

House of Commons  
Environment, Food and Rural Affairs  
Committee

**THE DEPARTMENTAL  
ANNUAL REPORT 2002**

**GOVERNMENT'S REPLY  
to the Committee's Sixth Report of  
Session 2001-02**

Ninth Special Report  
of Session 2001–02

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### **Contacts**

All correspondence should be addressed to The Clerk of the Environment, Food and Rural Affairs Committee, Committee Office, 7 Millbank, London SW1P 3JA. The telephone number for general inquiries is: 020 7219 3262; the Committee's e-mail address is: [efracom@parliament.uk](mailto:efracom@parliament.uk).

## NINTH SPECIAL REPORT

**The Environment, Food and Rural Affairs Committee has agreed to the following Special Report:**

### **THE DEPARTMENTAL ANNUAL REPORT 2002: THE GOVERNMENT'S REPLY TO THE COMMITTEE'S SIXTH REPORT OF SESSION 2001-02**

The Environment, Food and Rural Affairs Committee reported to the House on *The Departmental Annual Report 2002* in its Sixth Report of Session 2001-02, published on 17 July 2002 as HC 969. The Government's Reply to the Report was received on 18 September 2002 and is appended.

\* \* \* \* \*

## APPENDIX

### **Introduction**

The Department takes the Committee's comments seriously and will take them into account when drafting the next Departmental Annual Report. It regrets the errors contained in the financial data and will submit the revised figures to the Committee as soon as they are finalised.

### **Response to Specific Recommendations**

**(a) Even though the Departmental Report is available for no cost on the internet, not all those interested have access to that medium. We therefore recommend that the Department ensure that the Report is in future more reasonably priced (paragraph 9).**

The Department is looking at the possibility of reducing the cover price in consultation with the Stationery Office (TSO) which set the price of this year's report.

TSO is a private company, which meets the cost of printing and distributing the report, and re-coups this cost through the cover price. This is standard practice across many Departments and DEFRA could only reduce the cover price by offering a direct subsidy to TSO.

The cost of comparable Department reports published by TSO is shown in the table below.

<b>Government Department</b>	<b>Cost</b>	<b>Pages</b>
Inland Revenue	£10.50	45
Home Office	£14.75	235
FSA	£17.00	102
DfiF	£17.00	135
Defra	£18.80	90
HM Treasury	£19.00	86
DTU	£25.00	276

Government Department	Cost	Pages
DfES	£31.95	191
FCO	£34.00	196
DTLR	£31.25	213

**b) To be of use to Parliament and other stakeholders, an Annual Report by a Government Department should primarily contain information about the performance of the Department over the previous twelve months – and the information must be presented in a meaningful way. The correct balance has not been struck in DEFRA’s Annual Report between the sections introducing the new Department and dealing with its ‘achievements’ and aspirations in extremely vague terms, and the more useful sections dealing with expenditure and performance against set targets. The Department should also ensure that all aspects of its work are dealt with in the Report, including agriculture and fisheries. In future we recommend that the Report contain more ‘hard’ financial data and information about performance against measures such as Public Service Agreements, and less waffle. We further recommend that, even if new Public Service Agreements are reached as part of the Spending Review, performance against outstanding Agreements continues to be included in the Departmental Report – the current targets should not just be abandoned. Moreover, when the Department gives evidence to the Select Committee it should ensure that the necessary expert witnesses are available to answer our questions (paragraph 12).**

DEFRA notes the Committee’s comments and recommendations and regrets that the more streamlined format of the Departmental Annual Report 2002 did not fulfil its expectations. It accepts the Committee’s recommendation that the Report should contain more information on the Department’s performance and will ensure that the Report for 2003 does this.

The Department accepts the Committee’s recommendation that future Reports should continue to include information on performance on outstanding Public Service Agreement targets. DEFRA will also ensure that the necessary expert witnesses are available to answer the Committee’s questions where specific areas the Committee wishes to discuss are identified.

**(c) We recommend that in future Departmental Reports more space is allocated to the provision of financial data, that the figures provided are broken down to indicate in more detail how resources have been consumed, and that much fuller explanations of the data are given (paragraph 14).**

The Departmental Annual Report 2002 followed guidance from HM Treasury that: the core contents should be streamlined; the number of core financial tables should be reduced; more detailed and technical information which would be published separately to Parliament should be omitted. The guidance also suggested that the Report should look both forwards and backwards. In the light of the Committee’s comments and bearing in mind the range of reports that Departments are now required to produce, DEFRA is discussing with HM Treasury what other information could be included in the Annual Report, in order to meet the Committee’s recommendation.

**(d) We recommend that the Department look again at whether the level of detail it has provided tallies with the Treasury guidelines, and whether those guidelines prevent greater detail being provided. If they do, we recommend that DEFRA urgently discuss amendment of the guidelines with the Treasury: the level of detail currently given is not acceptable (paragraph 15).**

The Departmental Annual Report 2002 followed guidance from HM Treasury for a more streamlined report, as explained in the response to recommendation (c), and the level of detail tallied with the guidelines. The Government accepts that Treasury guidelines do not prevent Departments from providing greater detail.

**(e) It is extremely difficult for Parliament and others to keep track of the expenditure of the Department if the figures in the Annual Report are inaccurate. We recommend that DEFRA as a matter of urgency examine the accuracy of the data in the Departmental Report, and issue corrigenda as necessary. We trust that the errors made in this year's Report will not be repeated (paragraph 16).**

The Select Committee and Treasury have previously encouraged the Department to adopt an objective-based approach to recording its financial data. This has given rise to an Estimate structured by Departmental objectives, with financial figures being loaded on the Treasury database in a similar fashion. The intention was to adopt an objective-based approach for Tables 5.1 to 5.5 in the Departmental report, using the figures loaded on the central database.

The complexity of reloading the existing financial data after the June 2001 Machinery of Government changes, the incorporation of the new Departmental objectives, and the subsequent decision to present the Tables on a functional basis led to a breakdown in the quality assurance of the figures, which the Department deeply regrets.

In order to prevent a reoccurrence of such errors, DEFRA is looking to populate the database on a functional basis, with the facility to derive objective-based information as required, and is continuing to work with the Treasury to achieve this. In addition, the Department's procedures for assuring the quality of the figures are being enhanced and strengthened. An erratum slip has been issued to advise of the errors in the published Tables in the Departmental Report 2002 and work is in hand to re-issue corrected Tables.

**(f) The omission of data relating to planned spending, particularly in the current financial year, is wholly unacceptable (paragraph 17).**

The government will provide information on future spending plans in the Departmental Report for 2003.

**(g) Since the Permanent Secretary of DEFRA is not the accounting officer for the two bodies, we recommend that data about the work of the Forestry Commission and the Office of Water Services no longer be included in the Departmental Annual Report, but is instead published in separate annual reports of the two bodies, and if necessary their accounting officers made available for questioning (paragraph 18).**

The Department has explored with HM Treasury the Committee's recommendation that the work of the Forestry Commission and the Office of Water Services (OFWAT) should not be included in the Departmental Annual Report. The Government accepts the Committee's recommendation that information on OFWAT should not be included in DEFRA's future Departmental Annual Reports, but published separately.

The Department, however, believes that the DEFRA Annual Report should continue to include information on the work of the Forestry Commission, as the Commission works closely with the Department on an integrated approach to sustainable rural affairs. This common approach has been further enhanced following the recent Forestry Devolution Review.

**(h) We trust that in future the style and above all the content of the Departmental Report will be considerably improved (paragraph 19).**

The Department accepts the Committee's recommendation and is already looking at ways to improve the style and content of the report whilst working within HM Treasury guidelines.

**(i) We recommend that the Department formulate an IT Strategy as a matter of urgency, and delay any decision to outsource IT delivery until the Strategy has been put in place (paragraph 21).**

Development of DEFRA's IT strategy is overseen by the e-Business Sub Committee of the Management Board. In addition, individual IT programmes and projects are required to include a clear statement of the business objectives they are intended to meet. The Department also makes extensive use of 'Gateway Reviews' carried out by the Office of Government Commerce to quality-assure its IT programmes and projects.

The Department's IT strategy is being further developed over the next six months, as a matter of priority, so that there is a single document which:

- (1) describes how IT will help to deliver DEFRA's corporate business objectives, incorporating the existing e-Business strategy and the existing technical strategies; and
- (2) explains governance arrangements and investment policies for IT in the Department following the 2002 Spending Review, and defines procurement strategies both before and after the planned IT outsource.

The IT outsourcing programme is being progressed as part of the Developing DEFRA Change Programme. The outsource itself is currently entering the phase in which the Business Case will be fully developed, the Procurement Strategy refined, and the Statement of Service Requirement (SSR) developed. The SSR will define the nature of the IT services DEFRA needs over the next 5 to 10 years to underpin its Business Objectives. This phase is currently planned to take approximately six months, and will be developed in parallel with, and drawing on, the development of the full IT Strategy. The work on the IT Strategy will be completed and the outsource SSR finalised early next year. The final decision on outsourcing IT delivery will not be made until award of contract which, on current plans, is not expected to be before March 2004.

**(j) It would also be interesting to know how many graduate recruits to the 'fast stream' of the home civil service put DEFRA as their first choice of Department (paragraph 22).**

Cabinet Office records show that the Home Civil Service recruited 204 fast streamers through its 2002 fast stream entry competition. Of the 156 fast streamers who expressed a preference in 2002, 12 indicated that DEFRA would be their first choice of Department. Following the initial recruitment stage, fast streamers attend Open Days and visit Departments to learn more about the role of the different Departments. The Department had 19 Fast Stream vacancies during this period and was successful in recruiting candidates to fill all of them.

**(k) Turnover of staff on this scale in anything but the short-term often indicates management failure and unclear objectives and strategies. The staff of the former Ministry of Agriculture, Fisheries and Food, and now of DEFRA, have faced considerable upheaval, first as a result of foot and mouth disease, and more recently due to the creation of the new Department and subsequent efforts to change culture and focus. There is little evidence of current management capability to lead change in such difficult circumstances. We recommend an external review of any Department change plan and the competence available to deliver it. We further recommend that the Department endeavours to set out clear career paths where**



Change Programme. These priorities include an assessment of the skills and competence of DEFRA's senior managers and action to fill any gaps, and the development of a new Human Resources (HR) Strategy. The implementation plan in support of the new HR Strategy will include work on career paths. The next phase of the Change Programme will be subjected to external review and validation through a process similar to the Office of Government Commerce Gateway process for procurement projects.

The first full DEFRA Staff Survey has just been carried out and includes questions seeking the views of staff on management and morale issues.

**(l) In future we will examine whether the Department is adequately staffed to meet its objectives, including in the veterinary divisions (paragraph 24).**

The Department notes this conclusion. As part of the outcome of the 2002 Spending Review, it is preparing a pay and workforce strategy which will set out DEFRA's current and future staffing plans. These plans will include staff in the veterinary divisions.

**(m) Obviously we agree with Mr Bender that the amount spent on scientific research is not the criterion which determines its usefulness and quality. Nevertheless, we are concerned by reports of the erosion of the amount spent on scientific research by the former Ministry of Agriculture, Fisheries and Food over the past twenty years – during which time BSE, foot and mouth disease, genetically modified food and feeds and a host of other issues have signalled just how important science is to the Department. We recommend that DEFRA's review of the organisation of science extend to its funding, and that if it is found that greater funding is essential to the meeting the Department's key functions, the Government will make it available without delay (paragraph 26).**

DEFRA is committed to the use of high quality evidence in policy making and to the development of a strong science base to support this. It is committed to, at the least, maintaining its expenditure on research in real terms over the 2002 Spending Review period.

The Department is currently re-examining its science capacity, to make optimal use of its science budget. A review of DEFRA's science and regulatory agencies is underway and will be completed towards the end of the year. The aim of the review is to develop a strategy which clarifies the role of DEFRA's science-based agencies in contributing to the delivery of the Government's and in particular of DEFRA's objectives; defines the two-way relationship between the agencies and DEFRA (and the rest of Government), and provides a sound basis for medium/long term planning and investment decisions.

The Department's Chief Scientific Adviser is reviewing the arrangements for science in support of DEFRA policymaking. A key step in this work will be the preparation of the 2003-2006 Science and Innovation Strategy which will build on this and ensure that DEFRA has an integrated and effective set of arrangements to deliver its future evidence needs.

**(n) Whatever the reasons for it, we are extremely concerned that, far from being on course to achieve the target set for bringing into favourable condition 95 per cent of all nationally important wildlife sites, in fact fewer such sites are in a favourable condition now than they were two years ago. We recommend that the Department**

**make a commitment to achieving the target, and allocate sufficient resources to ensure that the Public Service Agreement is met (paragraph 28).**

The Government remains committed to the achievement of the target for improving the condition of Sites of Special Scientific Interest (SSSIs), which has been reaffirmed as a target in DEFRA's new Public Service Agreement. Additional resources were allocated for this in the 2002 Spending Review settlement. In addition, the Department will be reviewing its approach on this target, drawing together all the relevant policy strands to address adverse impacts on these sites. Some of the impacts originate outside the designated sites and will require action on a much wider front; they include agriculture, diffuse pollution, water quality and quantity, flood and coastal defence and forestry amongst others.

The fact that progress has been slow reflects the significant challenge involved and the lead-in time for improvements. But there is no evidence of an overall decline in SSSI condition. The baseline figure of 60%, set two years ago, was a projection based on assessments of the condition of SSSI land under new common monitoring standards agreed with all the statutory conservation agencies. However, only 55% of the land designated as an SSSI had been assessed at that time. Since then, further SSSI land has been assessed, and the figure of 56.6% in favourable condition was based on all the assessments done by 31 March 2002 (by which time 76% of the land had been assessed). The condition of the land assessed more recently has turned out to be, on average, slightly worse than that assessed earlier. All SSSI land is due to be assessed by March 2003, and from then on progress reports will be based on a full set of baseline data.

Despite the enormous impacts of FMD on farming activity there was a modest improvement in the last 12 months in condition of the initial 55% area on which the SSSI target was set. This amounted to an additional 2,800 hectares brought within the PSA target.

**(o) We are disappointed that the Public Service Agreement target relating to the provision of secondary treatment for all sewage discharges from towns with a population of at least 15,000 was not met. We recommend that the Department take steps to ensure that it is achieved as soon as possible (paragraph 29).**

At 31 March 2002, 99% of sewage discharges (536 out of a total of 544) had had secondary treatment implemented in England. That represents an additional 19 sewage discharges receiving secondary treatment since the end of 2000. Of the 8 discharges in England that did not meet the deadline, one now has secondary treatment and a further three are expected to achieve this standard by the end of this year. Progress on the four remaining discharges has been significantly affected by the need to receive planning consent from local authorities.

The information submitted to the Committee in the supplementary memorandum included the town of Prestatyn in Wales, which is now within the remit of the National Assembly for Wales.

The Department and the Environment Agency will continue to monitor progress on the few outstanding schemes to ensure that the companies involved complete them as soon as possible.

**(p) We recommend that DEFRA set as one of its new Public Service Agreement targets a deadline by which the process of implementing the Countryside and Rights of Way Act 2000 will be completed (paragraph 30).**

The Government agrees with this recommendation. Defra's new Public Service Agreement for 2003 to 2006 retains the target of opening up access to all registered common land, mountain, moor, heath and down by the end of 2005. The Government is fully committed to meeting that target.

The Countryside and Rights of Way Act 2000 involves some complicated processes – that is precisely because great care was taken to balance both the needs of people who want access in the countryside and the needs of land owners and managers. That is also why there are three stages in the mapping process.

First, the Countryside Agency publishes draft maps. Individuals and organisations who want to promote access (such as the Ramblers Association) and those who manage land (including their representatives like the Country Land and Business Association (CLA) can object because particular land has been included or left out.

Second, the Agency will publish the provisional maps. Land managers will then have formal right of appeal to the Secretary of State.

Third, the conclusive maps will be published.

Consultations on draft maps of open country and registered common land for the lower North West and South East were completed earlier this year. Since the Committee reported, the Countryside Agency has begun consultation on a draft map for Central Southern England. In addition, regulations came into force on 29 July enabling the Agency to publish provisional and conclusive maps - the intermediate and final stages of the mapping process for each region.

Under the Agency's mapping programme, two provisional maps are to be issued this year. The first, for the South East, was published at the end of July but was subsequently withdrawn to allow a very small number of errors to be corrected; this is not expected to compromise the Government's ability to meet the PSA target. The second provisional map, for the lower North West, will be issued before Christmas, as will a draft map for the neighbouring region, the upper North West.

Department for Environment, Food and Rural Affairs  
18 September 2002



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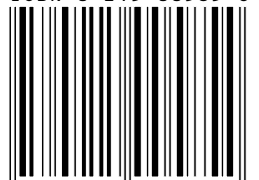
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