8	7	7	2		
	<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>190</b>	<b>199</b>	<b>188</b>	<b>180</b>	<b>0</b>	<b>0</b>
<b>TOTAL Defra</b>		<b>13,860</b>	<b>13,659</b>	<b>13,484</b>	<b>13,341</b>	<b>12,311</b>	<b>11,795</b>	<b>10,479</b>	<b>10,536</b>

(1) The outturn and estimated figures include casuals filling vacant permanent posts.

(2) Gross Control Area includes core-Defra, PSD (from 1 April 1993 to 31 March 2004), RPA (from 16 October 2001), Animal Health (from 1 April 2005 (named State Veterinary Service until 31 March 2007)), MFA (from 1 October 2005) and GDS (from 1 October 2005 to 31 March 2009).

(3) PSD became a Net Control Agency from 1 April 2004.

(4) The Rural Development Service (RDS) transferred from Defra to Natural England on 1 October 2006.

(5) PSD transferred to the Health and Safety Executive on 1 April 2008.

(6) Approximately 320 Defra staff transferred to the newly-created Department of Energy and Climate Change on 3 October 2008 and 46 Defra staff transferred to the Sustainable Development Commission NDPB on 1 February 2009.

(7) Fera was created on 1 April 2009 from CSL, GDS and 170 staff from core-Defra.

(8) The planned figure for 2009/10 for the Defra GCA is an estimate which will vary depending on the available budget, turnover and the needs of the business. 170 staff transferred to Fera and 60 staff transferred to Interserve (Facilities Management) Ltd under TUPE on 1 April 2009.



## Table 7, 8, 9 – Regional tables

Please note, Tables 7, 8 and 9 are consistent with the Pre-Budget Report. The tables include spending that now forms a part of the newly formed DECC.

Tables 7, 8 and 9 show analyses of the department's spending by country and region, and by function. The data presented in these tables are consistent with the country and regional analyses (CRA) published by HM Treasury in Chapter 9 of Public Expenditure Statistical Analyses (PESA) 2009. The figures were taken from the HM Treasury public spending database in December 2008 and the regional distributions were completed in January and February 2009. Therefore the tables may not show the latest position and are not consistent with other tables in the Departmental Report.

The analyses are set within the overall framework of Total Expenditure on Services (TES). TES broadly represents the current and capital expenditure of the public sector, with some differences from the national accounts measure Total Managed Expenditure. The tables show the central government and public corporation elements of TES. They include current and capital spending by the Department and its NDPBs, and public corporations' capital expenditure, but do not include capital finance to public corporations. They do not include payments to local authorities or local authorities own expenditure.

TES is a near-cash measure of public spending. The tables do not include depreciation, cost of capital charges, or movements in provisions that are in departmental budgets. They do include pay, procurement, capital expenditure, grants and subsidies to individuals and private sector enterprises. Further information on TES can be found in Appendix E of PESA 2009.

The data are based on a subset of spending identifiable expenditure on services which is capable of being analysed as being for the benefit of individual countries and regions. Expenditure that is incurred for the benefit of the UK as a whole is excluded.

Across government, most expenditure is not planned or allocated on a regional basis. Social security payments, for example, are paid to eligible individuals irrespective of where they live. Expenditure on other programmes is allocated by looking at how all the projects across the Department's area of responsibility, usually England, compare. So the analyses show the regional outcome of spending decisions that on the whole have not been made primarily on a regional basis.

The functional analyses of spending in Table 9 are based on the United Nations Classification of the Functions of Government (COFOG), the international standard. The presentations of spending by function are consistent with those used in chapter 9 of PESA 2009. These are not the same as the strategic priorities shown elsewhere in the report.

**Table 7: Defra's identifiable expenditure on services, by country and region****£ million**

	2003/04 Outturn	2004/05 Outturn	2005/06 Outturn	2006/07 Outturn	2007/08 Outturn	2008-09 Plans	2009/10 Plans	2010/11 Plans
North East	273.6	287.1	301.2	296.1	274.0	302.4	298.4	292.4
North West	558.8	581.6	603.2	602.2	601.0	628.6	626.1	604.7
Yorkshire and The Humber	540.5	605.3	610.9	594.7	562.0	600.1	609.2	594.3
East Midlands	640.1	693.4	737.2	656.0	573.5	611.0	609.8	604.5
West Midlands	437.8	481.7	528.7	530.9	494.8	523.3	541.3	527.3
East	594.7	687.1	700.4	699.8	715.5	730.6	721.7	723.7
London	318.5	412.5	228.6	241.5	211.5	250.3	283.8	307.4
South East	514.9	553.6	541.8	544.8	573.2	621.6	622.4	623.7
South West	852.8	933.8	1,077.3	975.1	921.4	984.7	994.0	993.5
<b>Total England</b>	<b>4,731.7</b>	<b>5,236.2</b>	<b>5,329.2</b>	<b>5,141.1</b>	<b>4,926.9</b>	<b>5,252.4</b>	<b>5,306.7</b>	<b>5,271.3</b>
Scotland	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
Northern Ireland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total UK identifiable expenditure</b>	<b>4,731.7</b>	<b>5,236.2</b>	<b>5,329.2</b>	<b>5,141.1</b>	<b>4,926.9</b>	<b>5,252.4</b>	<b>5,306.7</b>	<b>5,271.3</b>
Outside UK	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total identifiable expenditure</b>	<b>4,731.7</b>	<b>5,236.2</b>	<b>5,329.2</b>	<b>5,141.1</b>	<b>4,926.9</b>	<b>5,252.4</b>	<b>5,306.7</b>	<b>5,271.3</b>
Non-identifiable expenditure	118.8	98.3	129.1	211.4	208.3	280.0	279.4	278.6
<b>Total expenditure on services</b>	<b>4,850.5</b>	<b>5,334.5</b>	<b>5,458.3</b>	<b>5,352.5</b>	<b>5,135.2</b>	<b>5,532.4</b>	<b>5,586.2</b>	<b>5,549.9</b>

**Table 8: Defra's identifiable expenditure on services, by country and region, per head**  
**£'s per head**

	2003/04 Outturn	2004/05 Outturn	2005/06 Outturn	2006/07 Outturn	2007/08 Outturn	2008/09 Plans	2009/10 Plans	2010/11 Plans
North East	108	113	118	116	107	118	116	113
North West	82	85	88	88	88	91	90	87
Yorkshire and The Humber	108	120	120	116	109	115	115	112
East Midlands	150	162	170	150	130	137	136	133
West Midlands	82	90	99	99	92	97	99	96
East	109	125	126	125	126	128	125	124
London	43	56	31	32	28	33	37	40
South East	64	68	66	66	69	74	74	74
South West	170	185	212	190	178	189	189	187
<b>Total England</b>	<b>95</b>	<b>104</b>	<b>106</b>	<b>101</b>	<b>96</b>	<b>102</b>	<b>102</b>	<b>101</b>
Scotland	0	0	0	0	0	0	0	0
Wales	0	0	0	0	0	0	0	0
Northern Ireland	0	0	0	0	0	0	0	0
<b>Total UK identifiable expenditure</b>	<b>79</b>	<b>87</b>	<b>88</b>	<b>85</b>	<b>81</b>	<b>86</b>	<b>86</b>	<b>85</b>

**Table 9: Defra's identifiable expenditure on services by function, country and region, for 2007/08**

	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London
<b>ENVIRONMENT, FOOD AND RURAL AFFAIRS</b>							
<b>Economic affairs</b>							
General economic, commercial and labour affairs	6.7	8.2	9.7	8.2	6.0	6.7	1.5
Agriculture, forestry, fishing and hunting	169.6	318.1	378.5	422.5	340.3	556.4	21.8
<i>of which: market support under CAP</i>	<i>123.7</i>	<i>220.1</i>	<i>268.1</i>	<i>312.4</i>	<i>230.8</i>	<i>389.8</i>	<i>4.0</i>
<i>of which: other agriculture, food and fisheries policy</i>	<i>43.2</i>	<i>92.6</i>	<i>104.4</i>	<i>102.1</i>	<i>103.6</i>	<i>157.5</i>	<i>17.1</i>
<i>of which: forestry</i>	<i>2.7</i>	<i>5.4</i>	<i>6.0</i>	<i>7.9</i>	<i>5.8</i>	<i>9.1</i>	<i>0.6</i>
R&D economic affairs	0.1	0.2	0.1	0.1	0.1	0.1	0.2
<b>Total economic affairs</b>	<b>176.4</b>	<b>326.5</b>	<b>388.4</b>	<b>430.8</b>	<b>346.4</b>	<b>563.3</b>	<b>23.5</b>
<b>Environment protection</b>							
Waste management	6.6	18.1	17.9	15.9	19.7	14.0	25.4
Waste water management	-0.7	-1.9	-2.1	-2.5	-1.9	-3.2	-0.8
Pollution abatement	25.9	42.2	16.6	7.4	5.6	5.4	8.8
Protection of biodiversity and landscape	4.5	13.0	15.0	18.6	13.7	23.4	4.2
Environment protection n.e.c.	61.7	204.3	127.0	103.9	112.2	113.4	151.6
<b>Total environment protection</b>	<b>98.0</b>	<b>275.5</b>	<b>174.3</b>	<b>143.3</b>	<b>149.2</b>	<b>153.0</b>	<b>189.3</b>
<b>Housing and community amenities</b>							
Water supply	-0.4	-1.1	-0.8	-0.7	-0.8	-0.9	-1.2
<b>Total housing and Community amenities</b>	<b>-0.4</b>	<b>-1.1</b>	<b>-0.8</b>	<b>-0.7</b>	<b>-0.8</b>	<b>-0.9</b>	<b>-1.2</b>
<b>Education (includes training)</b>							
Pre-primary and Primary education	0.0	0.0	0.1	0.1	0.1	0.1	0.0
<b>Total education (includes training)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>
<b>TOTAL FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS</b>	<b>274.0</b>	<b>601.0</b>	<b>562.0</b>	<b>573.5</b>	<b>494.8</b>	<b>715.5</b>	<b>211.5</b>

South East	South West	England	Scotland	Wales	Northern Ireland	UK Identifiable expenditure	OUTSIDE UK	Total Identifiable expenditure	Not Identifiable	Millions	£'s Totals
9.0	18.7	74.9	0.0	0.0	0.0	74.9	0.0	74.9	0.0		74.9
429.8	671.0	3,307.9	0.0	0.0	0.0	3,307.9	0.0	3,307.9	-1.2		3,306.6
329.8	444.3	2,323.0	0.0	0.0	0.0	2,323.0	0.0	2,323.0	0.6		2,323.6
92.0	216.6	929.2	0.0	0.0	0.0	929.2	0.0	929.2	0.0		929.2
7.9	10.1	55.6	0.0	0.0	0.0	55.6	0.0	55.6	-1.8		53.8
0.2	0.1	1.3	0.0	0.0	0.0	1.3	0.0	1.3	11.1		12.4
<b>438.9</b>	<b>689.8</b>	<b>3,384.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3,384.0</b>	<b>0.0</b>	<b>3,384.0</b>	<b>9.9</b>		<b>3,393.9</b>
24.7	21.0	163.2	0.0	0.0	0.0	163.2	0.0	163.2	0.0		163.2
-2.3	-2.7	-18.0	0.0	0.0	0.0	-18.0	0.0	-18.0	0.0		-18.0
6.1	25.4	143.3	0.0	0.0	0.0	143.3	0.0	143.3	0.0		143.3
15.8	19.5	127.5	0.0	0.0	0.0	127.5	0.0	127.5	198.4		325.9
91.1	169.1	1,134.3	0.0	0.0	0.0	1,134.3	0.0	1,134.3	0.0		1,134.3
<b>135.5</b>	<b>232.3</b>	<b>1,550.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1,550.3</b>	<b>0.0</b>	<b>1,550.3</b>	<b>198.4</b>		<b>1,748.7</b>
-1.3	-0.8	-7.9	0.0	0.0	0.0	-7.9	0.0	-7.9	0.0		-7.9
<b>-1.3</b>	<b>-0.8</b>	<b>-7.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-7.9</b>	<b>0.0</b>	<b>-7.9</b>	<b>0.0</b>		<b>-7.9</b>
0.1	0.1	0.5	0.0	0.0	0.0	0.5	0.0	0.5	0.0		0.5
<b>0.1</b>	<b>0.1</b>	<b>0.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.5</b>	<b>0.0</b>	<b>0.5</b>	<b>0.0</b>		<b>0.5</b>
<b>573.2</b>	<b>921.4</b>	<b>4,926.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>4,926.9</b>	<b>0.0</b>	<b>4,926.9</b>	<b>208.3</b>		<b>5,135.2</b>

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