



House of Commons

Environment, Food and Rural
Affairs Committee

Departmental Annual Report 2012–13

Ninth Report of Session 2013–14



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Report 2012–13**

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*Report, together with formal minutes relating
to the report*

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The Environment, Food and Rural Affairs Committee

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 bodies.

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Mr Mark Spencer (*Conservative, Sherwood*)
Roger Williams (*Liberal Democrat, Brecon and Radnorshire*)

The following members were also members of the committee during the inquiry:

George Eustice (*Conservative, Camborne and Redruth*)
Barry Gardiner (*Labour, Brent North*)
Dan Rogerson (*Liberal Democrat, North Cornwall*)

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.

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Committee reports are published on the Committee's website at www.parliament.uk/efracom and by The Stationary Office by Order of the House.

Evidence relating to this report is published on the Committee's website at www.parliament.uk/efracom

Committee staff

The current staff of the Committee are David Weir (Clerk), Anna Dickson (Second Clerk), Sara Priestley (Committee Specialist—Environment), Phil Jones (Committee Specialist—Agriculture), Clare Genis (Senior Committee Assistant), Alexandra Hunter-Wainwright (Committee Assistant), Sayeda Begum (Committee Support Assistant) and Hannah Pearce (Media Officer).

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Summary

The Department for Environment, Food and Rural Affairs (Defra) is one of the smallest of Government Departments but it has faced among the most substantial budget cuts, which are set to continue up to 2016. The Department spent just under £2.5 billion in 2012–13. Its budget has been cut by £500 million since the 2010 Spending Review and it will face another reduction of £300 million in the years up to 2015–16. This raises some concerns—in the last year Defra has had to respond to floods, horsemeat contamination, and ash dieback. Its ability to respond to emergencies such as these must be protected. Clarity is required from the Secretary of State about precisely which policies and programmes will face significant budget reductions in the next two financial years.

Defra, to an unusual degree, delivers policy through a network of 28 arms-length delivery agencies, and once again clarity is required about the future funding and extent of those agencies and their programmes, including the Rural Payments Agency, Fera and the Environment Agency.

Among the most significant challenges facing the Department in the next 12 months is implementation of the new Common Agricultural Policy, and it must take care to learn the lessons from implementation of the last new system in 2008, particularly as regards the simultaneous change of system and the introduction of a new IT system. Farmers who are unable to access online systems, particularly in areas not yet adequately covered by the Government's own Rural Broadband Programme, must be able to continue to access payments via paper-based systems.

The results of the Defra staff survey reveal an increased lack of confidence in the management and leadership of the Department. Defra scores below the Civil Service average in these areas. Although efforts are being made to address a number of areas, there needs to be a greater sense of urgency about addressing these issues, especially as the Department is about to enter a period of further budget cuts. Senior officials in the Department must take steps to manage the changes arising from the savings so that staff morale and engagement improves.

Further challenges facing Defra in the coming year include policy relating to bovine TB and badger culling, its proposals on biodiversity offsetting, the introduction of plastic bag charging, partnership funding for flood defences and examining the role and potential of GM technology in food production.

We recommend that the proposal for biodiversity offsetting—to replace biodiversity loss resulting from developments—should not be taken further until the results of the pilots have been independently assessed.

We are pleased that the Department has finally agreed to impose a charge for single-use plastic bags in supermarkets and larger food retailers but disappointed that the charge will not come into effect in England until 2015, despite evidence of its success in reducing plastic carrier bag usage in other parts of the UK. We recommend it be implemented sooner.

1 Introduction

Our inquiry

1. The Environment Food and Rural Affairs Committee is responsible for examining the policy, expenditure and administration of the Department for Environment Food and Rural Affairs (Defra). As part of this scrutiny the Committee examines the Department's Annual Report and Accounts (DAR). The DAR for 2012–13 was published in July 2013 and covers actual expenditure (or outturn) 2012–13 and planned expenditure for 2013–14. We held two evidence sessions: with the Permanent Secretary and other officials, and with the Secretary of State, Rt Hon Owen Paterson MP. We were assisted in our inquiry by the National Audit Office who produced an overview of the Department's performance which highlighted specific points arising in relation to Defra's budget and expenditure.¹ We have taken the opportunity to comment on a few key areas of policy not dealt with in our wider work this year.

1 NAO, *The Performance of the Department for Environment, Food and Rural Affairs 2012–13*, October 2013.

2 Expenditure and Administration

The impact of spending reviews

2. Defra is a comparatively small Government Department: its budget, the Departmental Expenditure Limit (DEL) for its strategic objectives in 2012–13, was £2.5 billion.² That DEL has been reduced by £500 million since the 2010 Spending Review and will reduce further by £300 million by 2015–16.³ This represents one of the largest budget reductions in percentage terms for any Department, prompting questions about the Department's ability to manage its remit. On 5 December, in the Autumn Statement, and subsequent to our evidence sessions, additional reductions in Defra's resource (non-capital) budget of £19 million in 2014–15 and £18 million in 2015–16 were announced.⁴

Table 1: Reductions in total DEL expenditure

DEFRA BUDGET CUTS SINCE 2010/11			
£bn	2010/11	2012/13	2015/16
TOTAL	3.0	2.5	2.2
%real-change from 2010/11		-21%	-36.4%

3. Following the 2010 Spending Review, the Department made initial savings by, among other things: voluntary redundancies, changes to administrative processes, reducing its London estate from three sites to one; moving towards more shared services; and finding efficiencies in corporate services.⁵

4. In June 2013 the Treasury announced that Defra was expected to save £54 million by 2015–16 through better joint working between the Department's delivery bodies under the Strategic Alignment programme. This would require removal of duplication in a number of back office functions.⁶ The Permanent Secretary, Bronwyn Hill, told us that the Department was seeking further savings from all the Department's arms-length bodies, and "for more efficient and innovative ways of spending money."⁷ One example might be in sharing statistical databases, she said. The Department is developing a single IT system through which all agencies will be able to administer the Common Agricultural Policy from 2015. In our Report, *Implementation of the Common Agricultural Policy in England 2014–2020*, we highlighted the decision to implement a new IT system at the same time as introducing a complex new policy as one of the stand-out challenges of this round of the

2 Defra, *Annual Report and Accounts 2012–13*, HC 40. DEL represents the total spending limit—resource and capital—over a fixed period of time.

3 See HM Treasury, *Spending Round 2013*, CM 8639, June 2013

4 HM Treasury, Autumn Statement, 5 December 2013; Resource Efficient Business News, Defra, DECC and BIS to see further budget cuts, 5 December 2013.

5 Q14

6 HM Treasury, *Spending Round 2013*, CM 8639, June 2013

7 Q14

CAP, not least because the precise details of the implementing regulations have yet to be published.⁸

5. The Secretary of State did not provide us with any detail on which aspects of Departmental activity would bear the brunt of the savings. He pointed out that he had revised the Department's priorities since he became Secretary of State in September 2012. The priorities, he said, now gave a very clear steer about how the Department would "use the reduction in our resources."⁹ He said:

We will concentrate on my four priorities, so it is as simple as that. Pretty well every single activity in Defra has to be focused through those four priorities.¹⁰

The Department's priorities until Mr Paterson's arrival, half-way through the period under review, were to:

- support and develop British farming and encourage sustainable food production;
- enhance the environment and biodiversity to improve quality of life; and
- support a strong and sustainable green economy, including thriving rural communities, resilient to climate change.

In addition, Defra had two other major responsibilities:

- prepare for and manage risk from animal and plant disease; and
- prepare for and manage risk from flood and other environmental emergencies.¹¹

6. The Secretary of State's new priorities are:

- to grow the rural economy;
- to improve the environment;
- to safeguard animal health; and
- to safeguard plant health.

7. While these new priorities are arguably clearer and more memorable than the previous set, they are also less specific statements against which it may be difficult to assess progress

8 Q14; This is discussed in more detail in our report on CAP implementation, Environment Food and Rural Affairs Committee, Seventh Report of Session 2013-14, Implementation of the Common Agricultural Policy in England 2014-20, HC 745.

9 Q73

10 Q74

11 Set out in detail on p3 of the DAR

on the quite extensive policy areas for which Defra is responsible. The Department's remit is wide-ranging, covering policy and regulations on:¹²

- the natural environment, biodiversity, plants and animals;
- sustainable development and the green economy;
- food, farming and fisheries;
- animal health and welfare;
- environmental protection and pollution control; and
- rural communities.

8. The new priorities do not explicitly include all of these areas. For example, it is not entirely clear whether fisheries falls within growth of the rural economy or any other of the four priorities, although the Government has recently concluded negotiations on the new EU Fisheries Policy and fisheries clearly remains a substantial Defra responsibility.¹³ Nor is it immediately clear what issues might be included in the very broad objective of "improving the environment." Previously the Department's objectives specified enhancement of the environment and protection of biodiversity, support for a strong and sustainable green economy, and ensuring that agriculture is sustainable and that rural communities are resilient to the effects of climate change.

9. The Secretary of State needs to be clearer about what substantial cuts in Defra's budget will mean for policy delivery. We understand that how Defra spends its remaining budget will be determined in line with his four priorities, but they are in themselves no clear guide to where the axe will fall. Administrative and efficiency savings will not represent the entire saving. We invite the Secretary of State to set out in detail, in response to this Report, what programmes and policies will be reduced or ended to meet the required budget savings.

Arm's-length delivery

10. A large part of Defra's programme—over 80% of its budget—is delivered through its 38 executive agencies and arms-length agencies.¹⁴ Of these, the Rural Payments Agency (RPA) and the Environment Agency (EA) are the largest. The Government has agreed to increase capital spending on new flood defences to £370 million in 2015–16.¹⁵ This funding is ring-fenced so that it cannot be used in any other way, but there have been reports that the Environment Agency, which is responsible for responding to floods, is expected to lose

12 As set out on the Defra website.

13 Qq3-4

14 Q14

15 Defra, Flood insurance agreement reached, 27 June 2013

about 1,700 jobs in the next 12 months.¹⁶ In June, the press speculated that: “the new cuts will inevitably fall on those services protecting wildlife and nature and preventing water and air pollution,”¹⁷ and that: “with spending on flood defences ring-fenced there will be concerns about the impact on waste, water and biodiversity projects”.¹⁸

11. Since our evidence session, we have learnt that the Government will undertake a ‘market sounding’ exercise to explore joint venture as a potential future business model for Defra’s Food and Environment Research Agency (Fera).¹⁹ The Government says that an external partner who has the necessary expertise and experience could help Fera “further develop and grow non-government revenue”. It will announce the future of Fera at the end of the financial year.

12. Defra has also announced significant reductions to its activities in the waste sector. The new Resources Minister, Dan Rogerson MP, told industry that Defra will not have the capacity to take forward new policy work in areas such as commercial and industrial waste, construction and demolition waste, or proactive energy from waste policy development. He suggested that these were areas where businesses were better placed to act. Councils may also be expected to realise efficiencies in their waste contracts to meet reduced support.²⁰

13. The Department’s remit requires it to have the capacity to respond to a wide range of emergencies such as flooding, outbreaks of plant disease and food contamination, all of which were a feature of 2012–13.

14. We understand that nearly all Government departments face budget cuts, but savings must not have an adverse impact on the Department’s ability to respond to emergencies. We invite the Department to set out its position in relation to reported reductions in staff at the Environment Agency, the future of Fera and reduced activity in the waste sector.

Delivering the Common Agricultural Policy

15. The Department delivers, on behalf of the EU, payments made to farmers under the CAP. The Rural Payments Agency (RPA) is the largest of the Department’s arm’s-length bodies, spending more than £3 billion in 2012–13. Of this, about £125 million came from Parliamentary Supply, the remainder from the European Union (EU).²¹

16. There have been marked improvements in the speed of delivery of payments to farmers over the last year. The DAR reports that in 2012–13 the RPA paid out 97% of Single Payment Scheme payments five weeks early. This is commendable. The Department has

16 Business Green, “Environment Agency set to shed 15 percent of workforce, 28 October 2013. The Agency employed nearly 900 additional staff last year mainly to help respond to flooding.

17 Spending review: environment suffers worst cuts once again, The Guardian, 26 June 2013

18 Business Green, Osborne swings axe at DECC and Defra, 26 June 2013

19 HL Deb, 8 November 2013, Col 30WS [Lords written ministerial statement]

20 MRW, Defra’s Rogerson heralds cuts in waste role in 2014, 6 November 2013

21 NAO, *The Performance of the Department for Environment, Food and Rural Affairs 2012–13*, October 2013

also managed to reduce EU penalties for non-compliant payments, although the NAO warns that there is still a risk that additional penalties will be imposed because the European Commission is behind schedule in its assessments.²²

17. The administrative cost of each farm payment was £691 in 2013, down from £727 in 2012.²³ The Permanent Secretary argued that this was money well spent because the EU audits were very stringent and the UK would be fined if it did not have “a low appetite for risk and [...] a strong control environment”.²⁴

18. From 2015 access to CAP funding will be ‘digital by default’. We have already expressed concern about the Department’s plans to switch to a digital by default approach, not least because of delays in the Government’s Rural Broadband Programme. Delivery of the Programme which is designed to roll out superfast broadband to 90% of rural areas and 2Mbps broadband to the remaining 10% by 2015, is almost two years behind schedule.²⁵ In our Report on CAP Implementation we stated that “A lack of transparency over coverage of the Rural Broadband Programme has left farmers unable to determine when, or even if, their area will be included in the programme.”²⁶ ***Details showing precisely which areas will be covered by the Rural Broadband Programme and when must be published in order to encourage alternative providers to fill in the gaps and provide certainty to those wishing to invest in private solutions such as satellite.***

19. While we support the Department’s ambitions to encourage and support as many people as possible to apply online, ***a paper-based application process must be retained for delivery of the CAP, and those farmers who take up this option, or who choose to use an agent because they cannot apply online, must not be financially penalised for doing so.***

20. Forcing people to engage digitally when it is known that many cannot, risks undermining the successful implementation of the new scheme. If farmers understand the new scheme from the outset, there are likely to be fewer compliance issues, which will reduce the subsequent cost of inspection and enforcement. ***We recommend that guidance on the new CAP is provided to farmers in paper form in the run-up to the start of the new scheme.***

21. ***Natural England should also be prepared to offer guidance to farmers whose land is being entered into an agri-environment scheme. Natural England must be able to reassure itself and others that those affected by the agri-environment agreement either by undertaking the work, or through income foregone, receive appropriate payment.***

22 NAO, *The Performance of the Department for Environment, Food and Rural Affairs 2012–13*, October 2013.

23 Q31

24 Q34

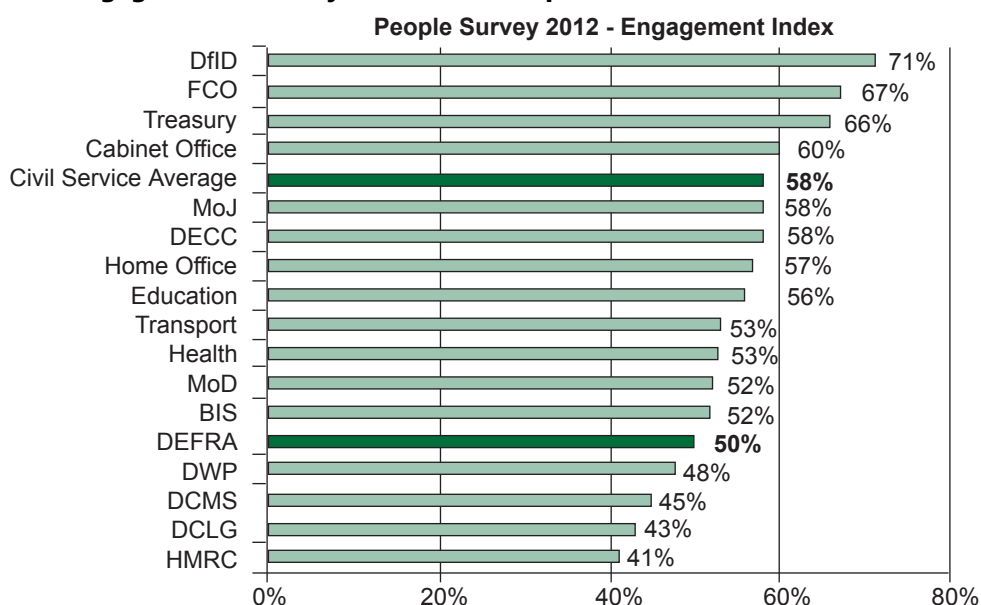
25 NAO, *The rural broadband programme*, 5 July 2013

26 Environment Food and Rural Affairs Committee, *Seventh Report of Session 2013–14, Implementation of the Common Agricultural Policy in England 2014–20*, HC 745.

Towards an improved people strategy

22. We have also considered the way in which Defra manages its staff. All Government departments participate in an annual People Survey which looks at staff attitudes and experiences of work. The key indicator in this survey is known as the Engagement Index, which reflects five key areas including pride in an organisation, inspiration and motivation to do a good job, and feeling a personal attachment to an organisation. In 2012, Defra's engagement score among its staff was 50%—down from 52% in 2011. This was also eight percentage points below the Civil Service average of 58%.²⁷ The following chart shows DEFRA's engagement index in comparison to the Civil Service average and other Government departments.

Table 2: Engagement index by Government Department ²⁸



Source: Civil Service People Survey 2012

23. Other areas of concern in the Departmental staff survey include:

- 22% of employees believe that the Defra Management Committee have a clear vision for the future. This is 18 points below the Civil Service average;
- 19% per cent believe change is managed well in Defra, which is 10 points less than the Civil Service average;
- 25% believe that Defra motivates them to help the Department achieve its objectives. This is 13 points below the Civil Service average; and
- 27% of staff believe there are opportunities to develop their careers in Defra. This is 4% up on the 2011 figure, but it is still eight points below the Civil Service average.²⁹

²⁷ The figure for Defra reported in the People Survey is 50%; the figure reported in the DAR is 48%, p31

²⁸ Civil Service People Survey 2012

²⁹ NAO, *The Performance of the Department for Environment, Food and Rural Affairs 2012–13*, October 2013, p 13.

24. We asked the Permanent Secretary how she was tackling these issues of low morale and lack of confidence in the way the Department manages change. She said that Defra had embarked on a number of initiatives, many focused on learning and development. For example, it had run a campaign to remind staff that they were entitled to five days training per year, created a leadership programme for senior staff and introduced a series of question times with the senior management team.³⁰ In relation to bullying and discrimination—about 10% of Defra staff, or about 200 people in total reported experiencing this—the Permanent Secretary said that Defra had a zero-tolerance policy and sought to act on reported incidents swiftly. She also acknowledged that there was sometimes a perception gap between managers and their staff on what constituted harassment or bullying and what was intended to encourage better performance. The Department now also requires all managers to complete a training course on unconscious bias, a point of some significance in the context of bonuses, (see below).³¹

25. The Permanent Secretary said that the survey results had been poor in 2012 because there had been a fair amount of restructuring which had created a period of uncertainty.³² There were also concerns about how the Department would address spending reductions. She said:

Clearly I am not happy about those staff survey results.[...]What we have done as a leadership team is to focus on the things we can change, act on those and prioritise key actions over the year. I cannot take away all the uncertainty, because in any organisation that faces lower budgets year on year, there is bound to be some uncertainty among the staff who are affected by them.³³

26. We appreciate that the Department has gone through a period of uncertainty and change. This has partly been triggered by management changes and partly by the spending reductions since 2010. The budget cuts are significant, and they will continue over the next two years. Unless the necessary changes are properly managed and effectively communicated, they will impact negatively on staff morale.

27. The Department must find ways to prevent a repeat of these poor staff survey results. We invite it to set out specific plans in its response to this Report on how it will address low morale and lack of confidence in the management of the Department.

Bonuses

28. Some 25% of senior (SCS) staff in the Department received performance-related bonuses of between £10,000 and £12,000 last year. This is the maximum percentage of SCS staff eligible for a bonus in any year. In addition, 38% of non-senior staff received

30 Q47

31 Q49

32 Qq46-47

33 Q51

performance-related bonuses, of which 13% were specific task or project bonuses of between £500 and £600.³⁴

29. The proportion of disabled staff receiving high performance marks in their annual report, and therefore bonuses, is, at 19%, significantly lower than that for other staff (27%). At the other end of the scale, the percentage of disabled staff receiving the lowest performance mark (16%) is more than double the percentage of non-disabled staff (6%). We do not have evidence on the basis of one year's figures to determine any clear bias against disabled staff, but the Department must monitor this area to ensure that none exists. The introduction of unconscious bias training for managers, mentioned at paragraph 24 above, is welcome in this respect.³⁵

30. We understand that the Government's pay policy allows for bonuses to provide incentives for good performance; we are surprised, however, by the discrepancy between the amount of bonus paid to senior staff and that paid to more junior staff. *Given the savings that the Department must make over the next few years, we recommend that it review its practice on bonuses and consider whether, within Government guidelines, increasing performance-related bonuses for those at the lower end of salary scales, with a consequent reduction for its higher-paid senior staff, might help to improve staff morale. The Department must also monitor closely its treatment of the performance of its disabled staff to deflect any suggestion of bias against them by managers.*

34 Q25

35 Qq49-50.

3 Policy and delivery

Introduction

31. This Report provides us with an opportunity to comment briefly on a number of topical policy areas which we have not otherwise had the opportunity to do substantial inquiries into.

The badger cull

32. In 2013 we published our Report on Vaccination against Bovine TB, but we did not comment on the badger cull.³⁶ Bovine tuberculosis (TB) is one of the biggest challenges facing the cattle farming industry in the UK today. It is a disease with public health and international trade implications caused by the bacterium *Mycobacterium bovis* (M. Bovis) which can infect and cause TB in many other mammals as well as cattle, including badgers, deer, goats, pigs, camelids, dogs and cats. Bovine tuberculosis is estimated to have cost the UK taxpayer more than £500 million over the last decade in recompense for slaughtered cattle. It is predicted that it will cost more than £1 billion over the next 10 years unless there is further action to reduce spread of the disease.³⁷

33. The Government is clear that control of the disease in cattle requires it to be tackled in badgers. The UK is not the first country to consider the culling of infected wildlife as a means of combating bovine TB in cattle; the USA (white-tailed deer), New Zealand (brush tail possum) and the Republic of Ireland (badger) have all included this approach in their efforts to control the spread of the disease. The UK is, however, the only EU country in which the wildlife vector, in this case the badger, has also been given protected status.

34. In December 2011, the Government announced that it would run two pilot badger culls. These began in the autumn of 2013 in designated areas of Somerset and Gloucestershire. The purpose of the culls was to assess the humaneness, effectiveness and safety of controlled shooting as a method of badger control. To deliver an effective cull, Government guidance states that the following requirements must be met:

in the first year of culling, a minimum number of badgers must be removed during an intensive cull which must be carried out throughout the land to which there is access, over a period of not more than six consecutive weeks. This minimum number should be set at a level that in Natural England's judgement should reduce the estimated badger population of the application area by at least 70%.³⁸

35. The figure of 70% is based on evidence from a decade-long Randomised Badger Culling Trial (RBCT) that ended in 2008. It means that 70% of badgers in an area must be

36 Environment Food and Rural Affairs, Second Report of Session 2013–14, Vaccination against Bovine TB, HC 258

37 Environment Food and Rural Affairs, Second Report of Session 2013–14, Vaccination against Bovine TB, HC 258

38 Defra, Guidance to Natural England, 2011.

removed for the cull to reduce TB in cattle. The RBCT also found that culling fewer than 30% of badgers led to an increase in TB infections in cattle, as badgers fleeing the cull zone would spread TB more widely in an effect called perturbation.³⁹

36. Estimates of the badger population in the two pilot areas chosen by Defra have twice been substantially reduced since the pilots were announced.⁴⁰ In spite of those reductions, at the end of the initial cull period, less than the revised 70% target had been achieved in both cases.⁴¹ In the first six weeks of the cull in West Somerset, 850 badgers were killed, and a further 90 were shot during a three-week extension. This represented a total reduction of 65% of the revised estimated badger population. In West Gloucestershire, 708 badgers were killed, which represents 43% of the 1,650 target; of those, only 543 were killed by controlled shooting. The cull in Gloucestershire was granted an eight-week extension.⁴²

37. Extension of both pilots caused some controversy.⁴³ Defra's Chief Veterinary Officer Nigel Gibbens and Chief Scientific Adviser, Ian Boyd, advised that extending the pilots would help to reduce the spread of bovine TB in cattle, whereas not doing so would raise the risk of increasing bovine TB through perturbation. However, the Chair of Natural England's science advisory committee, David Macdonald, called for the agency to turn down the request for an extension:

My personal opinion as a biologist (is) not to continue the cull. One could not have significant comfort that the original proposals would deliver gains to farmers. Extending the cull would make the outcome even less predictable and even more unpromising.⁴⁴

38. The Secretary of State told us that tackling the spread of TB in wildlife to help protect cattle was essential. He said:

All we are doing on these two pilots is establishing whether controlled shooting by skilled marksmen is a safe, humane and effective method of removing diseased wildlife. [...] it seems to me that after the first few weeks in Somerset and Gloucestershire, [...] these trials have proved to be safe and all the reports coming back to me are that they are humane.⁴⁵

39. He also explained that the pilots were part of a programme which would last many years and that the UK target was to eliminate bovine TB in 25 years. He said that the

39 Natural England overruled its adviser to extend cull in Gloucestershire, *The Guardian*, November 2013

40 In October 2012 there were an estimated 3,600 badgers in West Gloucestershire; in February 2013 this was revised down to between 2,657 and 4,079, before further revision in October 2013 saw a new estimate of 2,350.

41 Gloucestershire badger cull granted eight-week extension, *Farmers Guardian*, 23 October 2013, BBC, Official documents doubt cull extension, 29 October 2013

42 *Ibid*, *Farmers Guardian*

43 Paterson: We won't be knocked off-course, *Farmers Guardian*, 29 October 2013

44 Stop badger cull immediately, *Farmers Guardian*, 23 October 2013

45 Q80

original six-week period of the pilots was “an arbitrary time period”⁴⁶ and that an independent panel would evaluate the effectiveness of the cull.

40. Subsequently, the Government announced that the extension of the second pilot would end earlier than originally planned, on 30 November, “at the behest of the cull company and the National Farmers Union (NFU), with the agreement of Natural England to coincide with the end of the open season for cage trapping.”⁴⁷ The Government also said that the 40% cull rate achieved meant that the pilot had been successful:

The decision to extend has been shown to be the right one, with significant numbers of badgers removed at the point that the extension was ended. In the additional five weeks and three days of culling, 213 badgers have been removed, giving an overall total of 921. This represents a reduction of just under 40% in the estimated badger population before culling began. The extension in Gloucestershire has therefore been successful in meeting its aim in preparing the ground for a fully effective four year cull.⁴⁸

41. The two pilot badger culls set out to assess the humaneness, safety and effectiveness of using controlled shooting as a method of badger control. Accurate estimates of the local badger population are crucial if the success of a cull is to be accurately judged. Repeated revision of those estimates undermines confidence in the process. As part of its evaluation of the culls, the Government must demonstrate whether there is any evidence of badgers moving from the cull zones into neighbouring areas and thereby risking the spread of bovine TB.

42. The Randomised Badger Culling Trial demonstrated that at least 70% of the local population of badgers need to be killed in order for a cull to reduce the incidence of TB in cattle. We invite the Government to set out why the first year of the pilots failed to achieve the target figure in the allotted time and what changes are required in order for the planned future culls to be effective. The Committee will continue to monitor developments in this area.

Biodiversity offsetting

43. The Department is also responsible for government policy toward the natural environment. This includes protecting and enhancing biodiversity, the countryside and the marine environment, and adaptation to the effects of climate change. In November 2013, a report by the Wildlife and Countryside Link—a consortium of 41 non-governmental organisations—assessed the Coalition’s environmental record and concluded that, although some policies are delivering positive results, the Government was failing to

46 Q89

47 2 December 2013, Col34WS [Commons written ministerial statement]

48 2 December 2013, Col34WS [Commons written ministerial statement]

deliver more than one third of its natural environment commitments, including on biodiversity.⁴⁹

44. After the 2010 election, the Government promised to be the greenest government ever. Speaking to the Department of Energy and Climate Change, the Prime Minister said: “I don’t want to hear warm words about the environment. I want to see real action. I want this to be the greenest government ever.”⁵⁰ The promise was repeated in 2012 when Mr Cameron announced at the Climate Summit for world energy Ministers that, “When I became Prime Minister I said I would aim to have the greenest government ever and this is exactly what we have.”⁵¹ Both statements were made in relation to reducing carbon emissions. However, the Government’s responsibilities in relation to the environment go wider than this.

45. In September, in response to a recommendation from the Ecosystems Markets Task Force (EMTF)⁵²—set up to review the opportunities for UK business from expanding green goods, services, products, investment vehicles and markets which value and protect nature’s services—the Government initiated consultation on biodiversity offsetting in England⁵³. Biodiversity offsetting is a process whereby damage to habitats associated with a development at one site is compensated for by providing equivalent replacement habitats elsewhere. The consultation Green Paper states:

Biodiversity offsetting is a measurable way to ensure we make good the residual damage to nature caused by development which cannot be avoided or mitigated. This guarantees there is no net loss to biodiversity from development and can often lead to net gain for nature. It will not change existing safeguards in the planning system, but makes it quicker and simpler to agree a development’s impacts to ensure losses are properly compensated for. Offsetting can also help create a ready market to supply compensation for residual damage to nature.⁵⁴

Biodiversity offsetting is not a new idea: the practice has been used in Australia, Germany and the US, and according to the Green Paper, in more than 20 countries worldwide.⁵⁵

46. In July 2012, we published our Report on the Natural Environment White Paper and commented on the White Paper’s biodiversity offsetting proposals.⁵⁶ We concluded that biodiversity offsetting has the potential to deliver a considerable positive impact on the natural environment providing that the first priority is that biodiversity is enhanced.

49 Nature Check 2013, November 2013; “Cameron failed to deliver on promise of greenest government ever,” *The Independent*, 19 November 2013.

50 Cutting emissions by 10% in 12 months, 14 May 2010.

51 Prime Minister’s address at the clean energy Ministerial, 26 April 2012.

52 Ecosystems Markets Task Force, March 2013; Q125

53 Defra, *Biodiversity Offsetting in England: Green Paper*, September 2013

54 Green Paper, P1

55 Defra, *Biodiversity Offsetting in England: Green Paper*, September 2013

56 Environment Food and Rural Affairs, Fourth Report of Session 2012–13, *Natural Environment White Paper*, HC 492

Following publication of the Green Paper, we have concerns over the Government's timetable for implementing its proposals, and in relation to the geographical spread of offset locations.

47. Six pilot offsetting projects were started in 2011 and they are planned to conclude in April 2014.⁵⁷ As we said in our Report on the Natural Environment White Paper, there is little evidence on the likely impact of these pilots as they have not yet concluded. Consequently it is still too soon to assess the biodiversity gain of they might provide, or whether the policy can be an effective means of compensating for biodiversity loss. Nevertheless, in its Response to the Task Force, and the subsequent Green Paper, the Government states that it intends to develop proposals, using contributions from the consultation, and publish these before the pilots have concluded:

The current biodiversity offsetting pilots have already provided important information that has influenced the Government's thinking about biodiversity offsetting. In particular, they have shown that offsetting needs to achieve a critical mass to deliver a flourishing and effective system. The Government does not want to delay the introduction of biodiversity offsetting if it can deliver more for the economy and the environment. [...]Following the Green Paper consultation the Government will develop its detailed proposals for using biodiversity offsetting and plans to set these out by the end of 2013.⁵⁸

48. **The Secretary of State told us that he wants to “improve the environment”—to leave it in a better state than previously—and to safeguard the country from animal and plant disease: all objectives enshrined in his four priorities for the Department.⁵⁹ It is hard to disagree with these objectives but it is equally important that policy making is evidenced-based. The Government has initiated six pilot offsetting projects and it is difficult to understand why it does not wish to assess these properly before embarking on a wider rollout.**

49. *The Government must obtain independent evaluation of its pilot schemes before moving to implement the Department's biodiversity offsetting proposals. Following the evaluation, if the proposals are implemented, the Department must ensure the programme is monitored to ensure the biodiversity benefits are being realised.*

50. Our second concern relates to the geographical radius within which biodiversity offsets will be provided. The Green Paper proposes that offsetting could be provided locally or further afield. Allowing offsets further away might be less expensive or more efficient environmentally. The Green Paper suggests that one advantage of offsetting is that “compensatory habitat can be provided away from the development site by specialists on

57 Qq118-120

58 Government response to the ESTF, Realising Nature's Value, September 2013

59 Q73

less-expensive land.”⁶⁰ But it also acknowledges that distant offsets could have adverse effects on local communities.⁶¹

51. The Secretary of State acknowledged this issue was “really tricky”.⁶² He added:

What would be really good would be offsetting within a nearby range, and the geographical area is incredibly important in this. [...] You will not have public support if an environment asset is lost and the offset is too far away.⁶³

There is a risk that distant offsets could lead to undue geographic concentration of habitats and species which could render them more susceptible to threats such as diseases, weather and climate impacts, than they would be exposed to if offsets were provided close to the original habitat.

52. Any offsetting scheme should take account of reduced public access to the biodiversity which is lost as a result of the development. If local people’s enjoyment of habitats and wildlife will be directly affected by development, consideration should be taken of this when determining the location of the offset.

53. A sufficient geographical spread of offset locations must be maintained to minimise the impact of threats to species and habitats. We invite the Government to set a geographical limit to offsetting, and to set out the specific circumstances under which exception may be made, in any future proposals.

Partnership funding

54. Since April 2012, the Environment Agency has operated the Flood and Coastal Erosion Resilience Partnership Funding model which aims to encourage non-Government sources to provide funding for flood defence schemes. We have previously supported the principle that beneficiaries such as developers should help to fund new flood defence schemes. However, we are concerned about the small amounts of private sector funding that have been secured to date.

55. We invite the Department to confirm the amount of contributions received from external sources under the Partnership Funding approach to date, and to demonstrate how the Partnership Funding model for flood defences will deliver much greater private sector funding in the future.

Plastic bags

56. Plastic bags are a major cause of seaborne pollution, and a serious hazard for marine life. Currently available biodegradable plastic bags do not fully break down all the particles

60 *Biodiversity Offsetting in England Green Paper*, op cit, p6

61 *ibid*, para 28

62 Q125

63 Q121

which are harmful to the marine environment.⁶⁴ The Government estimates that in 2012, supermarkets gave out over eight billion single-use carrier bags across the UK, equating to approximately 120 bags per person.⁶⁵ While the use of these plastic carrier bags in England has increased since 2010,⁶⁶ usage was cut dramatically by the Republic of Ireland after charges were introduced in 2002. A similar charge in Northern Ireland has reduced carrier bag usage since April 2013. Supermarkets in Wales reported a drop in use of up to 76% after a charging scheme was brought in two years ago.⁶⁷

57. In February 2013, Defra announced that it did not think the time was right for the introduction of a charge on single-use plastic carrier bags. The then Parliamentary Under-Secretary of State, Richard Benyon MP, told Parliament:

We are currently assessing various measures to reduce the distribution of single-use carrier bags. This includes monitoring the results of the single-use carrier bag charging scheme in Wales, Northern Ireland's plan to launch a charge from April 2013, and the outcome of the Scottish consultation on a charge. However, we recognise the pressures on household budgets at this time; levying even a small charge may not be the best option.⁶⁸

58. In September 2013, the Deputy Prime Minister, Rt Hon Nick Clegg MP, announced that the Government would bring forward charges in England for single-use bags given out by supermarkets.⁶⁹ The charge will not include re-usable 'Bags for Life' or paper bags.⁷⁰ Nor will it apply to organisations with fewer than 250 employees.

59. We asked the Secretary of State why it took so long to reach this decision for England. He said he was being cautious and wanted to see the results elsewhere first. He continued:

We have gone for the charge, which has led to remarkable reductions in Wales and in Northern Ireland. They are a blight on land and they are certainly a blight when they get into any waterway or into the sea.⁷¹

60. The Secretary of State went on to explain that he would like to see the development of a genuine biodegradable bag which was compostable.⁷² He told us that the current generation of biodegradable plastic bags did not fully "break down to the molecule" and therefore was still harmful to the marine environment. The Department has since launched a call for evidence about the type of plastic bag which will be exempt from the charge; how

64 Q105

65 Defra, Call for evidence: Plastic bag charge in England, November 2013

66 Wrap, Carrier Bags, July 2013

67 Defra, Call for evidence: Plastic bag charge in England, November 2013

68 HC Deb.5 February 2013, col135W [Commons written answer]

69 Nick Clegg unveils plans to charge shoppers 5 p for every plastic bag, Huffington Post, 14 September 2013

70 Defra, Call for evidence: Plastic bag charge in England, November 2013. We note concerns about the potential for cross contamination in reusable bags which the Environmental Audit Committee is exploring.

71 Q105

72 Q105

best to tell people about the charge; and how to make sure that organisations are applying the charge.⁷³

61. We encourage industry to follow-up on the Secretary of State's desire to see the development of a genuine biodegradable plastic bag which can be used to carry shopping. We are pleased that the Government has finally agreed to impose a charge for single-use plastic carrier bags in supermarkets and larger food retailers. However, we are disappointed that the charge will not come into effect in England until 2015, despite evidence of its success in reducing plastic carrier bag usage in other parts of the UK and Ireland.

62. Reducing the number of single-use carrier bags which are given away is a quick win: reducing both waste and environmental pollution with little effort. While we would welcome the development of a fully biodegradable shopping bag to replace existing plastic bags, this should not be a condition for the introduction of the charge. Given the evidence elsewhere, we recommend the early introduction of the charge. When fully degradable plastic bags are available, these should be exempt from any charge.

GM Technology

63. The Secretary of State has spoken out publicly in favour of making greater use of GM technology in the production of food.⁷⁴ Although widespread cultivation in the EU is banned, the Government has allowed small scale cultivation trials of GM crops. For example, Rothamsted Institute is currently field-testing a GM wheat line that has been modified to repel aphids and recruit the natural predators of aphids such as ladybirds. The objective is to replace insecticide spraying with a more benign repellent effect, making the crop more environmentally friendly.⁷⁵

64. GM foods are also used in imported products, particularly soya in animal feed. Supermarkets have said that they cannot guarantee that the meat they sell did not come from animals that, at some stage, might have eaten GM.⁷⁶ The Secretary of State told us the technology was now well established and produced safe and nutritious food.⁷⁷ He said there was support for GM technology among the farming community and he wanted the UK to be a centre for the development of new agricultural technologies.⁷⁸

65. We have recently put out a call for evidence for a new inquiry into food security. We intend to explore the use of GM and other new technologies in this inquiry.

73 Defra, Call for evidence, 25 November 2013

74 Food Minister, Owen Paterson, backs GM crops, The Telegraph, 8 December 2013

75 Secretary of State backs a science and evidence-led discussion on GM, 21 June 2013

76 Q101

77 Q101

78 Q102

Conclusions and recommendations

Expenditure and Administration

1. The Secretary of State needs to be clearer about what substantial cuts in Defra's budget will mean for policy delivery. We understand that how Defra spends its remaining budget will be determined in line with his four priorities, but they are in themselves no clear guide to where the axe will fall. Administrative and efficiency savings will not represent the entire saving. We invite the Secretary of State to set out in detail, in response to this Report, what programmes and policies will be reduced or ended to meet the required budget savings. (Paragraph 9)
2. We understand that nearly all Government departments face budget cuts, but savings must not have an adverse impact on the Department's ability to respond to emergencies. We invite the Department to set out its position in relation to reported reductions in staff at the Environment Agency, the future of Fera and reduced activity in the waste sector. (Paragraph 14)
3. Details showing precisely which areas will be covered by the Rural Broadband Programme and when must be published in order to encourage alternative providers to fill in the gaps and provide certainty to those wishing to invest in private solutions such as satellite. (Paragraph 18)
4. A paper-based application process must be retained for delivery of the CAP, and those farmers who take up this option, or who choose to use an agent because they cannot apply online, must not be financially penalised for doing so. (Paragraph 19)
5. We recommend that guidance on the new CAP is provided to farmers in paper form in the run-up to the start of the new scheme. (Paragraph 20)
6. Natural England should also be prepared to offer guidance to farmers whose land is being entered into an agri-environment scheme. Natural England must be able to reassure itself and others that those affected by the agri-environment agreement either by undertaking the work, or through income foregone, receive appropriate payment. (Paragraph 21)
7. The Department must find ways to prevent a repeat of these poor staff survey results. We invite it to set out specific plans in its response to this Report on how it will address low morale and lack of confidence in the management of the Department. (Paragraph 27)
8. We understand that the Government's pay policy allows for bonuses to provide incentives for good performance; we are surprised, however, by the discrepancy between the amount of bonus paid to senior staff and that paid to more junior staff. Given the savings that the Department must make over the next few years, we recommend that it review its practice on bonuses and consider whether, within Government guidelines, increasing performance-related bonuses for those at the lower end of salary scales, with a consequent reduction for its higher-paid senior staff, might help to improve staff morale. The Department must also monitor closely

its treatment of the performance of its disabled staff to deflect any suggestion of bias against them by managers. (Paragraph 30)

Policy and Delivery

9. The two pilot badger culls set out to assess the humaneness, safety and effectiveness of using controlled shooting as a method of badger control. Accurate estimates of the local badger population are crucial if the success of a cull is to be accurately judged. Repeated revision of those estimates undermines confidence in the process. As part of its evaluation of the culls, the Government must demonstrate whether there is any evidence of badgers moving from the cull zones into neighbouring areas and thereby risking the spread of bovine TB. (Paragraph 41)
10. The Randomised Badger Culling Trial demonstrated that at least 70% of the local population of badgers need to be killed in order for a cull to reduce the incidence of TB in cattle. We invite the Government to set out why the first year of the pilots failed to achieve the target figure in the allotted time and what changes are required in order for the planned future culls to be effective. The Committee will continue to monitor developments in this area. (Paragraph 42)
11. The Secretary of State told us that he wants to “improve the environment”—to leave it in a better state than previously—and to safeguard the country from animal and plant disease: all objectives enshrined in his four priorities for the Department. It is hard to disagree with these objectives but it is equally important that policy making is evidenced-based. The Government has initiated six pilot offsetting projects and it is difficult to understand why it does not wish to assess these properly before embarking on a wider rollout. (Paragraph 48)
12. The Government must obtain independent evaluation of its pilot schemes before moving to implement the Department’s biodiversity offsetting proposals. Following the evaluation, if the proposals are implemented, the Department must ensure the programme is monitored to ensure the biodiversity benefits are being realised. (Paragraph 49)
13. Any offsetting scheme should take account of reduced public access to the biodiversity which is lost as a result of the development. If local people’s enjoyment of habitats and wildlife will be directly affected by development, consideration should be taken of this when determining the location of the offset. (Paragraph 52)
14. A sufficient geographical spread of offset locations must be maintained to minimise the impact of threats to species and habitats. We invite the Government to set a geographical limit to offsetting, and to set out the specific circumstances under which exception may be made, in any future proposals. (Paragraph 53)
15. We invite the Department to confirm the amount of contributions received from external sources under the Partnership Funding approach to date, and to demonstrate how the Partnership Funding model for flood defences will deliver much greater private sector funding in the future. (Paragraph 55)

- 16.** We encourage industry to follow-up on the Secretary of State's desire to see the development of a genuine biodegradable plastic bag which can be used to carry shopping. We are pleased that the Government has finally agreed to impose a charge for single-use plastic carrier bags in supermarkets and larger food retailers. However, we are disappointed that the charge will not come into effect in England until 2015, despite evidence of its success in reducing plastic carrier bag usage in other parts of the UK and Ireland. (Paragraph 61)
- 17.** Reducing the number of single-use carrier bags which are given away is a quick win: reducing both waste and environmental pollution with little effort. While we would welcome the development of a fully biodegradable shopping bag to replace existing plastic bags, this should not be a condition for the introduction of the charge. Given the evidence elsewhere, we recommend the early introduction of the charge. When fully degradable plastic bags are available, these should be exempt from any charge. (Paragraph 62)
- 18.** We have recently put out a call for evidence for a new inquiry into food security. We intend to explore the use of GM and other new technologies in this inquiry. (Paragraph 65)

Formal Minutes

Wednesday 18 December 2013

Members present:

Miss Anne McIntosh, in the Chair

Jim Fitzpatrick
Mrs Mary Glindon
Iain McKenzie
Sheryll Murray

Neil Parish
Ms Margaret Ritchie
Mr Mark Spencer
Roger Williams

Draft Report (Departmental Annual Report 2012-13) brought up and read.

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

Paragraphs 1 to 65 read and agreed to.

Summary agreed to.

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

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 8 January at 2.30 pm]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the Committee's inquiry page at www.parliament.uk/efracom.

Tuesday 22 October 2013

Question number

Bronwyn Hill CBE, Peter Unwin, Ian Trenholm and Gurdip Juty, Department for Environment, Food and Rural Affairs

Q1-65

Tuesday 29 October 2013

Rt Hon Owen Paterson MP, Bronwyn Hill CBE, Ian Trenholm and Peter Unwin, Department for Environment, Food and Rural Affairs

Q66-132

Published written evidence

The following written evidence was received and can be viewed on the Committee's inquiry web page at <http://www.parliament.uk/business/committees/committees-a-z/commons-select/environment-food-and-rural-affairs-committee/inquiries/parliament-2010/defra-ar-2012-13/>. INQ numbers are generated by the evidence processing system and so may not be complete.

Department for Environment, Food and Rural Affairs (DAR 001)

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the Committee's website at www.parliament.uk/efracom.

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2013–14

First Report	Draft Dangerous Dogs (Amendment) Bill	HC 95 (HC 637)
Second Report	Vaccination against bovine TB	HC 258 (HC 705)
Third Report	Managing Flood Risk	HC 330 (HC 706)
Fourth Report	Wild Animals in Circuses	HC 553 (HC 746)
Fifth Report	Food Contamination	HC 141 (HC 707)
Sixth Report	Rural Communities	HC 602 (HC 764)
Seventh Report	CAP implementation 2014–2020	HC 745
Eighth Report	Appointment of Chairman of Natural England	HC 890

Session 2012–13

First Report	Greening the Common Agricultural Policy	HC 170 (HC 654)
Second Report	The Water White Paper	HC 374 (HC 602)
Third Report	Pre-appointment hearing: Chair of the Water Services Regulation Authority (Ofwat)	HC 471-I & -II
Fourth Report	Natural Environment White Paper	HC 492 (HC 653)
Fifth Report	Desinewed Meat	HC 120 (Cm 8462)
Sixth Report	Draft Water Bill	HC 674 (Cm 8643)
Seventh Report	Dog Control and Welfare	HC 575 (HC 1092)
Eighth Report	Contamination of Beef Products	HC 946 (HC 1085)

Session 2010–12

First Report	Future Flood and Water Management Legislation	HC 522 (HC 922)
Second Report	The Marine Policy Statement	HC 635
Third Report	Farming in the Uplands	HC 556 (HC 953)
Fourth Report	The draft National Policy statement (NPS) on Waste Water	HC 736
Fifth Report	The Common Agricultural Policy after 2013	HC 671 (HC 1356)
Sixth Report	Implementation of the Common Fisheries Policy: Domestic Fisheries Management	HC 858 (HC 1485)
Seventh Report	Pre-appointment hearing: Chair of Gangmasters Licensing Authority	HC 1400-I & -II
Eighth Report	EU proposals for the dairy sector and the future of the dairy industry	HC 952 (HC 1548)
Ninth Report	The Welfare of Laying Hens Directive—Implications	HC 830 (HC 1664)

	for the egg industry	
Tenth Report	The outcome of the independent Farming Regulation Task Force	HC 1266 (HC 1669)
Eleventh Report	The draft National Policy Statement for Hazardous Waste	HC 1465 (HC (Session 2012–13) 540)
Twelfth Report	EU proposals for reform of the Common Fisheries Policy	HC 1563-I & -II (HC (Session 2012–13) 108)
First Special Report	The National Forest: Government response to the Committee's Fourth Report of Session 2009–10	HC 400
Second Special Report	Dairy Farmers of Britain: Government response to the Committee's Fifth Report of Session 2009–10	HC 401