

House of Commons
Environment, Food and Rural Affairs
Committee

THE ROLE OF DEFRA

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

First Special Report
of Session 2002–03

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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.

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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.

FIRST SPECIAL REPORT

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

THE ROLE OF DEFRA: GOVERNMENT'S REPLY TO THE COMMITTEE'S TENTH REPORT OF SESSION 2001-02

The Environment, Food and Rural Affairs Committee reported to the House on *The Role of Defra* in its Tenth Report of Session 2001-02, published on 14 November 2002 as HC 991. The Government's Reply to the Report was received on 20 January 2003 and is appended.

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APPENDIX

Introduction

The Government welcomes this wide-ranging report into the role of Defra, the Department for Environment, Food and Rural Affairs. We believe that it provides a critical but constructive contribution to our work. The Government shares the Select Committee's goals for improving our performance in policy and delivery and as a well-run public body. We accept that we have further to go in meeting the challenges that face us. We do not wish to be complacent, either in addressing the scale of the tasks we face or in changing our organisation into a more effective public service organisation. However, we believe that we have made more progress than some of the critical observations in this report imply. This is particularly so for criticisms of our ability to influence the rest of government on sustainable development and rural policy and on our management capacity for change. In these areas, we do not believe that the report paints a fair, or substantiated, picture of progress nor of our specific plans and commitments.

The report comes at an important time for Defra. We are embarking on a challenging programme across our responsibilities with additional resources committed under the Spending Review 2002 for the period 2003-6. Our priorities are:

- Promoting sustainable development across government, society and internationally;
- Supporting action that will ensure we reduce emissions of greenhouse gases in line with, and beyond, our international commitments;
- Working to secure fair access to services and a strong economy for the quarter of the population of England in rural areas;
- Delivering a programme to achieve the Government's vision for sustainable farming and food;
- Taking a more strategic approach to monitoring, prevention, control and contingency planning for animal diseases;
- Reducing waste through more recycling and less unnecessary packaging.

In addition, the Department needs to give priority to ensuring delivery of all of the targets that are in our new Public Service Agreement (full details of which are available in annex A and also at:

<http://defraweb/corporate/busplan/sda/technotespsa0306.pdf>).

We have started a major Departmental change programme, based on the outcome of the Joint Strategic Review carried out with the Prime Minister's Office for Public Service Reform. Defra, in common with the whole of the public service, is operating in a climate of rapid and fundamental change. This comes in many forms, especially:

- ever rising customer expectations;
- economic and international developments;
- the opportunities offered by new information technologies;
- scientific advances; and
- the drive for public sector and Civil Service reform.

These factors are leading to a transformation of our public services and Defra's ambition is to place itself in the forefront of this change. That means transforming the organisation into one that is flexible, sees the bigger picture and is focused on outcomes, which make a real difference to our customers and stakeholders.

As the Prime Minister said after his visit to Defra last year: *"I regard Defra as fundamentally a public service Department. If we want to serve the public as they have a right to expect, we need to be willing to adapt and change traditional ways of working and to be innovative in approach"*.

We know we are not there yet. But we believe that we have come a long way in the 18 months since the Department was created. We have set a direction for the new Department through the establishment of a new over-arching aim and objectives, our values, the document "Working for the Essentials of Life", the strategic priorities identified by Ministers and our new PSA targets. We have merged the functions, which now make up Defra and managed the transition. And we have achieved a number of important business successes. But we have now entered a new phase designed to produce irreversible change.

The Joint Strategic Review acknowledged many things that Defra does well and the commitment of its staff; but it also concluded that significant change was needed if Defra is to achieve its ambitions. We welcome the recognition that the EFRA Select Committee gives to this important work.

(a) Putting sustainable development, particularly concern for the environment, at the heart of policy-making is vital. We welcome the fact that Defra has adopted as one of its primary roles the promotion of sustainability. There is no intrinsic reason why taking responsibility for sustainable development and the environment away from the old Department of the Environment, Transport and the Regions and locating it in Defra should have removed it from the heart of Government – provided that mechanisms are put in place to ensure that Defra is listened to, and that its proposals are acted upon by other Departments. Whether or not those mechanisms will operate effectively is rightly the matter of some concern, a point we return to later in this report.

(d) We are pessimistic about Defra's ability to ensure that Government Departments will do more than pay lip service to the objectives of sustainable development. It is essential that the Department vigorously seeks to promote across Whitehall the importance of putting sustainable development at the heart of policy-making. We are not content to wait for a year to see what progress has been made. We recommend that the Department now publish details of all agreements, protocols and concordats it has reached with other Departments in relation to sustainable development. It should also describe each year in its annual report the influence it has had on the policies and activities of those Departments and their progress they are making towards achieving their sustainability objectives. This is doing no more than asking the Department to substantiate the main claim for its existence.

Defra has been working in a number of different ways to ensure that sustainable development objectives are embedded across government. Both at Ministerial and official level, many contacts have and continue to be made on specific issues. We have been working with individual Departments on the application of sustainable development principles in particular policy areas, for example on applying the polluter pays principle in a wide range of environmental cases which has led to the launch of new guidance for magistrates. Another example of Defra working to promote sustainable development with other Departments is the joint Public Service Agreement target on air quality that Defra shares with the Department for Transport. This commits Ministers and officials in both Departments to work together to ensure that air quality improvements are delivered by set deadlines. The reason that the target is a joint Defra – Department for Transport one is that road transport is responsible for a significant percentage of the emissions of many of

the pollutants of most concern. At official level, the Permanent Secretary, Brian Bender holds regular trilateral meetings with his counterparts at Department for Transport and the Office of the Deputy Prime Minister that follow through commitments made in regular meetings at a Ministerial level. These are intended to ensure that arrangements are in place so that the Departments will work together effectively to deliver on shared interests, including relevant PSA targets. The Permanent Secretaries of Defra and DTI have also begun regular joint meetings with members of their management teams aimed at developing a shared sense of endeavour on sustainable development and other issues of common concern.

Defra will be publishing an account of progress on sustainable development across government early next year in the 2002 annual report on progress against the strategy "*A Better Quality of Life*". This report will also show how Defra has fulfilled its key remit of monitoring and reporting performance against the headline indicators of sustainable development including the indicators in the areas of climate change, air and water quality, waste and wildlife, where Defra itself has the lead. In addition to paper reporting, Defra maintains the Government's Sustainable Development website, providing regular updates on progress towards sustainable development across government and in the UK as a whole. Both of these methods of reporting provide a picture of progress against each of the headline indicators and detail action planned to address unsustainable trends.

In addition Defra has been working with the Cabinet Office to provide the secretariat for the Cabinet Sub-Committee of Green Ministers ENV(G), chaired by the Minister of State for Environment and Agri-Environment, Michael Meacher. It is ENV(G)'s remit to consider the impact on sustainable development of Government policies; to improve the performance of Departments in contributing to sustainable development; and to report as necessary to the Committee on the Environment. Through the agreed work programme for ENV(G), the Secretariat has brought sustainable development issues to the attention of Ministers in many other Departments. Defra has also been working closely with other Departments to promote sustainable development in many areas, for example, in promoting improvements in environmental performance on the Government Estate, in respect of energy and water use and waste emissions in particular, and in establishing a new Framework for Sustainable Development on the Government Estate with targets for future progress on travel, water and environmental management systems.

Defra has already published details of this work in the *Sustainable Development in Government First Annual Report (November 02)*. This report also outlined the progress made by all Departments and Executive Agencies on key sustainable development priorities including integrating Sustainable Development into decision-making. We have made particular progress this year with mainstreaming sustainable development into Government decision-making processes. For the first time in the Spending Round 2002, Departments were given detailed guidance on how to incorporate sustainable development into their work. This guidance was made publicly available in November 2001. Defra has also been working on the further roll-out of the integrated Policy Appraisal (IPA) tool across seven government departments and the usefulness of this tool will be evaluated by the in-house policy consultancy maintained by the Office of the Deputy Prime Minister and Department for Transport with the results presented to Ministers in 2003.

Defra also supports the Sustainable Development Commission and it is strongly placed to play a more active role advocating sustainable development across government. Its intrinsic strengths of a broadly-based membership who can draw on practical experience and its greater freedom to comment mean that we see the Commission playing a greater role in future. We are discussing how our tangible support to the Commission's secretariat can reflect this enhanced role.

(b) Rural areas face challenges, which differ from those facing urban areas. It is important that the particular issues of rural areas are taken into account in Government policy-making, and we welcome the fact that Defra's second primary role is as champion of rural areas. Although the Department is responsible for many aspects of policy, which affect rural communities, it is vital that, as with sustainable development, mechanisms are put in place to enable Defra to exercise influence over other Government Departments to ensure that they take account of the rural dimension in policy-making. It is the effectiveness of such mechanisms, which are of concern, a point which, again, we return to below. In addition,

we are concerned that Defra should recognise that it has two principal roles: as the advocate of sustainable development, and as the promoter of the interests of rural areas. We recommend that the Department now acknowledge explicitly that these are its primary roles, and that they are of equal importance to its work. Defra should also recognise its responsibility to help explain to urban Britain the issues for which it is responsible.

The government accepts that where the needs and challenges facing rural areas are different from urban areas that we must tailor policies to suit them. In reality, the concerns of most rural people are similar to those of many urban people; concerns about economic prosperity, access to public services and quality of life. This is why the central approach to the government's rural strategy is to ensure that those responsible for all public services and policy areas "think rural" as they are being developed and delivered. This is set out as a key principle in the government's Rural White Paper, *Our countryside, the future*. Applying it subsequently has led to significant new initiatives such as:

- The former DTLR announced an extension in mandatory 50% rate relief to include all village food shops (with rateable values £6,000 or less);
- The post office and DTI introduced a £2 million fund to help community-led projects to relocate and refurbish rural post offices;
- The sure start unit in DfES established a £22 million fund to support small sure start programmes in rural areas and small pockets of deprivation;
- The housing corporation and former DTLR approved 1341 homes in small rural settlements (of less than 3000 people) in 2001-02 – exceeding its target of 1100; target for 2002-03 is 1300; on course to double approvals from 800 in 2000-01 to 1600 in 2003-04.
- The former DTLR published a consultation paper on whether to give local authorities discretion to charge the full rate of council tax on second homes and whether the additional revenues should be retained locally;
- The DTI announced 20 winning projects for the £3 million development fund for rural renewal, part of the phoenix fund, which will help businesses affected by the foot and mouth outbreak ;
- Defra and the former DTLR published a consultation paper on proposals for "quality" parish and town councils, giving them an enhanced role for their communities
- The former DTLR has developed specific rural targets for local public service agreements by a number of local authorities
- Regional development agencies have provided £80m business recovery fund for small rural businesses hit by foot and mouth disease restrictions.

This ensures that issues such as population sparsity, rural social exclusion and distance from markets or services can be factored in to policies on economic regeneration, transport, housing and communities, education, health and social care etc. It also means that we are able to put concerns about farming, such as its economic position, regulatory burdens, environmental issues and social concerns, in perspective within rural areas considering its contribution alongside those of other sectors. We elaborate further on these issues in response to recommendations g, h, i and j below.

However the Department does not share the view expressed in the second part of this recommendation. Defra has a single over-arching role: the pursuit of Sustainable Development, both in terms of Government's responsibilities and as a guiding principle of society generally that links economic, environmental and social outcomes together. In pursuit of it, we have six objectives and these are set out in annex 1.

Plainly, the promotion of sustainable development across Government and the country (as set out in target 1 of Defra's new Public Service Agreement) and the pursuit of the objective of enhancing opportunity and tackling social exclusion in rural areas require the Department to play a leading role across Government, ensuring that the policies and services for which they are responsible contribute to these objectives.

The breadth of responsibilities that Defra has impinges substantially on urban areas. For example, through our work on biodiversity and sustainable development we influence the planning system. We set policy and regulate emissions of toxic substances into the environment, including urban air, land and water. We are concerned with a wide range of urban-based businesses, such as food processors, retailers and traders as well as the many businesses whose operations we affect through regulation. Alun Michael has specific responsibility for relationships with urban areas as Minister for Urban Quality of Life and Lord Whitty has responsibility for food chain and energy conservation policy. Michael Meacher's environment protection role includes substantial urban issues and Elliot Morley's responsibilities include urban biodiversity and the health and welfare of most animals.

(c) Whether it likes it or not Defra is more than just an interlocutor for agriculture and a wide range of other, related industries: it is a funder, regulator, negotiator and mediator. It is important that Defra makes clear the central role played by agriculture in delivering a host of its objectives, and in particular those relating to rural communities, the countryside and sustainable development.

Agriculture, and the related industries that it supplies and that supply it are important both in their own right and in pursuit of some of Defra's other goals. Indeed, the development, realistic funding and delivery of a new strategy for the food and farming industries has been and continues to be one of our top priorities. In 2001, the Government set up the Policy Commission chaired by Sir Don Curry. We welcomed his report and the strong consensus across a very wide range of interests that it achieved. We have been anxious to respond fully and enthusiastically to that work. On 12th December 2002 the Prime Minister and Margaret Beckett launched a new '*Strategy for Sustainable Farming and Food*'. This programme is backed by an additional £500m of funding over the next 3 years and covers a wide range of new initiatives and areas where new work will add to existing policy areas. Central to this programme are approaches that strengthen the economic position of farming, enhance its environmental performance and increase its contribution to rural areas. Further details of what we believe to be a widely supported and credible response to the Curry Commission can be found on <http://defraweb/news/issues/susfood.asp>

However, the Government would reject any implication that farming and directly related industries are always central in delivering Defra's objectives. We do accept that agriculture has an important role especially in terms of achieving rural and environmental objectives and it is an important sector in terms of sustainable development. Its importance is reflected in the effort Defra expends on working with it. But it is in no way the only industry with which we work and indeed for some elements of Defra's remit it will certainly not be central. Other industries such as waste management, recycling, energy conservation and environmental technologies and the water supply industry are vital for delivering higher environmental standards and services to society as a whole. Moreover, industries such as petrochemicals, manufacturing and construction are vital partners in achieving clean, non-polluting technologies and in meeting climate change objectives. Industries such as leisure and tourism, amenity horticulture and heritage, services and manufacturing also have important roles to play in rural economies, perhaps even exceeding that of agriculture. And, the food processing, distribution, trade, export and catering industries are substantial wealth and employment creators in their own right. Fisheries and other marine products and horticultural products are both economically and environmentally significant parts of the food supply chain.

(e) Like the Environment Audit Committee, we recommend that the Government invite the Sustainable Development Commission to publish in the annual report on performance against the headline indicators of sustainable development its own assessment of progress made across Government.

As explained in the response to the EAC on this issue, the Strategy "*A Better Quality of Life*" proposed that a key element of the remit of the Sustainable Development Commission should be

to monitor progress and that this would include reviewing the state of sustainable development in the UK as revealed by the indicators, although the Commission determines its own work programme.

In every annual report the Sustainable Development Commission have been invited to submit an article and Jonathan Porritt, as Chair of the Commission, has written with his views on progress towards sustainable development. The Commission participated in the launch of the 2000 and 2001 reports, and will also be invited to participate in the launch of the 2002 report. The now quarterly publication of the *Quality of Life Barometer*, in addition to the updated version of the Barometer on the Government's sustainable development website, makes it possible to see updates of the traffic light assessments and the indicators throughout the year. We will continue to work closely with the Commission, and will bring this recommendation to their attention.

(f) We recommend that the Department report to us annually the results of its audit of its own ability to put sustainable development at the heart of its policy-making.

Defra's own Departmental Sustainable Development Strategy, *Foundations for our Future*, contained a commitment to review of the principles, commitments and priorities contained in the Strategy after a year and how successful we have been in meeting them.

The first review will take place in summer 2003 and will be open and participative, involving staff and stakeholders. It will take account of the results of internal auditing of the success of the campaign to embed sustainable development in Defra policies and processes.

As part of the review, we will report annually on progress against the commitments and indicators in the strategy. In line with best practice on sustainable development reporting by the public and private sector, the information will be subject to verification by independent auditors and their assessment will be included in the report.

(g) We recommend that the Government recommit itself to the Rural White Paper, and where other departments have received budget allocations to deliver specific rural initiatives and do not appear to be doing so Defra should advise the Cabinet Committee responsible for rural affairs about this failure to use correctly their budget allocations. It is vital that it ensures that the policies and initiatives the White paper sets out are put into practice in rural communities.

We continually monitor progress with implementing our commitments. The Rural White Paper Implementation Plan provides updates on a quarterly basis. Every commitment in the Rural White Paper has a lead agency. Every quarter a request is sent to all the lead agencies within government and its partners to update progress on the commitments for which the department or agency is on the lead. These responses are collated and published on our website at:

<http://www.defra.gov.uk/wildlife-countryside/ruralwp/rwpttable/index.htm>

We have made considerable progress in delivering our 260 commitments in the Rural White Paper. Almost half have already been completed. Of the remainder, many have target delivery dates in the future. Not all programmes can be delivered immediately: some, such as transport, health and environmental commitments necessarily have a long lead-time. Some will now be delivered by policy initiatives devised since the White Paper was published. The Foot and Mouth outbreak severely curtailed progress on some initiatives but there is now an urgency and determination across government to deliver real benefit to rural communities in a timely and appropriate manner.

In November, the Government announced a review of the Rural White Paper that will report in summer 2003. The review will focus on further assessing progress towards delivering the Rural White Paper commitments; where delivery is on track and where it is falling behind; and identify ways to accelerate delivery. The review will look at key delivery issues and barriers to achieving objectives and seek to assess the impact of policies on rural outcomes and best practice. The review will also come to a view about whether/ how the overall objectives and priorities need to be refreshed and what further work is needed to develop the rural evidence base.

In addition to our own monitoring of progress with the White Paper commitments, departments' performance will be scrutinised by the Countryside Agency. They report annually, with the next report due spring 2003, on how well we are doing on rural proofing policies. The first report, published earlier this year identified that some progress had been made, but that there was still a lot more to do. This will be another stimulus for activity and a way of making departments accountable. The Chief Executive of the Countryside Agency will shortly be writing to Permanent Secretaries to raise the profile of rural proofing.

These measures demonstrate the full commitment across Government to deliver its rural agenda. The Prime Minister wrote to Cabinet colleagues in July to reinforce the message. We have no reason to suppose that departments will fail to deliver their rural-specific initiatives and are satisfied that appropriate mechanisms are in place to identify at an early stage where this is likely to become a problem. The relevant department will then be able to take any action necessary to get the project back on track. Should a department for any reason be consistently reluctant to meet its commitments to deliver rural-specific projects, it would be for that department to explain why to the Cabinet Committee responsible for rural affairs.

(h) We recommend that DEFRA and the Countryside Agency clarify their respective roles in the process of rural proofing and, above all, make clear which of them takes overall responsibility for the rural areas. Confusion about the respective roles of Defra and the Agency is affecting the delivery of services in rural communities.

Defra is responsible for setting the Government's rural policy and works with other departments to do this. Departments are required to work up their own policies and programmes with the rural dimension in mind – rural proofing. This delivers rural solutions.

Defra and the Countryside Agency have distinct and complementary roles in rural proofing. Defra has the lead responsibility for ensuring that the Government's commitment to rural proofing, set out in the Rural White Paper, is discharged. It works with its peer group of other departments to that end. An important part of this is the Secretary of State's role as chair of the DA(RR) Committee. A large amount of what can be achieved working with other Departments relies on good working relationships, a forceful advocacy of the issues and the ability to broker and strike deals that achieve objectives for all sides. For Defra, this role is played by the Secretary of State and Minister of State responsible for rural affairs, Alun Michael, who plays an active role in dialogue with Ministers in other Departments and has a regular liaison meeting with Sir Ewen Cameron, Chairman of the Countryside Agency. The Countryside Agency has a precise role written in to the Rural White Paper. It is responsible for an independent annual report on the performance of all departments – including Defra. The report is submitted to the DA(RR) Cabinet Committee, published and widely circulated. The Agency customarily holds a press conference to announce its verdict, encouraging comment and debate among a wide range of interested parties.

In addition, Defra has asked the Countryside Agency to take the lead in developing the methodology for rural proofing. The Agency uses its research and experimental powers – and its considerable expertise across the whole rural agenda – to ensure that the method is fit for purpose and improves as best practice develops. It is advantageous that the organisation responsible for the independent annual report is also responsible for the methodology. These specific roles are in addition to the Countryside Agency's statutory responsibility to research rural issues, demonstrate innovative policy solutions and, drawing on that experience, to advise policy makers. This contributes to the development of rural proofing throughout Government and its agencies.

The full potential of rural proofing can only be secured by a close partnership between Defra, the Countryside Agency and the participating departments. Measures are in place to secure this, including shared research and data; common analysis, where possible; and co-ordinated meetings.

Margaret Beckett has invited Lord Haskins to review the delivery of services provided by Defra and others in rural areas. Full details of the scope and methods of this review can be found on:

<http://defraweb/news/2002/021220arev.htm>

(i) We support rural proofing urge DEFRA and the Countryside Agency to continue to encourage the use of the rural proofing mechanism through which specifically rural issues can be reflected in decision-making across Whitehall. We urge Defra and the Countryside Agency to continue to encourage the use of rural proofing mechanism at the earliest possible stage in the decision-making process in other Government Departments and agencies. We recommend that the Government reply in detail to the annual reports of the Countryside Agency on rural proofing, setting out how shortcomings will be put right. We recommend also that Government promote awareness of rural proofing at senior levels in all Departments, and that the Countryside Agency undertake a detailed audit of such awareness as soon as possible. Without greater impetus behind rural proofing, we are concerned that as with sustainable development, departments will pay little more than lip service to the process.

Defra and the Countryside Agency work continuously to encourage rural proofing across Whitehall and to promote awareness at all levels. The Minister of State (Rural Affairs & Urban Quality of Life) has a rolling programme of meetings with colleagues across Whitehall.

There is frequent contact between officials at all levels with Government departments working on policy issues with relevance for rural areas. We are currently working through a programme of senior official level meetings across Whitehall to promote and discuss rural proofing. Meetings will follow these up between Alun Michael, Ewen Cameron, in his role as Chairman of the Countryside Agency and Rural Advocate, and Ministers in other departments.

Each Department also has a specific rural contact, and this network of working-level officials meets regularly. Departmental performance is discussed in DA(RR), which is attended by the Rural Advocate, who is also Chairman of the Countryside Agency. Action arising from these meetings is added to the year-round contact between Defra, the Countryside Agency and departments, leading up to the publication of the next year's report. We will consider publishing a response to the Countryside Agency's report on rural proofing, as the Committee recommends.

We will discuss with the Countryside Agency how they might cover awareness in their annual report. The proof of awareness lies in well-designed policies – the principal subject of the report as it stands. It is not clear that a detailed audit across the whole of Whitehall would be a cost effective way of adding to this information.

(j) DEFRA should set an example to other departments in its adoption of rural proofing. We therefore recommend that Defra, as a matter of urgency, ensure that it improves awareness of use of rural proofing in its own work. We require that the Department, by the time of the next annual report into the matter by the Countryside Agency, have the best record in rural-proofing its policies and decisions of all Government Departments.

We believe that we have made convincing efforts to set an example.

Rural proofing has been incorporated into the Integrated Policy Assessment tool that will be rolled out across Defra to ensure that all policies in the Department incorporate the principles of sustainable development. It is clear that rural proofing is integral to sustainable development because both are concerned with the right balance of economic, social and environmental concerns.

Building sustainable rural communities is one of Defra's objectives and rural proofing is a key ingredient of this. A programme of workshops has been launched to train Defra staff in using the tool and applying it to their work.

Defra has a team leading on rural proofing internally and has made good progress since April in implementing rural proofing. The Director-General (Rural Affairs) is having a series of meetings to discuss rural proofing across the Department with other DG colleagues.

(k) It is apparent from Defra's own statements that significant change to the culture of the Department is far from complete – indeed it has barely begun.

The Government does not accept that change has 'barely begun', but we acknowledge that there is much to be done. The Defra change programme is at the heart of our efforts to improve capability

to deliver throughout the organisation. It is driven by the desire to achieve a clear sense of purpose and direction, excellent service to customers, effective corporate systems and a highly skilled and high performing team. The programme has been designed following extensive peer-review and external advice and it is led from Board level by a change Director, with direct and personal sponsorship by the Permanent Secretary. Alongside our delivery plans for Public Service Agreement Targets, we are preparing a Delivery Plan for our change programme in close liaison with HM Treasury, who will approve the final version. It sets out clear objectives and milestones and commits resources to a plan that will be measured against real achievements in our work, the experience of our customers and our ability to transform to a modern public service department.

Significant ring-fenced funds have been allocated for change in:

- the Core Change Programme: addressing the major cross-cutting change priorities, driven by the findings of the Joint Strategic Review¹;
- IT Outsourcing Programme (enabling Defra): to improve the IT services and support provided to Defra through the procurement of an outsourcing contract;
- Pay & Workforce Strategy: which sets out a framework for building our capacity to deliver and creating a performance driven culture including, through a multi-year pay settlement, modernising our pay structure
- Business Area Change Initiatives: initiatives that will ensure we translate the values of the core programme into individual Divisions through their Delivery and Business Plans, strengthening local capacity to deliver.

Delivery Plans are being produced for each of our PSA target areas. These must be agreed with HM Treasury and regular stock takes are held with key stakeholders. For our most important priorities, there is a regular stocktake with the Prime Minister personally to assess progress. These Plans will ensure that the principles of the change programme are embedded throughout the Department. Actions under the core programme are tailored to support the creation of outcome-oriented Delivery Plans, for example through strategic workshops, programme and project management training, and better financial planning. All SCS staff now have personal objectives relating to how they are delivering change.

In order to inject urgency for change, four Beacon areas have been identified covering the top four priority areas of the Department's work. These are:

- Animal health and welfare;
- Rural affairs;
- Sustainable food and farming; and
- Waste.

Particular attention is being focused on translating the change programme into these areas and supporting the production of their Delivery Plans. This will achieve an early demonstration of the programme's impact. Key change initiatives are being piloted in these areas to accelerate progress drawing on all the strands of change activity in the Department to promote effective, focused delivery.

We must recognise that not everything can be achieved overnight. In Defra, as in other Departments we face the challenge of doing three things at once:

- delivering against challenging PSA and other targets;
- coming up with radical ideas and innovative thinking;

¹ Conducted with the Office of Public Services Reform (OPSR)

- Keeping a complex show on the road, which can include meeting statutory obligations and having well-honed plans for emergencies.

The answer lies in prioritising our efforts and in understanding and planning for the risks, which may arise. The Management Board, chaired by the Permanent Secretary, and including independent members, is accountable for achieving the connection between the change programme, its supporting elements and the delivery of the real world impacts reflected in our PSA targets, and works with the Ministerial team to ensure a sense of leadership and shared endeavour by the Department's 'top team'.

To achieve this connection it will be necessary to embed a delivery culture in the organisation as a whole, through actions such as those flowing from the core programme, so that it is reflected in the business planning process at all levels. Nor will the programme succeed unless staff and stakeholders are well informed, are able to participate effectively in the process, and are themselves committed to transformational change.

(l) We note that Defra has reviewed its plans for change, the developing Defra programme, and that the review has identified priorities for the next stage of the programme, including an assessment of the skills and competence of senior managers. We welcome that work, which tallies with the recommendation made in our earlier report. We recommend that the Department report back to us regularly on its progress in implementing the programme and, particularly, the actions it takes to rectify any deficiencies in the skills of senior managers. We also recommend that the Department address seriously the comments made by Dr Anderson about fostering abilities in operational and project management, husbanding leadership skills, and develop ever closer links with its stakeholders, and report back to us steps it intends to take to make progress in these areas.

Defra's Management Board agreed the framework for a new Development & Training Strategy in October 2002. This identifies three top strategic priorities: leadership and management; customer focus and service delivery; and underpinning skills (professional development, strategic thinking, working with and through external partners, programme and project management, financial management and IT). A delivery plan will now be prepared to support the strategy.

Work on improving the leadership skills of senior managers is also progressing, and a new "Leadership Profile" is being developed. Senior managers will be assessed against the profile at Development Centres from 2003, with targeted follow-up action. This work is still in the design and testing phase, with a pilot planned for Spring 2003.

A programme of training and on-the-job coaching on project and programme management is being applied to many senior staff, focusing initially on senior staff involved in strategies and programmes for animal health and welfare, food and farming, delivery of services to rural areas and waste. Parallel courses are planned over the next 3 months in financial management and strategy.

(m) We welcome the efforts made by Defra to engage with interested parties. We urge it to continue to develop these important links with others, and use such contacts to develop a closer understanding of their needs, and to learn from them in order to be more customer-focused.

We welcome this encouraging support to a major transformation being applied across Defra to increase the effectiveness, regularity and usefulness of contacts with groups external to Defra. Examples of regular and productive partnership include work on rural affairs, hunting, waste, water strategy, the biodiversity and marine environment strategies, the food and farming strategy and (shortly) the animal health and welfare strategy. Dialogue with trade and other representative bodies, the private sector and the voluntary sector entails contacts with in excess of 5500 organisations corporately and many more thousands in specialist areas and locally. We have an active strategy to manage these relationships. Defra deals with many hundreds of thousands of customers who have direct transactions with the Department (we have estimated this to be c. 78000 per day), many millions more consumers and citizens are affected directly by our work and we impinge on businesses, local tiers of government and other public bodies. Securing partnerships

for delivering higher quality services is an important priority of the major transformation happening within Defra.

(n) We recommend that Defra publish now a breakdown of the number of staff employed in each of its Directorates and units, as well as details of the number of unfilled posts in each. It is important, not least for its ability to deal properly with other organisations and individuals, that the department is fully staffed. We recommend that the Department set out its policies for recruiting and retaining staff, to ensure that staff shortages and turnover are reduced.

We note this recommendation. We can publish a detailed breakdown as suggested by the Committee (spreadsheet attached), although the position changes frequently so this information will become out of date quickly. We agree that it is important for the Department to be fully staffed, subject to resource constraints.

The Defra Management Board has agreed the framework for a new Human Resources Strategy, committing the organisation to ensuring that we have the right people in the right place at the right time. As part of work on a Defra Pay and Workforce Strategy for 2003-2006, we will be setting out our policies for recruiting and retaining staff, to ensure that turnover is at an appropriate level.

(o) Defra must work hard to build up close contacts with businesses and others. One way of doing so might be to organise regular secondments for staff into businesses – and indeed into other organisations – and of staff from outside into Defra. We recommend that the Department actively explore the possibility of setting up such a programme of such secondments. We believe that a properly structured programme of secondments will help promote mutual understanding between Defra and those with whom it inter-relates, and will encourage cultural change in the Department.

The Government welcomes the Select Committee's comments and recommendation on this issue. Defra has a very active interchange policy which actively promotes and encourages interchange of personnel between the Department and a range of other organisations. There are many ways of achieving closer contact with the Department's stakeholders and others including short-term attachments, twinning, shadowing, non-executive directorships, as well as secondments. All of these are positively encouraged within Defra. Currently there are over 120 formal outward loans or secondments and over 80 into Defra. The Department is actively looking at ways in which we can increase our interchange activities with organisations from the private, voluntary and public sectors, which are affected by Defra's business.

(p) It is apparent that Defra continues to face a difficult period of change. It must bring its staff together, in both structural and cultural terms. It must make clear to them that their twin objectives are sustainable development and the protection of rural interests, and put work in practice which support these goals. And it must ensure that the Department has the means and the confidence to project those objectives across Whitehall and in other agencies. Achieving such changes to its mission and its practices will not be easy, and we remain concerned about the ability of senior managers to ensure that they take place – concern borne out by our witnesses and others on the performance of the Department in its first year. We look forward to the rapid changes which will be needed for the Department to fulfil its new role.

We welcome the support for change that the committee gives us and understand the concerns about the scale and complexity of the task we face. We believe that within the resources we have, including substantial additional resources for programmes and organisational change within SR2002, we have made the right choices about priorities and transformation. We are following up these strategic decisions with a Baseline Review of all of our activities, judged against their contribution to our most important priorities. In addition, the way in which we have made our strategic choices has been open to extensive external scrutiny and they are being taken forward by a senior team with a strong background in public service reform.

Annex 1: Defra's Aim, Objectives and Public Service Agreement Targets

Aim

Sustainable development, which means a better quality of life for everyone, now and for generations to come, including:

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

Objectives and performance targets

PSA target 1. Promote sustainable development across Government and the country as a whole as measured by achieving positive trends in the Government's headline indicators of sustainable development.

Defra Objective I: *Protect and improve the rural, urban, marine and global environment, and to lead integration of these with other policies across Government and internationally.*

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

PSA target 3: Care for our natural heritage, make the countryside attractive and enjoyable for all, and preserve biological diversity by:

- reversing the long-term decline in the number of farmland birds by 2020, as measured annually against underlying trends;
- bringing into favourable condition by 2010 95% of all nationally important wildlife sites; and
- opening up public access to mountain, moor, heath and down and registered common land by the end of 2005.

Defra Objective 2: *Enhance opportunity and tackle social exclusion in rural areas.*

PSA target 4: Reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2006, and improve the accessibility of services for rural people.

Defra Objective 3: *To promote a sustainable, competitive and safe food supply chain which meets consumers' requirements.*

Defra Objective 4: *Promote sustainable, diverse, modern and adaptable farming through domestic and international actions.*

PSA target 5. Deliver more customer-focused, competitive and sustainable food and farming as measured by the increase in agriculture's gross value added per person excluding support payments; and secure CAP reforms that reduce production-linked support, enabling enhanced EU funding for environmental conservation and rural development.

Defra Objective 5: *Promote sustainable management and prudent use of natural resources domestically and internationally.*

PSA target 6: Enable 25% of household waste to be recycled or composted by 2005/6.

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

Defra Objective 6: Protect the public's interest in relation to environmental impacts and health and ensure high standards of animal health and welfare.

PSA target 8: Improve air quality by meeting our National Air Quality Strategy objectives for carbon monoxide, lead, nitrogen dioxide, particles, sulphur dioxide, benzene and 1-3 butadiene. (Joint target with DfT)

PSA target 9. Protect public health and ensure high standards of animal welfare by reducing:

- the annual incidence of Bovine Spongiform Encephalopathy (BSE) to less than 30 cases by 2006; and
- the time taken to clear up cases of poor welfare in farmed animals by 5% by March 2004.

Value for Money

PSA target 10: Achieve a reduction of 10% of the unit cost of administering CAP payments by 2004/05 and an increase to 95% electronic service delivery capability for such payments by 31 March 2005.

Who is responsible for delivery?

The Secretary of State for Environment, Food and Rural Affairs is responsible for the delivery of this PSA. The Secretary of State for Transport is jointly responsible for the delivery of target 8. The Secretary of State for Trade and Industry contributes to the delivery of target 2.

EFRA Select Committee Report into the Role of Defra					
Recommendation (n)					
Breakdown of number of staff employed and the number of vacancies in each Directorate and Agency					
Organisational Unit	Permanent		Casual		Vacancies
	HC	FTE	HC	FTE	FTE
Core-Defra - Directorate					
Animal Health	756	734.54	9	9.00	30.00
Climate, Energy & Environmental Risk	128	126.67	0	0.00	23.00
Communications	104	102.62	15	15.00	4.00
Corporate Services	579	563.96	23	22.08	22.00
Deputy Chief Veterinary Officer (Policy)	247	244.53	4	4.00	0.00
E-Business	315	290.00	7	6.61	60.50
Economics & Statistics	170	165.91	2	2.00	10.00
Environment Protection Strategy	137	136.40	5	5.00	5.00
Environment Quality & Waste	132	127.76	5	5.00	8.00
European Union & International Policy	61	60.70	0	0.00	7.00
Finance, Planning & Resources	238	231.84	12	12.00	7.00
Fisheries	212	200.17	4	3.68	3.00
FMD Operations	122	120.23	161	158.08	0.00
Food Industry & Crops	376	364.03	1	1.00	5.00
Land Management & Rural Development	196	193.90	1	1.00	12.00
Legal	138	135.21	7	7.00	5.00
Policy & Corporate Strategy Unit	41	39.91	4	4.00	2.00
Rural Development Service	1,419	1355.64	145	141.47	27.50
Rural Economies & Communities	42	42.00	1	1.00	10.00
Science	111	108.53	5	5.00	3.00
Secretariat	67	66.92	9	9.00	5.00
State Veterinary Service	1,218	1154.81	162	158.95	83.50
Sustainable Agriculture & Livestock Products	107	105.74	1	1.00	7.00
Transmissible Spongiform Encephalopathies	88	87.34	1	1.00	0.00
Water	125	123.79	2	2.00	13.50
Wildlife, Countryside & Flood Management	199	192.76	0	0.00	6.00
Total Core-Defra	7328	7075.91	586	574.87	359.00
Executive Agencies					
Centre for Environment, Fisheries and Aquaculture Science	541	513.87	10	8.51	21.00
Central Science Laboratory	660	639.39	52	49.05	19.00
Pesticides Safety Directorate	183	176.07	4	4.00	4.00
Rural Payments Agency	2941	2836.03	400	397.09	0.00
Veterinary Laboratories Agency	1,319	1255.39	39	36.20	103.00
Veterinary Medicines Directorate	121	117.05	0	0.00	24.50
Total Executive Agencies	5765	5537.8	505	494.85	171.50
Total Defra	13,093	12,614	1,091	1,070	530.50
Note: HC = Head Count; FTE = Full Time Equivalent					
EXPLANATORY COMMENTS					
Core-Defra HC and FTE figures - as at 22.11.02					
Core Defra Vacancies - as at 25.11.02					
PSD, VLA and VMD Executive Agencies HC and FTE figures - as at 22.11.02					
All other Executive Agencies HC and FTE figures - as at 1.11.02					
PSD Executive Agencies Vacancies - as at 25.11.02					
All other Executive Agencies Vacancies - latest available figures as at 5.12.02					
NB. Staff profiles and vacancy numbers are likely to change following the 2003/04 business planning process					

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