

House of Commons
Environment, Food and Rural
Affairs Committee

**THE DEPARTMENTAL
ANNUAL REPORT 2002**

Sixth Report of Session 2001–02

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*Report, together with
Proceedings of the Committee and
Minutes of Evidence*

Ordered by The House of Commons to be printed Wednesday 10 July 2002

HC 969
Published on 17 July 2002 by authority of the House of Commons
London : The Stationery Office Limited
£11.00

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

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No.152. These are available on the Internet via www.parliament.uk. The Committee has the power to appoint two Sub-committees.

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Footnotes

In the footnotes of this Report, references to oral evidence are indicated by 'Q' and the question number. References to written evidence are indicated by 'Ev' and the page number.

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SIXTH REPORT

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

THE DEPARTMENTAL ANNUAL REPORT 2002

Summary

Examination of the expenditure and performance of Government Departments is central to the work of Select Committees. In order to carry out that work effectively the Department must provide accurate and comprehensible data, and must set itself targets against which performance can be measured. DEFRA has not succeeded in doing so this year. In part this may be due to confusion over Treasury guidelines for presentation of financial information. These need to be clear, stable and transparent. In future we expect its Annual Report to be considerably improved. We are also concerned about its management of Information Technology projects, about staffing, and about the funding of scientific research. These are matters to which the Department must devote urgent attention. Finally, we select three areas of specific concern revealed by the Report, and recommend that the Department take action to address those problems.

Introduction

1. In its recent Report on *Select Committees: Modernisation proposals*, the Liaison Committee proposed that, amongst other responsibilities, “it shall be the duty, where appropriate, of each select committee ... to examine and report on main Estimates, annual expenditure plans and annual resource accounts, [and] to monitor performance against targets in the public service agreements”.¹ Following the debate in the House about the Liaison Committee’s Report on 14 May 2002, the suggested core tasks for each Committee have been set out in more detail: in terms of financial oversight the task is “to examine the expenditure plans and out-turn of the department, its agencies and principal non-departmental public bodies”.

2. This is a task which our predecessor Committees in any case took very seriously. Both the Agriculture Committee and the Environment, Transport and Regional Affairs Committee followed the practice in the last Parliament of undertaking a brief inquiry each year into the relevant Departmental Annual Report,² usually by inviting the Permanent Secretary to give oral evidence once the Annual Report had been published. It is a practice that we intend to continue.

3. The Department for Environment, Food and Rural Affairs (DEFRA) published its *Departmental Report 2002* on 24 May 2002.³ Brian Bender, CB, the Permanent Secretary at the Department gave oral evidence to us on 19 June. We also asked the Department for written answers to certain questions both before and after the oral evidence session. The transcript of the evidence taken, together with the two memoranda submitted by DEFRA, are published along with this Report. In addition we received help from our specialist advisers, Professor Sir John Marsh and Professor Kerry Turner, as well as from Rebecca Farmer, on secondment from the National Audit Office, about the Departmental Report.

¹ *Select Committees: Modernisation proposals*, Second Report of the Liaison Committee, HC (2001-02) 692, para.9; see <http://www.publications.parliament.uk/pa/cm200102/cmselect/cmliaisn/692/69203.htm#a7>.

² See, for example, *MAFF/Intervention Board Departmental Report 2000*, Ninth Report of the Agriculture Committee, HC (1999-2000) 610, and *Departmental Annual Report 2000 and Expenditure Plans 2000-01 to 2001-02*, Seventeenth Report of the Environment, Transport and Regional Affairs Committee, HC (1999-2000) 471.

³ *2002 Departmental Report of the Department for Environment, Food and Rural Affairs, Forestry Commission, and the Office of Water Services*, presented to Parliament by the Secretary of State for Environment, Food and Rural Affairs, by command of Her Majesty, May 2002, CM5422; see <http://www.defra.gov.uk/corporate/dep/2002/index.htm>.

We are grateful to Mr Bender and particularly to our specialist advisers and Ms Farmer for their assistance in the course of this inquiry.

Events since last Reports

4. The General Election in June 2001 meant that the usual scrutiny of the Departmental Annual Reports of the Ministry of Agriculture, Fisheries and Food and of the Department of the Environment, Transport and the Regions was not carried out last year. Thus in each case the relevant Select Committees, our predecessors, last examined the Departmental Annual Reports in 2000. Since then two major developments have taken place which set the context for this Report.

5. The first major development was the outbreak of foot and mouth disease which began in February 2001 and continued until September. We have already discussed its wider effect in our Report on *The Impact of Foot and Mouth Disease*.⁴ Its impact on the Ministry of Agriculture, Fisheries and Food, and later DEFRA, appears to have been catastrophic. Mr Bender said that foot and mouth disease had, in combination with other events, “caused an understandable diversion of effort”:⁵ He told us that the outbreak was to blame, at least in part, for ‘slippages’ in the achievement of Public Service Agreement targets,⁶ flaws in internal financial scrutiny,⁷ mistakes in tables of data in this year’s Departmental Report,⁸ and problems of increased workload and low morale in the State Veterinary Service in the south east.⁹ Mr Bender concluded that after foot and mouth disease DEFRA is “a Department where the staff have performed heroically, been through very hard times, and also been battered, in reputational terms”.¹⁰

6. The second major change was in the machinery of Government. Following the election in June 2001, the Government decided to merge the Ministry of Agriculture, Fisheries and Food with the Environment Protection Group and the Wildlife and Countryside Directorate from the former Department of the Environment, Transport and the Regions.¹¹ The new Department also took over responsibility for certain animal welfare issues and hunting with hounds from the Home Office. The creation of a wholly new Department has clearly led to a period of considerable upheaval for its staff, which has, as Mr Bender told us, compounded the difficulties of foot and mouth disease.¹² He pointed out that on “the day that the Prime Minister announced the creation of DEFRA, my understanding is that we still had about 5,000 people employed on foot and mouth activity; we still have many hundreds, as part of the clean-up and on financial reconciliation”.¹³

Structure of the Report

7. Our Report does not seek to cover all aspects of the contents of the Departmental Report, much of which will be addressed during our other inquiries. Moreover, the debate about the way in which the process of forming DEFRA was managed, and whether bringing together its functions is sensible, has formed the basis of our inquiry into the Role of DEFRA. We will publish a Report on that matter in the Autumn. This Report looks

⁴ *The Impact of Foot and Mouth Disease*, First Report of the Committee, HC (2001-02) 323; the report can be seen on the internet at <http://www.publications.parliament.uk/pa/cm200102/cmselect/cmenvfru/323/32302.htm>.

⁵ Q.61.

⁶ See Q.55.

⁷ See Q.61.

⁸ See Q.73.

⁹ See Q.84.

¹⁰ Q.33.

¹¹ See *A New Department, A New Agenda*, DEFRA consultation document, published August 2001; the document can be viewed at <http://www.defra.gov.uk/corporate/consult/defra-aim/aimobjectives.htm#new>.

¹² See Q.61.

¹³ Q.33.

first at the content of the Departmental Report in broad terms, particularly its style and the way in which it deals with the Department's expenditure; second at administrative matters including the management of Information Technology and staffing issues; and finally makes some detailed observations.

Presentation of the Departmental Report

8. The Agriculture Committee's Report on the *MAFF/Intervention Board Departmental Report 1999*,¹⁴ commented at length on the presentation of that Annual Report. It said that "the current presentation of the Report creates an unwelcome impression of sloppiness and lack of consideration for the reader".¹⁵ It also identified mistakes and omissions, and suggested that at £44 for 450 pages it was too expensive. Finally the Agriculture Committee observed that "we expect to see great improvements in the Report next year and recommend that every effort is made to reduce the cost and length and increase both the accuracy and the ease of reference of this important document".¹⁶

9. In his evidence to us Mr Bender recalled "appearing before this Committee when I was Permanent Secretary of the Ministry of Agriculture, and facing some criticism for the excessive detail that was in the Annual Report; therefore we took a deliberate view this year ... that we wanted to make it briefer and clearer, rather than [including] excessive detail".¹⁷ Mr Bender has succeeded rather too well in one respect: this year the Departmental Report has only 88 pages – of which only 49 are actually devoted to DEFRA itself, a point we return to below. However, although the price of the document has fallen to £18, given how slim it is that represents very poor value for money: the last two Reports have cost less and each has been more than twice as long. **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.**

Choice of contents

10. Mr Bender confirmed that the purpose of producing an Annual Report was "to inform Parliament and stakeholders of the Department's performance".¹⁸ It is, therefore, disappointing that only around a third of the Departmental Report is devoted to measuring DEFRA's performance against 'hard' targets: in financial terms, and in terms of the Public Service Agreement measures.¹⁹ The rest of the document is devoted to well-meaning descriptions of the new Department and its aims and objectives, and rather vague commentary on the Department's 'achievements' during 2001-02.²⁰ Such 'achievements' include

- being "involved in complex preparations for the World Summit on Sustainable Development";
- having "enabled 'quality' town and parish councils by meeting certain criteria, including being well managed and good at representing local views, a greater role and responsibility for managing and shaping their area's development"; and
- that "significant steps were taken on recreation and landscape issues".²¹

¹⁴ *MAFF/Intervention Board Departmental Report 1999*, Ninth Report of the Agriculture Committee, HC (1998-99) 852; see <http://www.publications.parliament.uk/pa/cm199899/cmselect/cmagric/852/85202.htm>.

¹⁵ Para.27.

¹⁶ Para.28.

¹⁷ Q.12.

¹⁸ Q.52.

¹⁹ See the *Departmental Report 2002*, pp.33 to 43, and pp.44 to 49.

²⁰ See, in particular, the *Departmental Report 2002*, pp.22 ff.

²¹ *Departmental Report 2002*, pp.23, 25 and 26.

Without doubt these statements represent many hours of productive work by Ministers and officials. Unfortunately, since they are not measured against targets, and do not as presented give any sense of what actually has been achieved, reporting them is largely pointless. Indeed the whole ‘achievements’ section is misnamed: it might be usefully included in future reports, but in brief, and described simply as ‘how we spend our time’.

11. Mr Bender defended the balance in the Report between introductory remarks and proper performance measurement. He told us that he believed that “in setting up a new organisation ... it is quite important to set out what that organisation is for, and, therefore, ... the way we engage with stakeholders and the public is part of the process. So I do not feel ashamed, in any sense, of that side of it”.²² He argued that “if we are to operate as effectively for the public and for the taxpayer as we need to then we need to combine the hard edge of the business we deliver with actually ensuring that we win our people, and winning our people implies and involves the sort of soft, cultural stuff” contained in the early part of the Report.²³ The Permanent Secretary conceded, however, that there was a “need to have hard targets”.²⁴ We were therefore to an extent reassured by the inclusion in the Report of measurements of performance against Public Service Agreement targets, and by Mr Bender’s comment that the Department is working on a new Public Service Agreement and Service Delivery Agreement as part of the current Spending Review.²⁵

12. 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.

Financial information

13. In the 2001 Annual Report of the Ministry of Agriculture, Fisheries and Food, 69 pages were given over to financial matters.²⁶ In DEFRA’s Departmental Report 2002 the same subject is covered in just 10 pages of tables.²⁷ Moreover, the data in the tables are presented in an extremely unhelpful way, since they comprise bald figures and include very little explanatory text. For example, as we pointed out to Mr Bender, the table setting out ‘capital employed’ between 1998-99 and 2003-04 states that DEFRA has fixed assets of more than £400 million in land and buildings, but provides no commentary about the Department’s estate, its estate management and its land holdings.²⁸ It also provides no

²² Q.5.

²³ Q.4.

²⁴ Q.5.

²⁵ See Q.5.

²⁶ *Departmental Report 2001*, pp.155 to 224.

²⁷ *DEFRA Departmental Report 2002*, pp.33 to 43.

²⁸ See *DEFRA Departmental Report 2002*, p.39, Table 5.4; see also Q.67..

explanation of why the value of the Department's land and buildings has risen by £60 million over the past three years, and why it will increase by another £64 million during the next two years. Moreover, in the same table it is shown that the value of 'other' fixed assets is expected to rise from around £9 million in 1998-99 to nearly £34 million in 2003-04 – but, again, there is no explanation of what 'other' fixed assets include, and why they are expected to increase in value so dramatically.

14. Mr Bender sought to explain that the financial data in the Annual Report was a summary of the more detailed information supplied in the Supply Estimates.²⁹ He asked whether we thought that it had been "over-summarised": our response is that it has been, to the extent that the figures in the Annual Report are incomprehensible unless they are read alongside the Supply Estimates. **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.**

15. Mr Bender also explained that "the detail in these tables is in accordance with Treasury guidelines".³⁰ He conceded that "the purpose [of the Report] is to inform Parliament and the stakeholders of the Department's performance, but it is done in a way that is set within a Treasury-proposed, Treasury set of guidelines and instructions for how it is done".³¹ If that is true then it appears that the Treasury guidelines relating to the provision of financial information in Departmental Reports are not adequate. **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.**

16. There are in any event mistakes in the data as presented. Mr Bender told us that "there is a discussion to be had about whether the breakdown of consumption of resources is best done by function or by objective".³² The Department initially broke down its spending according to its objectives, in line with resource accounting practice, and then the figures had been recalculated and broken down by function. As a result, he said, a "reconciliation error" had arisen, and all of the figures for the 'consumption of resources by activity' were inaccurate.³³ **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.**

17. Finally, some data is missing. No details are given in the Report of planned current or capital spending by local authorities in 2002-03 and 2003-04 which is to be financed by DEFRA.³⁴ Similarly information about planned spending in 2002-03 and 2003-04 on DEFRA's paybill is omitted.³⁵ When asked about these omissions DEFRA said that it was due to a failure to "conclude our business planning exercise until the end of March 2002",³⁶ and consequent difficulties relating to the Treasury database. Although updated tables of figures were promised, we are not satisfied with this state of affairs, not least because the

²⁹ See Q.74; the Supply Estimates are published annually by the Treasury, and the relevant section can be seen on the internet at http://www.hm-treasury.gov.uk/mediastore/otherfiles/mainestimates2002_02.pdf.

³⁰ Q.68.

³¹ Q.69.

³² Q.67.

³³ See Q.73.

³⁴ DEFRA Departmental Report 2002, p.35, Table 5.1.

³⁵ DEFRA Departmental Report 2002, p.40, Table 5.5.

³⁶ Q.77.

missing information applies to the current financial year. **The omission of data relating to planned spending, particularly in the current financial year, is wholly unacceptable.**

Forestry Commission and the Office for Water Services

18. Another surprise in the Annual Report is the space taken up by the annual report of the Forestry Commission and details of the achievements and programme of work of the Office of Water Services:³⁷ these two chapters occupy 38 pages. Indeed we think it curious that information of this kind about these two bodies are included with the DEFRA Report at all, particularly since the Office of Water Services and the Forestry Commission quite separately produce lengthy annual reports in their own names.³⁸ Mr Bender conceded that the length of the chapters had caused “imbalance” in the content of the Departmental Report,³⁹ but said that publication of information about the Forestry Commission and the Office of Water Services had been required by the Treasury.⁴⁰ **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.**

Summary

19. The presentation of the DEFRA Departmental Report leaves a lot to be desired. It is overly condensed, and much of what little space is devoted to DEFRA is filled with warm words about the new Department and a description of vague-sounding ‘achievements’. What useful data is included is rendered next to useless by the absence of explanatory material, by a failure to break down very large figures, and by inaccuracies and missing data. Only in the chapter which sets out performance against Public Service Agreements does the Report get it about right. Far too much of the Report is devoted to the activities of the Forestry Commission and the Office of Water Services. **We trust that in future the style and above all the content of the Departmental Report will be considerably improved.**

Administration and expenditure

Management of Information Technology

20. DEFRA clearly understands that Information Technology (IT) can affect and improve all aspects of the way it works. Mr Bender told us that “the technology allows for a whole different relationship between the public sector and the people out there, whether it is the farmer, whether it is the citizen”.⁴¹ The Department has said that “e-Business in DEFRA means using IT to improve service to our customers (an outward-looking aim), and to improve the efficiency of our operations, including thorough changes to working methods based on what IT can now offer (an aim associated with internal working)”.⁴² The way in which such technologies are managed and delivered is about to change: DEFRA has recently decided “to outsource IT delivery to commercial suppliers, and a programme to achieve this is now under way”.⁴³

³⁷ DEFRA Departmental Report 2002, pp.50 ff.

³⁸ Ofwat Annual Report 2001-02, HC (2001-02) 808; see <http://www.ofwat.gov.uk/pdf/files/ar2002.pdf>.

³⁹ See Q.12.

⁴⁰ See Q.13.

⁴¹ Q.43.

⁴² e-Business in DEFRA, DEFRA, September 2001; see http://www.defra.gov.uk/ebus/strategy/ebus_strat/mansum.htm.

⁴³ DEFRA Departmental Report 2002, p.20.

21. We were therefore disturbed by Mr Bender's admission that the Department does not yet have an overall IT Strategy: he told us that "the development of what you would accept as an IT Strategy is work in progress".⁴⁴ This causes us grave concern. We cannot see how the Department can decide on an e-Business strategy, and decide to outsource IT delivery, without having an overarching strategy to set the context for such decisions. As Mr Bender said himself, the Department's IT Strategy "needs to be a fuller one, more comprehensive, to inform the decisions that will be taken over the period ahead".⁴⁵ **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.**

Staffing issues

22. The Departmental Report says that one of DEFRA's main objectives is to "attract, retain and motivate the best people".⁴⁶ We were therefore disappointed by the revelation that average overall turnover of staff between June 2001 and May 2002 was 9.2 per cent, and that in "the lower grades" average turnover was 18.7 per cent of staff.⁴⁷ The fact that turnover of staff in the Ministry of Agriculture, Fisheries and Food in the preceding twelve months had been even higher, at 10.5 per cent, is also of concern.⁴⁸ Mr Bender agreed that "there is clearly an issue around about how we recruit and retain staff ... I do not want to give the Committee the impression that the figures on turnover are ones that I find satisfactory; there is a cost, plainly, in having a turnover that high".⁴⁹ **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.**

23. One of the problems which has confronted management has been differences in rates of pay of staff of the former Ministry of Agriculture, Fisheries and Food and those of the former Department of the Environment, Transport and the Regions. Mr Bender told us that "following the delegation of pay by the Treasury to Departments a decade or so earlier, the Ministry of Agriculture, Fisheries and Food had gravitated, if that is the right phrase, towards the bottom quartile of the Whitehall pay league, and ... Environment, Transport and the Regions, for a variety of reasons, not just enlightened management, were towards the top quartile ... for a variety of reasons and very legitimate concerns, that fed into a strong grievance that became an industrial dispute between the Department and the PCS union".⁵⁰ The dispute had included strike action.⁵¹ It had been resolved by an "above average pay settlement for ex-MAFF staff",⁵² which had cost about £15 million more than expected.⁵³ A common pay structure for all staff in DEFRA will be put in place during the course of this year.

24. We welcome the apparent resolution of the pay dispute that followed the creation of the new Department. Nevertheless, the rate of turnover of staff suggests that some difficulties remain. **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**

⁴⁴ Q.49.

⁴⁵ Q.47.

⁴⁶ *DEFRA Departmental Report 2002*, p.17.

⁴⁷ *Preliminary questions to DEFRA*, Ev 2 (Question 3).

⁴⁸ See Q.27.

⁴⁹ QQ.28 and 32.

⁵⁰ Q.24.

⁵¹ See, for example, *Ministry staff strike over pay gap*, Guardian Unlimited, 20 August 2001.

⁵² *Preliminary questions to DEFRA*, Ev 1 (Question 1).

⁵³ See Q.25.

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 endeavour to set out clear career paths where possible, and survey staff to gauge their assessment of the effectiveness of management and levels of morale. Similar surveys have in the past been undertaken by other Government Departments, including the Treasury.⁵⁴ **In future we will examine whether the Department is adequately staffed to meet its objectives, including in the veterinary divisions.**

Spending on science

25. In the Departmental Report, it is said that “DEFRA is committed to the use of high quality evidence in policy making ... the provision of high-quality scientific advice and expertise drives much of our work and helps us deliver against our key policy objectives and underpinning Public Services Agreement targets”.⁵⁵ DEFRA’s expenditure on scientific research is considerable. English Heritage has commented that “with an annual budget of £250 million, DEFRA’s research and development programme is one of the most significant in Government”.⁵⁶ There are, however, concerns that spending on research has been cut over recent years: the Save British Science Society has repeatedly commented on the “scandalous decline” in scientific investment by the former Ministry of Agriculture, Fisheries and Food, and said that its budget for research and development would need to increase by 80 per cent “to restore it to the level of the mid 1980s”.⁵⁷

26. When we asked Mr Bender about scientific expenditure he conceded that spending this year would be slightly lower than last,⁵⁸ but argued that it “is not simply a matter of the volume one spends but what one spends it on and how good the quality is”.⁵⁹ In that regard he pointed out that the Department had begun a review of the organisation of science and scientific research to ensure that its quality was driven up.⁶⁰ **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 meeting the Department’s key functions, the Government will make it available without delay.**

Detailed issues

27. As we have said, the most useful part of the Departmental Report is chapter six, in which the Department’s performance against its Public Service Agreement targets is assessed. The Report sets out twenty targets, and examines whether or not the Department has met them. In twelve cases the target had been met, or the Department was ‘on course’

⁵⁴ See *HM Treasury*, Third Report of the Treasury Committee, HC (2000-01) 73-1, paras.60 ff; the relevant section of the Report can be viewed at <http://www.publications.parliament.uk/pa/cm200001/cmselect/cmtreasy/73/7307.htm#a18>.

⁵⁵ *DEFRA Departmental Report 2002*, p.19.

⁵⁶ Evidence submitted by English Heritage to the Committee’s inquiry into *The Role of DEFRA*, G24, para.15.

⁵⁷ *Save British Science Annual Review 2001*, The Save British Science Society, July 2001, p.5; see <http://www.savebritishscience.org.uk/texts/documents/2001/AnnRev0123.pdf>.

⁵⁸ See Q.81.

⁵⁹ Q.82.

⁶⁰ See Q.82, and *DEFRA Departmental Report 2002*, p.19.

to do so. In this section we have selected three of the targets, and examine in more detail the Department's performance against them.

Condition of nationally important wildlife sites

28. One of the Public Service Agreement targets set in the 2000 Spending Review was to "bring into favourable condition by 2010 95 per cent of all nationally important wildlife sites".⁶¹ The Report says that there has been "some slippage" against the target. That appears to be a gross understatement: the Report says that when the target was set 60 per cent of nationally important wildlife sites were estimated to be in a favourable state, whereas Mr Bender told us that "the latest figure from English Nature is 56 per cent".⁶² He blamed previous under-funding and the impact of the foot and mouth disease outbreak.⁶³ **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 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.**

Secondary treatment for sewage discharges

29. Another of the PSA targets inherited by DEFRA is to ensure that secondary treatment for sewage is provided for all sewage discharges from towns with a population of at least 15,000 by 31 March 2002.⁶⁴ In fact, by March 2002 only 98 per cent of such towns received such treatments. In its written evidence DEFRA told us that discharges from eight towns⁶⁵ did not receive such treatments, and that the target was expected to be achieved by 2007.⁶⁶ The last town planned to benefit is Brighton. **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.**

Countryside and Rights of Way Act 2000

30. Another Public Service Agreement target relates to opening up public access to mountain, moor, and heath and down and registered common land by the end of 2005.⁶⁷ The Report says that the Department is "on course" to achieve the target. Earlier in the Report it is said that "significant progress was made on implementation of the provisions [of the Countryside and Rights of Way Act 2000] relating to access to open countryside, rights of way and vehicular access over common land".⁶⁸ However, although the mapping exercise that is required is progressing in two regions – in the north west and south east of England – Mr Bender accepted that the exercise had been delayed. He said that "it has slipped; it is a complicated exercise ... We are making progress, but it is slower than I think Ministers would wish".⁶⁹ He was unable to give a deadline by which the rights given by the Act would be fully in place. **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.**

⁶¹ DEFRA Departmental Report 2002, p.45.

⁶² Q.54.

⁶³ See Q.55.

⁶⁴ DEFRA Departmental Report 2002, p.48.

⁶⁵ Dover and Folkestone, Eastbourne, East Hastings and Bexhill, Prestatyn, Torquay, Margate, Broadstairs and Brighton.

⁶⁶ Supplementary memorandum submitted by DEFRA, Ev 33, answer to Question 5.

⁶⁷ DEFRA Departmental Report 2002, p.47.

⁶⁸ DEFRA Departmental Report 2002, p.26.

⁶⁹ Q.8.

Summary of conclusions and recommendations

Presentation of the Report

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

- (h) We trust that in future the style and above all the content of the Departmental Report will be considerably improved (paragraph 19).**
- (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).**
- (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).**
- (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 endeavour to set out clear career paths where possible, and survey staff to gauge their assessment of the effectiveness of management and levels of morale (paragraph 24).**
- (l) In future we will examine whether the Department is adequately staffed to meet its objectives, including in the veterinary divisions (paragraph 24).**
- (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 meeting the Department's key functions, the Government will make it available without delay (paragraph 26).**
- (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 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).**
- (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).**
- (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).**

PROCEEDINGS OF THE COMMITTEE RELATING TO THE REPORT

WEDNESDAY 10 JULY 2002

Members present:

Mr David Curry, in the Chair

Mr David Borrow
Mr Colin Breed
Mr David Drew
Mr Michael Jack
Mr David Lepper

Mr Austin Mitchell
Mrs Gillian Shepherd
Mr Keith Simpson
Mr David Taylor
Mr Mark Todd

* * *

The Committee deliberated.

Draft Report [*The Departmental Annual Report 2002*], proposed by the Chairman, brought up and read.

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

Paragraphs 1 to 30 read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Sixth Report of the Committee to the House.

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

A Paper was ordered to be appended to the Minutes of Evidence.

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

The Committee further deliberated.

* * *

[Adjourned till Wednesday 17 July at Ten o'clock.]

LIST OF WITNESSES

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DEPARTMENT FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS

Mr Brian Bender CB and Mrs Julie Flint Ev 12

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