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# **Department for Environment, Food and Rural Affairs**

**Mid Year Report  
April to September 2014**

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## Executive Summary

### Introduction

This Mid Year Report to Parliament provides an update midway through the year on the Department's spending and performance against the Coalition Priorities outlined in the Structural Reform Plan (SRP).

A **new Secretary of State, the Rt. Hon. Elizabeth Truss MP**, joined the Department in July 2014. The Secretary of State's priorities are to lead the world in food and farming, protect our country from floods and animal and plant diseases, improve the environment and champion the countryside and improve rural services.

Since April the Department has made significant progress on each of these priorities.

- Between April and September we have invested significant additional funding to repair and restore **flood defence** assets, and expect to spend a total of £795m on flood risk management in 2014–15. In addition, we announced an unprecedented six-year commitment to record levels of capital investment in improving defences. We have also worked with local authorities to deliver the **Repair and Renew Grant Scheme**, offering up to £5,000 to all eligible homes and businesses affected by the 2013–14 winter floods.
- The **Water Act** received Royal Assent in May. For the first time, all business, charity and public sector customers will be able to switch their water and sewerage supplier when the new retail market opens in 2017. The Act has enabling powers to ensure high flood risk households can access affordable insurance. Our focus now is on implementing the Act to deliver better resilience, support for growth and greater choice.
- In July we announced a **Plan for Public Procurement** which sets standards for the public sector and which suppliers are encouraged to follow when buying food and catering services. The plan encourages and supports central government in buying locally sourced, seasonal food, delivering up to £400m of potential new business for the British food industry.
- We announced in September that current levels of resource funding for the **Royal Botanic Gardens at Kew** will be maintained until April 2015. This funding will sustain the world-renowned scientific research at Kew Gardens.
- The **Thames Tideway Tunnel**, a major new infrastructure project to modernise London's antiquated sewerage system, was given the go ahead in September. This paves the way for the construction of a new 25 kilometre tunnel to take sewage and waste water away from the capital for treatment. London's sewerage system is 150 years old and operating close to capacity, which results in sewage overflowing into the river around 50 times a year. Construction is due to commence in 2016.
- In September, the Government accepted all the recommendations in the **Elliott Review into food integrity and assurance of food supply networks**. We have taken significant action with industry and established a Food Crime Unit in the Food Standards Agency that is now operational.
- The second stage of the four-year badger culls in Somerset and Gloucestershire ran from September until October. In September we launched the **Badger Edge Vaccination Scheme** providing vaccine, cage traps and match funding for vaccination projects in the Edge Area with a view to preventing the spread of TB by badgers from the High Risk Area. These measures, together with stricter cattle controls and increased attention to biosecurity, form the heart of our comprehensive strategy to make England bovine TB free by 2038.
- We completed a **Risk Assessment Standardisation Project**, bringing greater consistency and comparability to the risk assessments on animals, plants, fish, bees and non-native invasive species.
- We have also joined up our work on plant and animal pests and diseases through a combined **Animal and Plant Health Agency (APHA)** to improve resilience.

- In November we set out a **10 year plan to help pollinating insects**. The strategy aims to protect the many pollinating insects which are essential to UK food production and the environment<sup>1</sup>.
- A key challenge over the next few months will be implementing our new online system for Common Agricultural Policy (**CAP**) **payments**. We are going through a process of controlled registration and testing a number of early releases with a small number of users. Feedback from early users is helping us refine and improve the service before inviting more to join. Some farmers will need help to get online which we are providing.
- As part of our continued focus on efficiency, we have launched the **Network Corporate Services directorate**.
- A key objective in the Departmental Improvement Plan was to improve staff motivation and engagement. The 2014 **People Survey** shows an increase in the engagement in core Defra from 52 per cent to 54 per cent. The engagement scores for the Executive Agencies showed improvement in 2 organisations, no change in two that have high engagement, and a slight drop in one that is facing significant change. Rural Payment's Agency (RPA) was up 3 per cent to 44 per cent and APHA up 3 per cent to 48 per cent while there were no changes in the Centre for Environment, Fisheries and Aquaculture Science (Cefas) 61 per cent and the Veterinary Medicines Directorate (VMD) 65 per cent; the Food and Environment Research Agency's (Fera) fell by 1 to 53 per cent. The corporate results for the major survey themes show an improving picture since 2013 with 8 of the 9 themes increasing.

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<sup>1</sup> The National pollinator strategy can be found at <https://www.gov.uk/government/publications/national-pollinator-strategy-for-bees-and-other-pollinators-in-england>

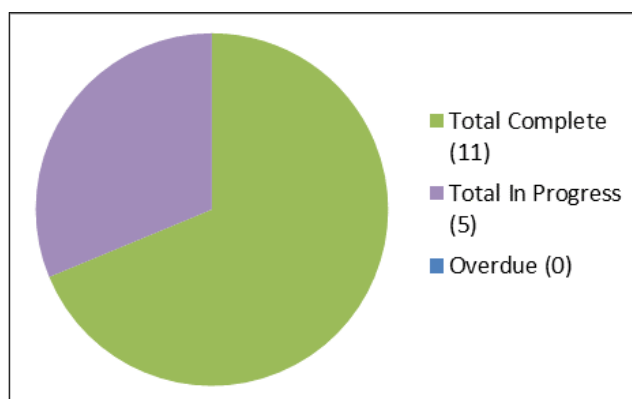
## Overview of Performance Against Structural Reform Plan Actions

Progress in delivering Defra’s SRP actions overall, and for 2014–15, is outlined in this section.

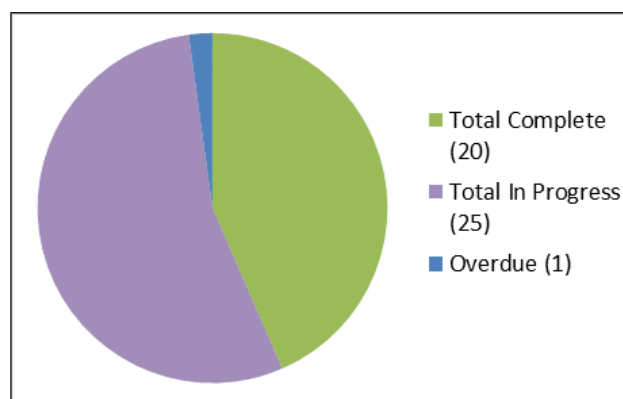
### Progress against all SRP actions (2011–2015)

This chart shows progress as of **30 September 2014** in delivering all 70 SRP commitments in the current spending review period.

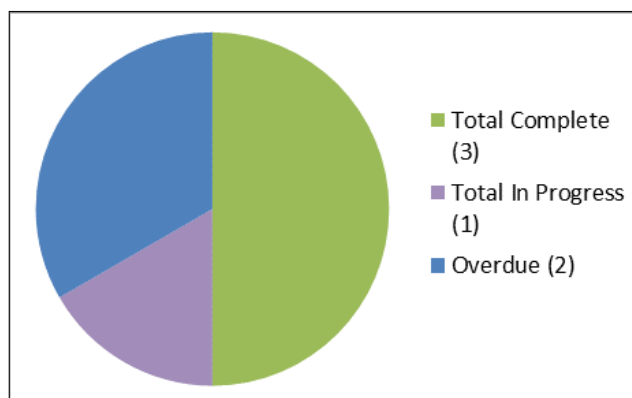
#### 1. Grow the Rural Economy



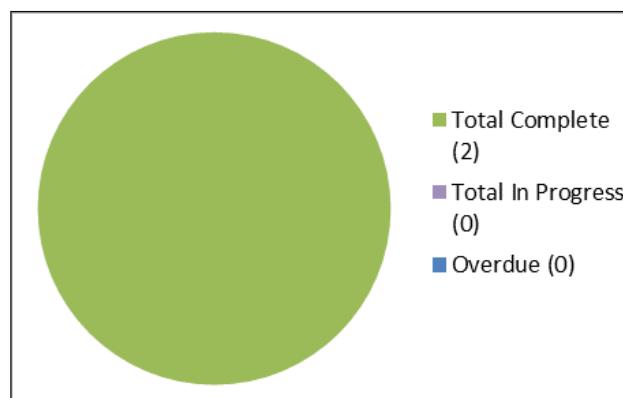
#### 2. Improve the Environment



#### 3. Safeguard Animal Health



#### 4. Safeguard Plant Health



### Progress Against SRP Actions Due for Completion in 2014–15

This table shows progress against all actions in the SRP that are due to be completed between April 2014 to March 2015. Progress against each coalition priority is given in more detail in the following section.

	Completed in 2014–15	In progress in 2014–15	Overdue in 2014–15
<b>Grow the Rural Economy</b>	0	3	0
<b>Improve the Environment</b>	3	14	0
<b>Safeguard Animal Health</b>	0	0	1*
<b>Safeguard Plant Health</b>	N/A	N/A	N/A

\*Overdue as of September 2014, action completed in October 2014.

## 1. Grow the Rural Economy

Champion a thriving, competitive British food and farming sector and drive sustainable growth in the wider rural economy in support of rural communities.

SRP	Objective	Due	Status	Progress
1.3.iii	Launch a rural development programme in England that improves the environment, supports economic growth in rural areas and increases the value for money of CAP spending.	Jan 2015	In progress	<p>On track. Schemes under the new programme to open for applications at staged points during 2015.</p> <p>A new rural development programme in England was submitted to the European Commission for approval on 25 June 2014. A formal response was received on 7 November 2014.</p> <p>Defra is developing plans to enable schemes to open for application, where that is possible, in advance of formal EU approval if that is delayed to 2015.</p>
1.4.i	Report on progress made towards achieving a more effective and proportionate EU regulatory framework for Genetic Modification (GM) and nanotechnology based on science and evidence, and on raising awareness about the benefits offered.	Nov 2014	In progress (as of end of Sept)	<p>The Environment Council in June agreed on a proposal to apply the principles of subsidiarity in decision making on GM cultivation. This follows four years of Council negotiations. Negotiations with the European Parliament started in September and are expected to conclude at the end of this year or early next year. If agreed, this would unblock the deadlock for approving GM crops for cultivation.</p> <p>Our comments on European Commission informal proposals for amending certain EU Registration, Evaluation, Authorisation and Restriction of Chemicals Regulation Annexes to accommodate nanomaterials appear to have been influential. Our participation in a European Commission workshop on options for unifying and increasing transparency of information on nanomaterials within the EU brought influence to bear, based on existing UK practice. We contributed to a Commission consultation in the summer of 2014, and are providing further input as the Commission develops its impact assessment and analysis with a view to reaching conclusions in the first part of 2015.</p>
1.7.ii	Simplify livestock movement rules through completion of rollout of the sheep movement database and entry into force of electronic ID for all sheep.	Jan 2015	In progress	<p>On track to complete in January 2015.</p> <p>The Sheep Movements Database was introduced on 1 April 2014 with a phased rollout to be completed by January 2015.</p> <p>National implementing legislation to support e-reporting and the extension of sheep electronic identification to the slaughter lamb population from January 2015 came in to force on 6 April 2014 (common commencement date).</p>

## 2. Improve the Environment

Manage our rural, urban and marine environments, reducing pollution and waste, and ensuring greater resilience to climate change and other environmental risks.

SRP	Objective	Due	Status	Progress
2.2.iv	Publish second consultation on improving Local Air Quality Management (LAQM) delivery in England via changes to regulations and guidance.	Mar 2015	In progress	On track to complete regulatory consultation by March 2015.  Since publishing a summary of last year's consultation responses in December 2013, we have developed proposals to streamline and improve delivery of LAQM (in England). To test these proposals we organised a ministerial stakeholder workshop on 10 September 2014.
2.2.v	Continue to support local authorities in addressing air quality issues, focusing on areas exceeding nitrogen dioxide limits, through the £1m Air Quality Grant Programme for 2014–15.	Mar 2015	In progress (as of end of Sept)	Defra set up a £1m Air Quality Grant Programme and received applications from Local Authorities (LAs). Criteria for allocation of the grant were focused on tackling local exceedances of nitrogen dioxide. Successful LAs were informed of their allocations on 16 December 2014.
2.2.vi	Run a call for evidence on key aspects of how the plastic bag charge will work.	Jun 2014	<b>Complete</b>	The call for evidence (November to December 2013) resulted in 185 responses.  Legislation introducing a 5p charge for single use plastic bags will be laid in December 2014 for common commencement in October 2015.
2.2.vii	Launch and run phase 1 Small Business Research Initiative on the feasibility of developing better biodegradable bags, access the results and case for funding phase 2 demonstration projects.	Jul 2014	<b>Complete</b>	The phase 1 feasibility studies were completed in March. One project is being taken forward in the demonstration phase which is set to be completed by November 2016.
2.3.iv	Negotiate and implement an EU regulation on access to genetic resources and the sharing of benefits from their utilisation, to enable the UK's ratification of the Nagoya Protocol.	Oct 2014	In progress	The EU Regulation on access to genetic resources and the sharing of benefits from their utilisation was agreed in April 2014. The Nagoya Protocol enters into force in October 2014, and the EU Regulation will come into force in full, 12 months after this, to allow time for the necessary implementation.  The Government is considering responses to consultation and awaiting publication of draft implementing acts to provide further detail on the EU Regulation.  Finalisation of both the EU Implementing Acts and the UK Statutory Instrument is expected by October 2015. The UK will be able to ratify the Nagoya Protocol once

SRP	Objective	Due	Status	Progress
				the UK Statutory Instrument is in place.
2.4.i	Invest £100m through the International Climate Fund (ICF) to improve biodiversity through preserving forests, sustainable agriculture, and low-carbon development.	Mar 2015	In progress	Defra has invested £60m in two bilateral projects in Brazil and made a contribution to the World Bank's multilateral BioCarbon Fund.  We are on track to invest a further £40m by the end of December 2014.
2.5.i	Finalise with Thames Water and Ofwat the delivery model for the Thames Tunnel, including the finance, which will enable the start of procurement of the works contractors and the delivery vehicle so that construction starts in 2016.	Dec 2014	In progress (as of end of Sept)	The delivery model for the Thames Tideway Tunnel was finalised on 7 October 2014. More information can be found in the Major Projects section.
2.7.i	Introduce the Water Bill, as soon as parliamentary time allows.	May 2014	<b>Complete</b>	The Water Act received Royal Assent on 14 May 2014.
2.11.ii	Plant a million trees through the Big Tree Plant campaign.	Mar 2015	In progress	As of September, 804,346 trees have been planted with the millionth tree on track to be in the ground before 31 March 2015.
2.12.iv	Implement the Flood and Water Management Act (FWMA).	Dec 2014	In progress	The majority of the content in the act was implemented on 1 September 2014.  There are two exceptions:  In September the Government launched a consultation on a proposal to make better use of the planning system to meet Sir Michael Pitt's recommendations on sustainable drainage. This consultation closed on 24th October 2014 and an announcement on the way forward is planned by the end of December 2014.  Ministers have decided that we need to strengthen the evidence base further before taking a definitive decision on implementation of the remaining reservoirs provisions of FWMA.
2.12.vi	Improve efficiency in Environment Agency (EA) flood defence procurement by providing 15 per cent savings between April 2011 and March 2015.	Mar 2015	In progress	The latest quarterly reports confirm EA is on track to achieve this target.



SRP	Objective	Due	Status	Progress
2.12.vii	Announce a six-year pipeline flood and coastal erosion risk management capital projects by December 2014 to reduce the risk to at least a further 300,000 households by 2021.	Dec 2014	In progress (as of end of Sept)	The six-year capital investment programme was announced alongside the National Infrastructure Plan on 2 December 2014.
2.12.viii	With DCLG and local authorities, complete awards for the Repair and Renew Grant, supporting homeowners affected by flooding by providing assistance to develop additional flood resilience or resistance measures in homes.	Mar 2015	In progress	Repair and Renew Grant: By 20 October 2014, 3,499 applications received by LAs and 2,489 accepted (CLG portal data). Total value of invoices received in Q1 and Q2 was approximately £1.9m.
2.13.i	Announce and publish the Governance of National Parks (England) and the draft Broads Bill.	Mar 2015	In progress	On track. The Bill was announced in the Queen's Speech in June with a view to publishing a draft bill for pre-legislative scrutiny.
2.14.i	Support farmers affected by flooding through the completion of awards from the Farming Recovery fund, restoring agricultural land and bringing it back into production funded through the Rural Development Programme for England (RDPE) 2014–15.	Mar 2015	In progress	On track. The scheme launched on 24 February 2014 and closed to applications on 27 June 2014.  454 applications were received and £5.14m of grant support has been approved. All funding decisions were completed by 31 October 2014 and all claims will be paid by 31 March 2015.
2.14.ii	Complete repairs to the most critical flood defences before winter 2014–15.	Nov 2014	In progress (as of end of Sept)	802 out of 844 projects (95 per cent) to rebuild damaged flood defences were completed by the end of October. For the remaining damaged defences, contingency plans (e.g. temporary flood defences) have been put in place. Through this combination of permanent works and temporary arrangements, no communities are at greater risk going into this winter than they were going into last winter.
2.14.iii	Support to fishermen in replacing lost pots and damaged fishing gear during the 2013–14 winter storms through the existing European Fisheries Fund.	Mar 2015	In progress	The Marine Management Organisation (MMO) received 149 applications for gear replacement projects, with a grant value of £496,323. This is in line with the forecast demand of £500,000.  102 projects were approved in that period, with grants worth £349,246 being offered to fishermen. 27 claims for payment were submitted and of these 17 were paid, worth £55,583.

SRP	Objective	Due	Status	Progress
				For the most part, the delay between approval of applications and claims being submitted is due to the increased demand on pot manufacturers. As a result a large number of applicants were informed by their supplier that delivery of new pots or gear would be delayed. MMO in turn experienced an increase in 'amendment to project' requests as a result. The overall impact is that both orders and claims are expected to be completed in early 2015, rather than 2014.

### 3. Safeguard Animal Health

Minimise risks and increase preparedness for animal disease outbreaks, driving growth and competitiveness through improving standards of animal health and welfare.

SRP	Objective	Due	Status	Progress
3.2.i	Introduce new primary legislation to encourage responsible dog ownership in England and Wales and secondary legislation on dog microchipping in England.	Apr 2014	Overdue (as of end of Sept)	<p>Primary legislation to encourage responsible dog ownership became law. The Anti-social Behaviour Crime and Policy Act 2014, which amends the dangerous dogs legislation, received Royal Assent on 13 March 2014.</p> <p>This objective was completed when the microchipping regulations were laid in Parliament on 28 October 2014 to enable them to come into effect for April 2016.</p>

### 4. Safeguard Plant Health

Strengthen capability to minimise and manage plant disease and pest outbreaks, with greater economic and environmental resilience to disease threats.

All three actions were completed by April 2014.

## Update on Outstanding Actions from 2013–14

SRP	Objective	Due	Status	Progress
1.3.i	Invest £100m from RDPE to help small businesses improve their skills, facilities and competitiveness.	Dec 2013	Complete	<p>Defra had committed £97.6m of funding against the £100m planned under the Rural Economy Growth Review by 1 September 2014 and the window to commit funding has now closed.</p> <p>A small amount of funding will be used for appeals against decisions in the third round of the Farming and Forestry Improvement Scheme. We expect this amount to be around £350,000.</p>
2.9.i	Revise and publish environmental guidance so it is simple, clear and easy to find on GOV.UK.	Mar 2014	Overdue (as of end of Sept)	<p>The revised environmental guidance for the general reader was published on GOV.UK by the end of October 2014.</p> <p>This objective has been expanded from environmental guidance to reform all Defra guidance including, where issued by an executive agency or NDPB.</p> <p>Implementation has therefore extended beyond March 2014.</p> <p>Work is underway to simplify all the remaining general reader and specialist guidance across Defra and its agencies. The target is to reduce the total volume of guidance by 80 per cent within the Parliament.</p>
3.3.i	Introduce secondary legislation to implement the EU rules on ensuring the welfare of animals when they are slaughtered in England.	Jan 2014	Overdue	<p>Ministers revoked the new domestic regulations on the grounds that further consideration is required. This is a complex area that we need to get right.</p> <p>All slaughterhouses need to comply with the directly applicable EU Regulation and our own national rules which remain in place.</p>

Further information on Defra's performance using published input and impact indicators can be found in Annex A.

## Civil Service Reform (CSR)

CSR is part of the Government's initiative to reform public services. The Reform Plan identifies changes needed across the Civil Service, with key actions.

Defra reports quarterly to the Cabinet Office on a series of 'game changer' actions. These are priorities on Functional Leadership, Open Policy Making, Digital by Default, Modern Workplaces/The Way We Work, CS21 (culture change), Capabilities and Major Projects. Our Red Amber Green (RAG) assessments on these from Cabinet Office have been consistently among the best in Whitehall.

As well as implementing the 'game changers', Defra's priority is for the Core Department and its wider network of over 40 delivery bodies to operate as 'One Business', to develop more efficient and innovative ways of working. The steps we are taking to achieve this are set out in the Defra Improvement Plan<sup>2</sup>.

Notable milestones in implementing the reform agenda in 2014 include the creation of the new Network Corporate Services directorate (launched on 1 October 2014) to streamline the corporate services (ICT, Procurement and Estates) that our people and organisations need to do their jobs, reduce costs and increase flexibility to work better as 'One Business'. We launched a combined APHA on 1 October 2014 to join up work on plant and animal pests and diseases, to increase our resilience and flexibility to respond to emergencies.

As part of the Government's digital exemplar initiative, Defra is working with RPA, Natural England (NE) and the Forestry Commission (FC) on a new system to make rural payments from 2015. The approach is designed to develop and test the system and use customer feedback to make improvements. This will involve assisted digital support for those who need it. A series of releases is planned for 2014–15 and beyond, and the latest (R 1.5) will be tested with customers from November onwards.

We successfully completed a major laptop refresh to replace around 6,900 devices and progress is being made to transition Defra's network bodies to GOV.UK.

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<sup>2</sup> <https://www.gov.uk/government/publications/defra-improvement-plan>

## Financial Performance

### Introduction

The Department has made good progress with delivering the savings and reforms set out in the 2010 Spending Review (SR10). The 2014–15 Departmental Expenditure Limit (DEL) Budget is £2,550m (Resource DEL £1,992m and Capital DEL £558m) and the Annually Managed Expenditure (AME) Budget is £53m credit. Compared to the SR10 baseline (2010–11) set by HM Treasury, the 2014–15 Budget shows a reduction in DEL expenditure, after adjusting for depreciation and disallowance, of 30 per cent in real terms. The Department continues to deliver savings against Corporate Services with £151m (27 per cent) delivered between 2010–11 and 2014–15.

The winter floods of 2013–14 presented further financial challenges to fund flood repairs and renewals. In 2014–15 the Department has redirected £100m of funding to flood management. HM Treasury has provided a further £80m of additional funding for flood repairs and maintenance.

Subject to parliamentary approval, a Supplementary Estimate will make some in year funding changes, with additional floods funding coming from the utilisation of 2013–14 underspends and additional HM Treasury funds. There will be a transfer of £66m disallowance funding into 2015–16 and £38m additional funding for South West Water (providing financial assistance to domestic customers to discount their water bills).

This does not represent the full picture of Defra's spending in the economy which is twice the size of the DEL Budget, because of our responsibility for EU CAP and Rural Development Schemes, with a budget of £2.2bn for England in 2014–15.

Summary of Financial Performance (£000)	Budget 2014–15	Actual April to September 2014–15	Actual April to September 2013–14
Resource DEL	1,992,225	852,890	857,447
Capital DEL	558,000	225,895	186,965
AME	(53,390)	(55,757)	(77,322)

### Financial Summary

Defra's year to date DEL spend for the first 6 months is £1,079m. This represents 42 per cent of our full year budget and is 2.8 per cent lower than the £1,110m we originally forecast in June 2014.

### Resource DEL

Expenditure to the mid year point in 2014–15 is lower than the equivalent period last year. This reflects the year on year SR10 efficiency and savings being achieved. Whilst delivering efficiencies, the Department is still focused on delivering against its priorities, with an additional funding allocation to EA for flood defence and maintenance.

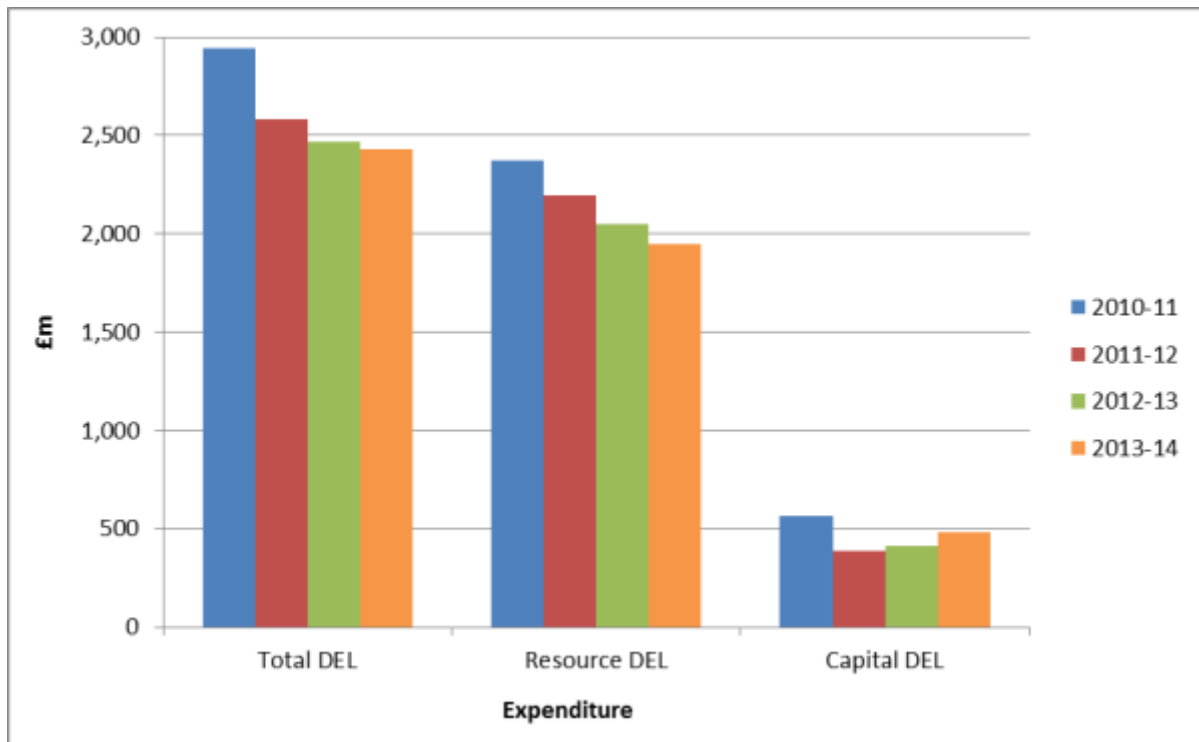
### Capital DEL

The expenditure for the first half of 2014–15 is higher in comparison to the equivalent period last year. This is mainly due to a higher completion level of flood risk management works by the EA, owing to additional funding being allocated to this priority following the winter 2013–14 floods.

### AME

AME is primarily made up of movements in provisions and varies year on year. The AME credit in the first six months relates to the timing of provisions and payments in relation to the EA Closed Pension Fund. It is expected that AME will be in line with budget by year end.

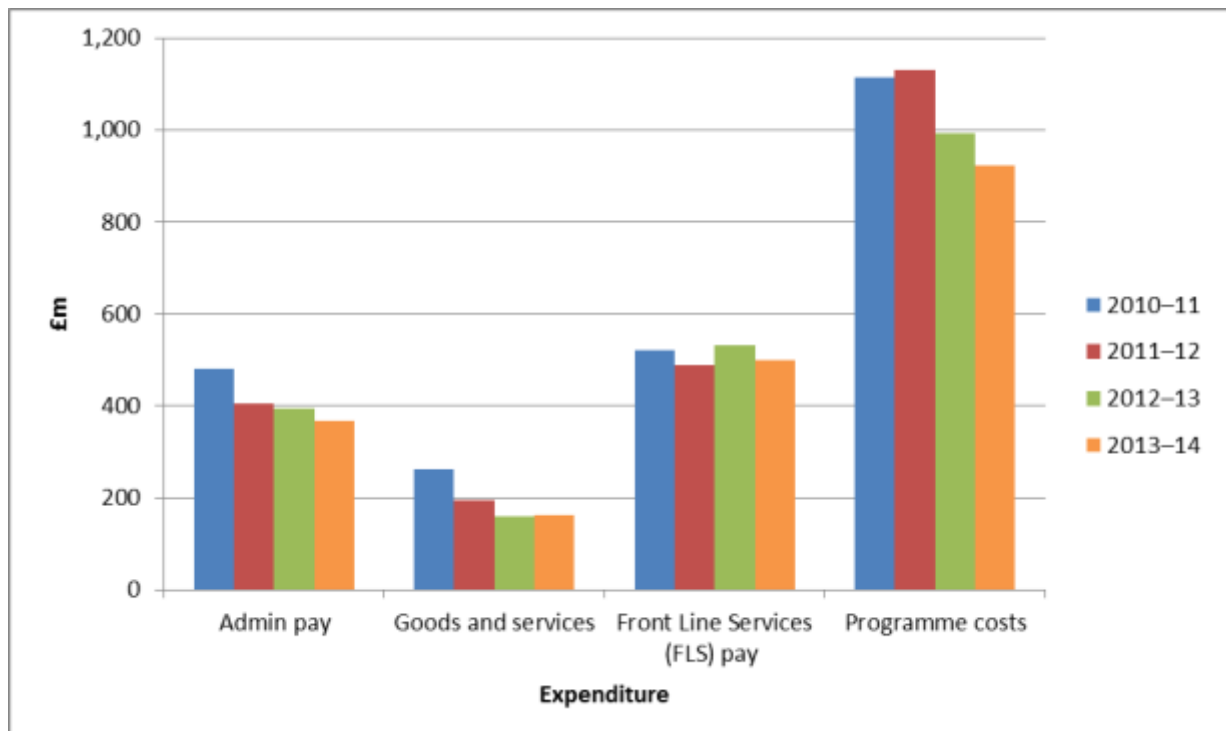
**Trend Analysis: DEL Expenditure 2010–11 to 2013–14 (from 2013–14 ARA)**



Total DEL: The reducing trend in total DEL is in line with the Department’s SR10 Settlement. This reflects the saving measures that have been delivered through efficiencies made in back office administration and prioritisation of funds to focus on Defra’s priorities.

Capital DEL: The increase in 2013–14 Capital DEL largely reflects additional funding received from HM Treasury for flood defence works.

**Trend Analysis: Resource DEL by Type of Expenditure 2010–11 to 2013–14**



**Admin Pay:** The reduction in admin pay costs since 2010–11 reflects the reduced admin staffing levels across the Defra Network. This has been achieved through significant restructuring and staff exit schemes to achieve savings early in the SR10 period.

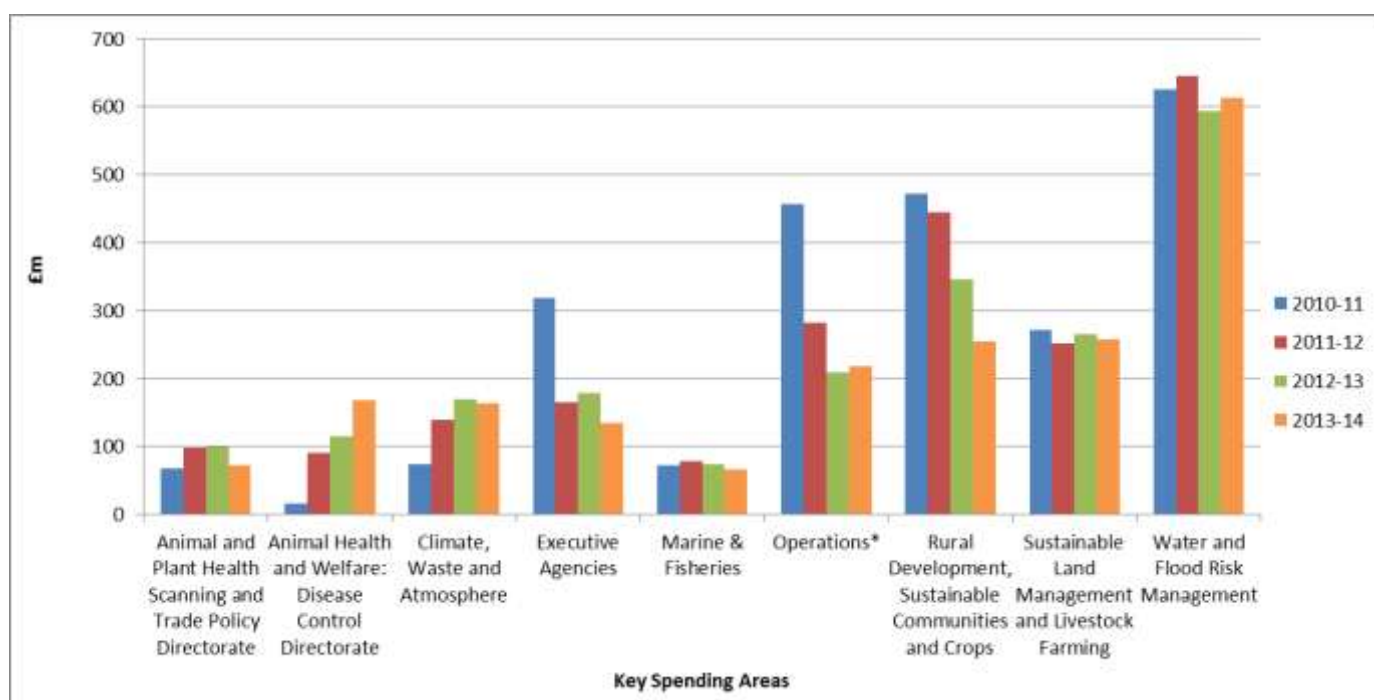
**Goods and Services:** Goods and services expenditure has reduced over the years as efficiency savings in corporate services such as estates, Information and Communication Technology (ICT) and consultancy, have been delivered. Expenditure did increase slightly in 2013–14 due to the winter floods.

**Front Line Services (FLS) Pay:** This expenditure increased in 2012–13. This was a temporary increase to deliver front line priorities in environmental protection and flood defence, as well as provide emergency response to the major flood events in 2012.

**Programme expenditure:** This has reduced from 2010–11 to 2013–14. Efficiencies have been delivered across the majority of programmes, the largest savings have been delivered by Rural Development Programme Expenditure and Waste and Resources Action Programme (WRAP).

## Key Spending Patterns from 2010–11 Onwards

### Resource DEL Outturn



\*Operations: provides central support functions and specialist advice to allow the Department to operate effectively and deliver on its objectives. It also includes CAP disallowance and ICF.

**Animal Health and Welfare: Disease Control Directorate:** The increase in 2013–14 is primarily due to a net increase in measures to tackle endemic disease.

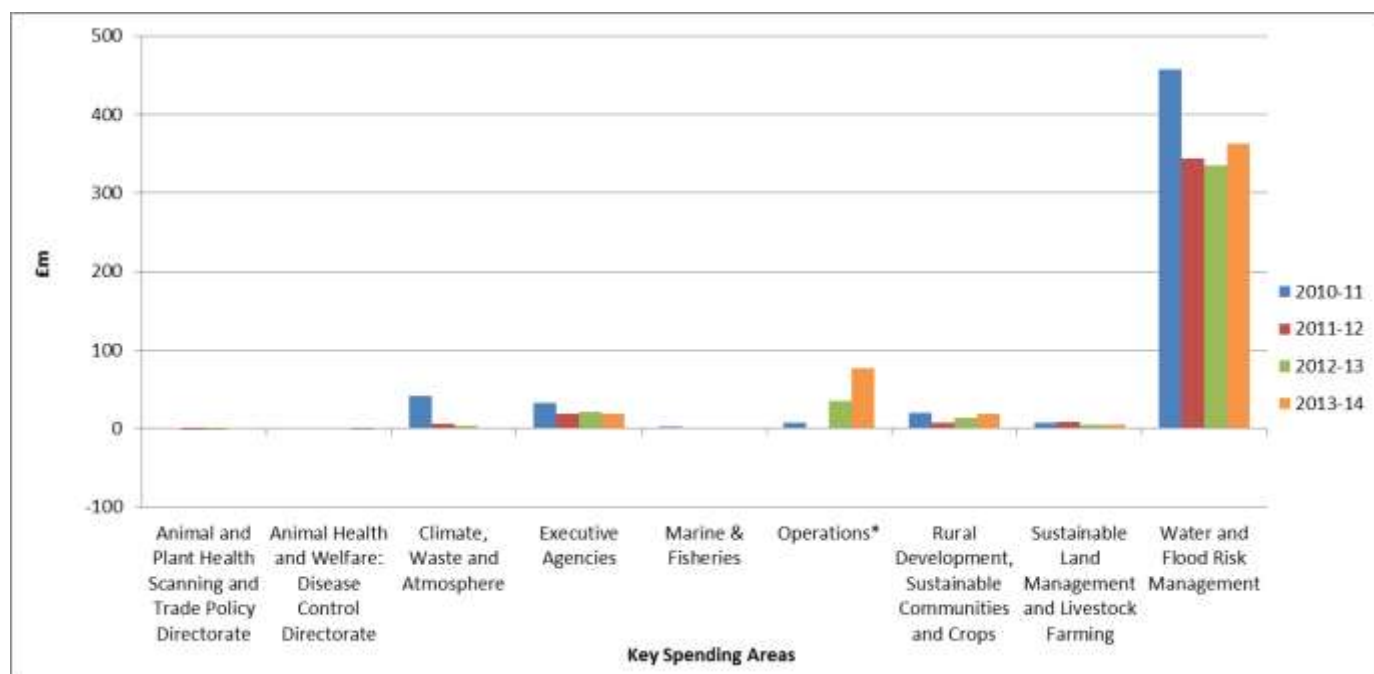
**Climate, Waste and Atmosphere:** The increase from 2011–12 onwards is due to increased spend through the SR10 years on the Waste PFI, Waste Infrastructure Development Programme.

**Executive Agencies:** The majority of the decrease in 2011–12 was as a result of the creation of the net cost controlled agency, AHVLA. This resulted in the budget moving from Executive Agencies to Animal Health and Welfare: Disease Control Directorate.

**Operations:** The decrease from 2010–11 onwards is due to a decrease in CAP disallowance, reflecting a change in the profile of the CAP Disallowance Provision, and significant savings as a result of rationalising the Defra estate.

Rural Development, Sustainable Communities and Crops: The decrease throughout SR10 is primarily due to the reduction in the Rural Development Programme Expenditure as more payments are funded by the EU rather than the Exchequer. Further decreases were due to the Sustainable Development Commission (SDC) and Commission for Rural Communities (CRC) closing in 2012–13.

### Capital DEL Outturn



\*Operations: provides central support functions and specialist advice to allow the Department to operate effectively and deliver on its objectives. It also includes CAP disallowance and ICF.

Climate, Waste and Atmosphere: The decrease in 2011–12 is due to the Waste Programme Scheme (Waste Infrastructure Capital Grants to Local Authorities) ending.

Operations: The increase in 2012–13 relates to expenditure under the ring fenced ICF Budget. The increase in 2013–14 relates to the start of the CAP Delivery Programme.

Water and Flood Risk Management: The decrease from 2010–11 was part of the overall budget reductions set out in SR10. Additional funding has been allocated to flood risk management from 2013–14 to 2015–16 – £120m additional capital 'Growth' funding, announced in the Autumn Statement 2012, and £270m additional funding following last winter's floods, of which approximately £165m is for capital. The majority of this additional funding is allocated to 2014–15, taking floods funding above 2010–11 levels for both resource and capital.



## Major Projects

Defra manages a portfolio of major commercial projects totalling over £1.5bn in government whole life costs. These are projects which exceed Departmental Expenditure Limits or other HM Treasury controls and thus require HM Treasury approval at each business case stage.

We have strengthened the assurance regime around these projects by introducing tighter review points at project inception and prior to business case approval. We are introducing a more formal portfolio management approach to help us manage risks and opportunities and to forward plan, particularly in relation to building capability and capacity. On the latter, we are strengthening Senior Responsible Officer (SRO) accountability and succession planning through formal appointment letters following changes to the Osmotherly rules. The Defra Board receives quarterly reports on this portfolio covering progress updates on each project; an assessment of commercial risk and delivery confidence; and a forward plan of approvals and assurance activity.

This portfolio includes three projects (below) that form part of the Government Major Project Portfolio. We also report on these quarterly to the Major Projects Authority (MPA) and detailed information on each project is published annually through the MPA<sup>3</sup>. The following provides a mid year update on key project developments.

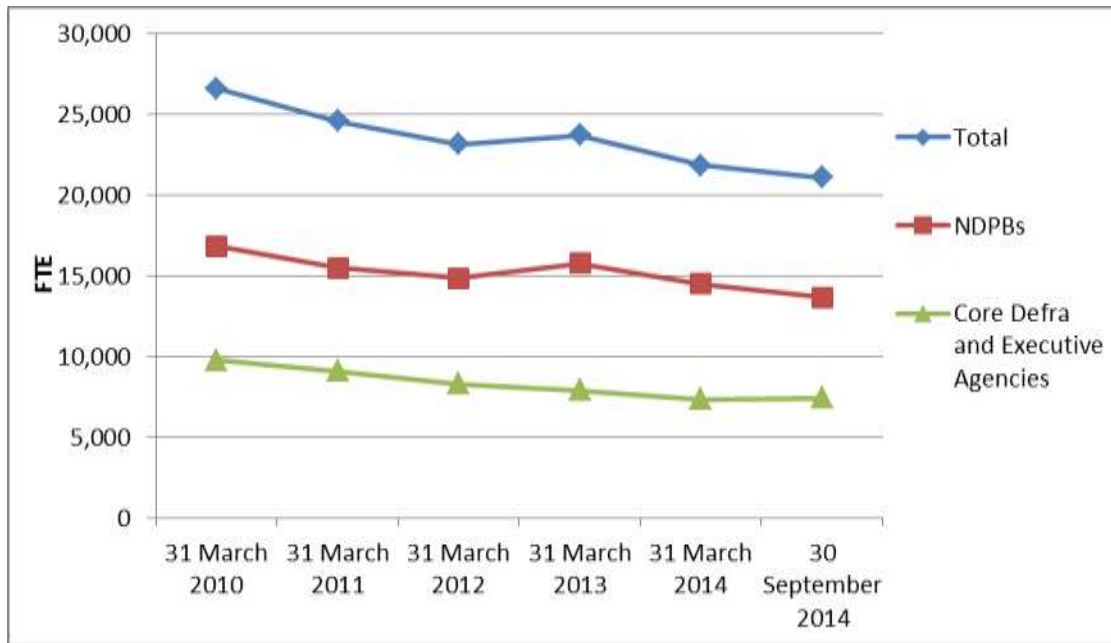
- Thames Estuary 2100, Phase 1 (led by EA): The procurement process to identify a private sector partner to deliver a 10-year programme of capital flood risk management works has been completed. The chosen partner is CH2M Hill. Contracts were signed on 4 November 2014 and the programme is now progressing to the delivery phase.
- CAP Delivery Programme (led by Defra): The initial releases of both the core system and the finance system were delivered on schedule in July 2014. A new SRO has been appointed and the project will deliver further system releases through 2015.
- Thames Tideway Tunnel (led by Thames Water Utilities Ltd.): The project was specified in June 2014 and the Secretaries of State for Environment, Food and Rural Affairs and Communities and Local Government made an Order granting Development Consent in September 2014. Thames Water initiated procurement of the infrastructure provider in June and issued the Invitation to Negotiate in early October. The project remains on track for the construction and infrastructure provider contracts to be signed in 2015 and construction to commence in 2016.

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<sup>3</sup> <https://www.gov.uk/government/publications/major-projects-authority-annual-report-2014>

## People

### Staff in Post: Payroll Staff

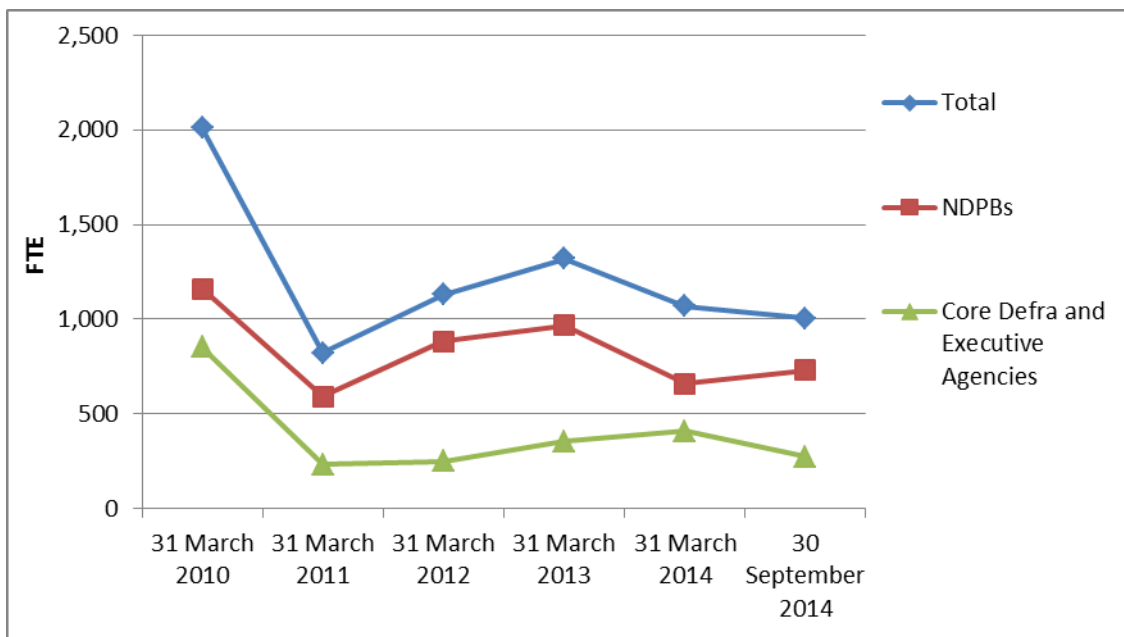


\*FC is not included in the above figures for consistency with Cabinet Office returns.

The number of people in post (FTE) has continued to reduce across the Defra Network since 2013. As at 30 September 2014 the Defra Network had reduced by just over 5,500 payroll staff. This is a reduction of 21 per cent from 2010.

Staff reductions have been achieved through a combination of recruitment freezes, natural wastage and restructuring activity using voluntary exit schemes. In exceptional circumstances, compulsory redundancies have been used where redeployment was not possible.

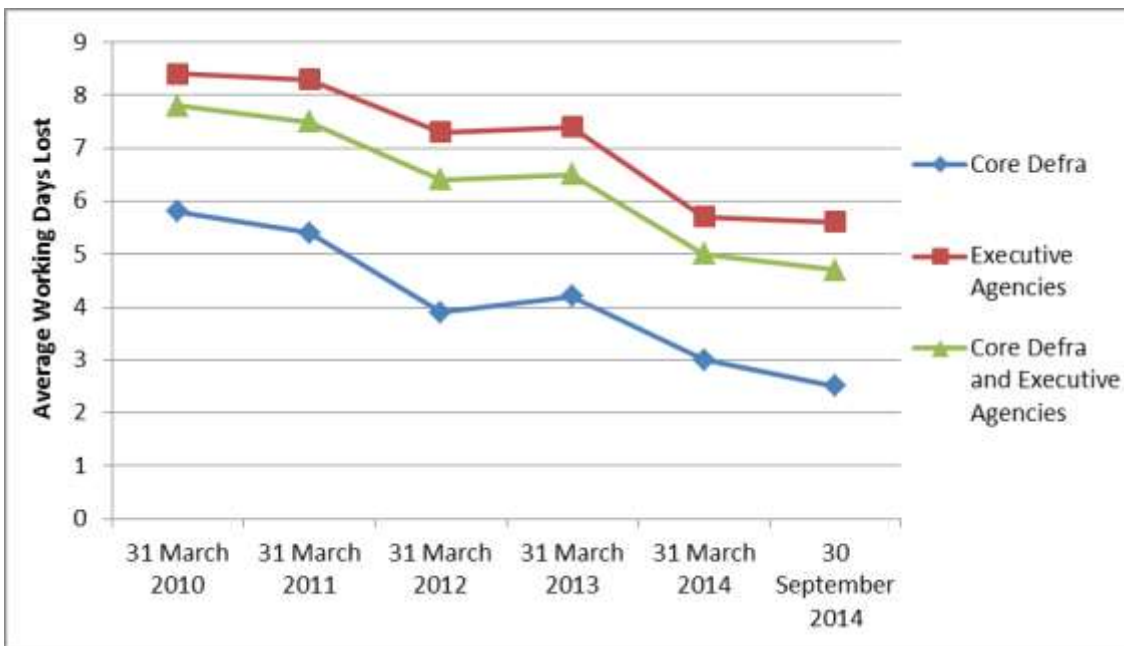
**Staff in Post: Contingent Labour**



\*FC is not included in the above figures for consistency with Cabinet Office returns.

Since 2010 the total contingent labour FTE in the Defra Network fell from 2,010 to 1,003 (50 per cent). Fluctuations in 2012–13 and 2013–14 mainly reflect increases in EA and NE.

**Core Defra and Executive Agencies: Average Working Days Lost (AWDL)**



The AWDL due to sickness in Core Defra and the Executive Agencies has declined from 6.5 for the year ending 31 March 2013 to 4.7 for the year ending 30 September 2014. This compares with the average AWDL across the Civil Service of 7.6 days for the year ending 31 March 2013 and 7.3 days for the year ending 31 March 2014.

### **Core Defra and Executive Agencies: People Survey Metrics**

The 2014 People Survey results show the core Defra engagement score has improved by 2 per cent to 54 per cent. All of the main themes, except 'Pay and Benefits', showed an improvement from 2013, underlining the general upward trend. This year, Core Defra matched or exceeded the Civil Service benchmark figures in six of the nine themes surveyed – and for the 'My team', we matched the Civil Service High Performers score of 82 per cent. Learning and development showed our largest improvement this year, up 7 per cent overall.

We saw strong results across our network, too:

- The response rate for Cefas was 93 per cent, our highest figure.
- Cefas and VMD staff gave very positive feedback in relation to the work they do, with respective levels of 82 per cent and 81 per cent of people agreeing that their work was interesting, satisfying and sufficiently challenging. This also exceeded the Civil Service High Performers score of 78 per cent.
- In general, 'My work' was a very positive theme across the Network. APHA and Fera both posted scores of 70 per cent or more – particularly impressive given the very recent formation of APHA.
- VMD staff were 93 per cent positive about their organisational objectives and purpose, closely followed by 80 per cent of RPA staff, who felt similarly positive about the goals of their agency.
- Fera's overall engagement score went down by 1 per cent. Whilst this is disappointing after a 4 per cent increase last year, it reflects the significant changes that Fera's staff are experiencing in relation to the Government's plan to move to a joint venture. However their commitment to teamwork, improving services and supporting each other is clear – evidenced by the positive increases in the 'My Team' theme (up by +2 to 78 per cent) and the continued strong engagement with 'My Work' (72 per cent).

### **Core Defra Safety, Health and Wellbeing: April to September 2014**

A total of 7 accidents were reported by Core Defra employees from 1 April to 30 September 2014. This is a decrease compared to the same period last year. None of these were reportable under RIDDOR to the Health and Safety Executive, and only 1 of these was a 'lost time incident'. Core Defra's current 'lost time frequency rate' is 0.05 which is lower (desirable) than the Defra Network<sup>4</sup> average of 0.20. The most common cause of all accidents was 'contact with a fixed or stationary object' with the second most common cause being 'slips, trips and falls'.

We have encouraged an increase in near miss and hazard reporting, as this allows us to address hazards before they cause an accident. 14 near miss incidents were reported from April to September. The ratio of near misses to employees is currently 1 to every 112 in Core Defra, compared to the Defra network average of 1 near miss incident to every 6 employees.

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<sup>4</sup> In this instance the Network is Defra, Executive Agencies, EA, NE, MMO, FC and RGB Kew

## Input and Impact Indicators

Input indicators	Time periods	Latest data	Previous data	Comment on trend
Total cost to government of bTB control (England) <sup>1</sup>	Latest data: 2013-14 Previous data: 2012-13	£101.75m	£85.08m	See Annual Report and Accounts (ARA) 2013-14.
Cost per Single Payment Scheme (SPS) claim	Latest data: 2013-14 Previous data: 2012-13	£659	£691	The trajectory continues downwards. 2013-14 is the penultimate year for SPS cost per claim figure, before we move to the new CAP scheme.
Funding to EA for water quality	Latest data: 2013-14 Previous data: 2012-13	£74.5m	£78m	The amount of funding granted to the EA for water quality fell between 2012-13 and 2013-14.
Cost of local authority waste management per household	Latest data: 2012-13 Previous data: 2011-12	£140.4	£139.9	See ARA 2013-14.
Total government capital investment in flood and coastal erosion risk management	Latest data: 2013-14 Previous data: 2012-13	£340m	£287.6m	We spent £52.4m more in 2013-14 than in 2012-13.
Impact indicators	Time periods	Latest data	Previous data	Comment on trend
Cattle herds that are officially bTB-free (England)	Latest data: 2013 Previous data: 2012	86.5%	87.1%	See ARA 2013-14.
Agricultural soils nitrogen balance (England) (kg N / ha / year)	Latest data: 2013 Previous data: 2012	88.9	90.8	The main driver for this reduction is a small reduction to inputs from inorganic fertilisers, although this was partially off-set by reductions in off-take from harvested crops. Since 2000, there has been an overall long-term decline in the nitrogen balance per hectare. A reduction in the balance per hectare broadly indicates a reduced environmental risk.
Total Factor Productivity of UK Agricultural Industry (base year 2010 = 100)	Latest data: 2013 (First estimate) Previous data: 2012	98.7	98.8	See ARA 2013-14.
Proportion of Sites of Special Scientific Interest (SSSIs) in favourable or unfavourable recovering condition	Latest data: at March 2014 Previous data: at March 2013	96.2%	96.1%	See ARA 2013-14.

Impact indicators	Time periods	Latest data	Previous data	Comment on trend
Proportion of Sites of Special Scientific Interest (SSSIs) in favourable condition	Latest data: at March 2014 Previous data: at March 2013	37.6%	37.7%	See ARA 2013-14.
Farmland Birds Index (base year 1970 = 100)	Latest assessed data: 2012 (Baseline for assessment 2007) Previous assessed data: 2011 (Baseline for assessment: 2006)	45	47	There is a statistically significant decline of 7% in the farmland bird index between 2007 and 2012.
Net improvement in water quality elements (percentage point change from previous three year average)	Latest data: 2011-13 (2014 report) Previous data: 2009-11 (2012 report)	1.24%	-0.2%	This marginal improvement is within the boundaries of natural statistical fluctuation that exists in large data sets.
Household recycling rate	Latest data: 2012-13 Previous data: 2011-12	43.2%	43.0%	See ARA 2013-14.
Estimate of the number of households where the risk of damage from flooding and coastal erosion has been markedly reduced	Latest data: 2013 -14 Previous data: 2012-13	40,500	59,200	See ARA 2013-14.
Number of domestic, business and other premises in hard-to-reach rural areas that have the potential to receive superfast broadband as a result of Rural Community Broadband Fund investment in England (Cumulative predicted and actual) <sup>2</sup>	Latest data: 2014-15 Previous data: 2013-14	3,269	1,595	Latest data gives total premises predicted to be covered by all five projects contracted under the Fund. A further 17 projects, covering c. 20,000 premises resulted from the Fund, are to be delivered as extensions to existing Local Authority contracts under the national rollout programme. These will be reported under the DCMS broadband indicator.

General indicators	Time periods	Latest data	Previous data	Comment on trend
Estimated net cost to business of Defra's regulations (where monetised)	Latest data: 2012 Previous data: 2011	£3.7bn pa	£3.7bn pa	See ARA 2013-14.
Estimated benefit to cost ratio of Defra's regulations (where available)	Latest data: 2012 Previous data: 2011	3.0:1	2.9:1	See ARA 2013-14.

1. The figures provided are those recorded against the Department's financial reporting system. However, if adjusted for the effect of over-estimated accruals in 2011–12 the indicator would show an increase in total cost to the Government in 2012–13 of around £13m.

2. This indicator is forward looking and data are based on approved and contracted projects and subsequent monitoring.

In line with standard statistical practice, some indicators for previous years are updated in light of newer and fuller information becoming available often replacing provisional figures. The previous period value in the table above always shows the latest published estimates. As such this may be different to those previously published.



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