

Autumn Performance Report 2007



Defra deals with the essentials of life
– food, air, land, water and people

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Foreword from the Secretary of State



Hilary Benn
Secretary of State

I was delighted to be appointed Secretary of State for Environment Food and Rural Affairs in June. Defra has worked hard over the last year to define our aims and prioritise our work, and now have a clear strategy which is moving in the right direction.

Since my appointment four things in particular have struck me as being priorities in this job:

- **Getting the basics right:** This includes dealing with events that come along - flooding, animal health and diseases, as well as ensuring that payments to farmers are made in a timely and efficient way;
- **Climate Change:** We are working to achieve an international deal for the post 2012 period. This will allow us to make progress in the fight against climate change; in addition we must play our part in the UK, and the Climate Change Bill is a groundbreaking piece of legislation in its field.
- **The natural environment and biodiversity:** We are striving to secure a diverse, healthy and resilient natural environment, which provides the basis for everyone's well-being, health and prosperity now and in the future;
- **Working with others:** A large number of the things which the Department would like to see happen depend on other people playing their part across the rest of government and elsewhere.

The various events of this summer – floods, and outbreaks of foot and mouth disease and bluetongue – showed just how important it is for the Department to get the basics right. Managing growing flood risk is also vital as we face the impact of already unavoidable climate change. High levels of animal health and welfare are a vital part of reducing the global impact of the food we eat. We have to get essential things, such as these, right before we can hope to achieve our mission of enabling everyone to live within our environmental means.

If we are serious about our mission, we must continue to prioritise action on mitigating and adapting to climate change, and we must also concentrate on enhancing the natural assets that this country possesses. However, we can neither achieve our aims, nor get the basics right - maintaining our so called 'licence to operate' - in isolation.

This Autumn Performance Report shows the solid progress being made towards delivering the challenging Public Service Agreement (PSA) targets under the 2004 Spending Review. These targets contribute to Defra's overall effectiveness, while also putting us in a position to deal effectively with the sorts of emergencies that have occurred during 2007.

My predecessor in his foreword to last year's Autumn Performance Report explained that he had asked the Department to examine its strategy and priorities. This process has fed into the development of the new set of PSAs under the 2007 Comprehensive Spending Review (CSR 07). In the period of the new CSR settlement the two PSAs which Defra will lead on will build upon existing PSA targets and address the key areas of securing a healthy natural

environment and leading the global effort to avoid dangerous climate change. Next year's Autumn Performance Report will report on how well we have been performing against these.

Executive Summary



Helen Ghosh
Permanent Secretary

In what has been a demanding six-month period, the Department has made significant achievements across a number of its policy responsibilities. Dealing with the impact of severe flooding has been difficult but the Department has done its utmost to limit the impacts. The hard work and professionalism of my colleagues, who have dealt quickly and effectively with a series of animal disease outbreaks, has also been a significant achievement. The Climate Change Bill will prove to be a significant piece of legislation. Enforcing statutory targets will be difficult but ultimately worthwhile if the UK is to achieve its long-term emissions targets.

This Autumn Performance Report (APR) sets out Defra's progress on the delivery of its Public Service Agreement (PSA) and Efficiency targets from the 2004 Spending Review (SR04). PSA targets as well as Efficiency targets are set in each Spending Review to drive performance during the period covered by the Spending Review. SR04 covers the period from 2005 to 2008.

Defra reports on performance against its PSAs twice a year, through the Autumn Performance Report and the Departmental Report (which is published each spring). The APR provides a brief update on PSAs and Efficiency targets. More detailed reporting on this and other areas of Departmental business will be published in Defra's 2008 Departmental Report.

Our strategy and mission is outlined in **chapter 1** of the report. The Department's mission is enabling *everyone to live within our environmental means*. As a nation and across much of the globe, we are consuming resources at a rate which the planet cannot continue to support, so the Department strives to ensure that those resources and the environment that we need are available for us all, now and in the future. This is well exemplified by the two high level goals which underpin the Department's strategy:

- avoiding dangerous climate change; and
- maintaining and enhancing the natural asset base.

In turn these two high level goals have informed the two new Defra-led PSAs which have been developed as part of the CSR 07 process. This means that they will be embedded in the government's overall thinking for the new CSR spending period. In line with our high level goals, the two new Defra-led PSAs for the period 2008-11 are:

- secure a healthy natural environment for today and the future; and
- lead the global effort to avoid dangerous climate change.

Details of Defra's eight new departmental strategic objectives are also included in this section.

This chapter also reports on the Renew Defra Programme which will help Defra deliver efficient and high quality services and outcomes. This vision for the future, created by the Renew Programme, is being implemented over the next year.

Delivery against our existing PSAs is discussed in **chapter 2**, making up the main body of this report. This sets out the current position on delivery of Defra's PSA targets, and is summarised briefly below:

- PSA 1 (Sustainable Development): Delivery of this target is on course with progress in line with plans and expectations. This assessment of progress is based on both an assessment of trends in the Sustainable Development Indicators, levels of progress against various international goals which serve as contextual indicators, and general progress in delivering the 2005 *UK Sustainable Development Strategy: Securing the Future*;
- PSA 2 (Greenhouse Gas Emissions): On the basis of current projections and policies in the 2006 UK Climate Change programme, we now estimate that CO₂ emissions will be about 16 per cent below 1990 levels in 2010, and that emissions of all greenhouse gases will be about 23 per cent below Kyoto-base levels. The UK therefore remains on course to meet its Kyoto target, but our domestic goal, which was always designed to be stretching, now looks increasingly difficult to achieve;
- PSA 3a (Farmland Birds): We are on course to meet the target of reversing the long-term decline in the number of farmland birds by 2020;
- PSA 3b (SSSIs): There is currently slippage against the target, although progress continues to be made. It is anticipated that a figure of 81.5 per cent of SSSI area in target condition should be achievable by March 2008, if the commitments of delivery partners are delivered. Whilst this would represent a shortfall against the 2008 trajectory milestone, the degree of slippage would be less than last year and represent a significant element of catch-up;
- PSA 4 (Rural Productivity and Services): For those parts of the target where it has been possible to make an assessment, the trend in data is in the right direction. However, as the evidence base has developed and our understanding of the issues faced by rural areas has evolved, the design of this PSA has been found not to be effective at addressing our objectives. This is why in the new CSR period we will be focusing on ensuring that rural needs are mainstreamed in other policies;
- PSA 5 (Sustainable Food and Farming): Good progress has been made and the new Farming for the Future programme focused on key priorities what will enable industry to re-shape and re-skill itself for the future. Progress has also been made on the reform of the CAP: headway has been maintained in the Doha Development Agenda negotiations, while the Agriculture Council reached political agreement on the reform of the Fruit and Vegetable Regime in June 2007; and agreed important changes to keep the sugar reform on track in September 2007;
- PSA 6 (Waste): 26.7 per cent of household waste was recycled or composted in 2005-6, meaning that Defra has met the first part of the PSA target. To ensure that further progress is made, in 2007-8 all local authorities must at least equal their 2005-6 statutory recycling targets and meet the minimum level of 20 per cent. This should help the poorest performers close the gap with the better performers and raise national performance significantly towards 30 per cent;
- PSA 7 (Fuel Poverty): The targets for this PSA are showing slippage. There are a number of reasons for this, including the rise in fuel prices. Strategies have been put in place to address this, as it continues to be an important issue for government as a whole;
- PSA 8 (Air quality): Jointly working with the Department for Transport, we have

already partly met our air quality objectives in most parts of the UK, although there is slippage against some of the remainder of the indicators. Defra's modelling shows that although the vast majority of the country will meet its objectives, there will be some areas (mostly urban and busy roadside locations) where with present policies and technologies it is questionable whether the targets will be achieved. A new air quality strategy was published by the Department in July 2007 to further improve air quality and meet our objectives and PSA targets; and

- PSA 9 (Animal Health): There has been slippage in relation to the BSE part of the target, although the epidemic continues to show a steady decline. We failed to meet the PSA target for 2006 but anticipate approximately 60 cases in 2007. The priority is now on working towards achieving the 2007 eradication target. We are currently on course to meet the Bovine Tuberculosis (TB) element of the target. The scrapie part of the target has been overtaken by events, since in early 2006 the European Union (EU) Council and Parliament persuaded the EU Commission that proposals for *Compulsory* Ram Genotyping in all flocks of 'high genetic merit' should not be implemented. It has been agreed that Member States should now have complete discretion as to whether they operate voluntary genotype-based programmes for breeding flocks. We have therefore asked the Treasury for permission to stop measuring progress on this PSA.

The Department, while seeking to achieve its PSA targets, is operating within a period where it has to achieve significant efficiency savings. **Chapter 2** outlines Defra's efficiency programme, detailing targets to be achieved over the SR 04 period on efficiency, staff relocation, and headcount reduction. At the end of September 2007, Defra had delivered actual efficiencies amounting to £540 million, of which a total of £385 million was cash releasing. It has also reduced its civil service posts by 1168 with a further 299 posts relocated outside London and the South East region.

Chapter 1: Aim, Vision, Values and Departmental Structure

The overarching challenge for Defra is to enable everyone to live within our environmental means. This is most clearly exemplified by our two new PSA's:

- *Secure a healthy natural environment for today and the future; and*
- *Lead the global effort to avoid dangerous climate change*

Central to achieving these goals will be reducing the environmental impact of the lifestyles we lead, the products that the country's economy produces and consumes, and the waste we produce. We also need to reduce the global impact of our food production and consumption, improving the contribution that a profitable and competitive farming industry in this country can make to our environment.

These challenges can only be met by a respected department, making it vital that we focus on delivering to the needs of our many customers efficiently and effectively. Defra will do this while maintaining high levels of protection of human, animal, and plant health and ensuring the economy is resilient to risks such as those from flooding, disruption to food or water supply and the consequences of a chemical, biological or nuclear incident. Defra is also responsible for enabling adaptation to the inevitable impacts of climate change.

Defra champions Sustainable Development, helping Government as a whole to deliver economic, social and environmental sustainability. Defra is also the focal point for rural policy, supporting strong rural communities and ensuring that dispersed rural needs are reflected in social and place-based policies across Government. The Department has a strong international dimension, with a critical role in both European Union and global policy making.

The Department's strategy has been formalised in the Comprehensive Spending Review (CSR07) settlement, which provides a new framework for delivery.

Our Departmental Strategic Objectives are:

- Climate change tackled, internationally; and through domestic action to reduce greenhouse gas emissions;
- A healthy, resilient, productive and diverse natural environment;
- Sustainable patterns of consumption and production;
- Economy and society resilient to environmental risk and adapted to the impacts of climate change;
- A thriving farming and food sector, with an improving net environmental impact;
- Championing Sustainable Development across government, across the UK, and internationally;
- Strong rural communities; and
- A respected department delivering efficient and high quality services and outcomes.

Each of the PSA's and Departmental Strategic Objective's (DSO's) are supported by a range of Intermediate Outcomes and indicators against which the Department will measure progress from April 2008.

This Report focuses on the progress against existing 2004 Spending Review PSA targets. Many of the activities under our current PSA's will continue as part of the new PSA's and DSO's. Where formal targets under existing PSA's have delivery dates beyond April 2008 we will continue to report on them as part of our DSO reporting.

Renew Defra Programme

Renew Defra, which Helen Ghosh and Defra's Management Board launched in November 2006, aims to make Defra one of the top performing departments in Whitehall, to respond to the challenges set in the 2007 Defra Capability Review, and to meet the funding and prioritisation challenges it will face over the Comprehensive Spending Review period (2008-11).

Renew will help ensure that Defra delivers what is needed, in a way that focuses on the needs of the people and organisations it serves, and makes sure it lives within its means. Making that happen means focusing resources – people and money – on priorities. It means being able to move resources to where they are needed. It means holding people to account for the jobs they have to do, while enabling them to take this accountability. It means adopting a standard Defra way of doing things that allows those people to get to grips with new work quickly and develop innovative solutions rather than reinvent processes.

This vision for the future is now being translated into a number of actions to achieve it. The past six months has seen the culmination of the planning stages and a transition to staged implementation.

The key areas to be implemented by 1 April 2008 are flexible staff resourcing – implementing new processes and systems to enable people to move to where they are needed; individual performance management and competency framework - capability building within our leadership teams; and planning and performance - portfolio management and corporate performance reporting. Alongside the changes in the Renew Programme are complementary changes taking place across the Department, particularly to Human Resources policies and processes. The main benefits will be that managers will be able to resource new priorities quickly, and with the appropriate skills. This will make it easier to move resources from activities that have ceased or are no longer a high priority, and will reduce the reliance on consultancy. Defra will develop staff to equip them with the skills that are required for the future, and the new performance management system will enable underperformers to be identified and be dealt with more effectively.

Renew will deliver other changes, such as new policy and Programme and Project Management (PPM) processes, Knowledge Management, and IT systems. These will take place on a slightly longer timescale, and will be delivered by September 2008. These further changes will play a central role in delivering other elements of the Renew vision – in particular, by making Defra a leader in Whitehall, and a hive of policy innovation.

Defra's Ministers¹:



Hilary Benn
Secretary of State



Jeff Rooker
Minister for Sustainable Food and
Farming and Animal Health



Phil Woolas
Minister for the Environment



Joan Ruddock
Minister for Climate Change,
Biodiversity & Waste



Jonathan Shaw
Minister for Marine, Landscape &
Rural Affairs and Minister for the
South East

¹ Further detail on the Ministers portfolio can be found on-line at:
<http://www.defra.gov.uk/corporate/ministers/index.asp>

The Department's Management Board²

Helen Ghosh Permanent Secretary	
Bill Stow Director General, Strategy and Evidence Group	Peter Unwin Director General, Natural Environment Group
Brian Harding Acting Director General, Food and Farming Group	Fred Landeg Acting Chief Veterinary Officer and Director General, Food and Farming Group
Andrew Burchell Director General, Service Transformation Group	Gill Aitken Solicitor and Director General, Legal Group
Mike Anderson Director General, Climate Change Group	Prof Robert Watson Chief Scientific Advisor
Stephen Park Interim Finance Director	Bill Griffiths Non-executive Director
Poul Christensen Non-executive Director	

² Further details of the Management Board and meetings can be found on the Defra website: <http://www.defra.gov.uk/corporate/manboard/index.htm>

Summary of progress against 2004 Spending Review Public Service Agreement (PSA) targets

	Performance
<p>PSA 1. To promote sustainable development across Government in the UK and internationally, as measured by:</p> <ul style="list-style-type: none"> • the achievement of positive trends in the Government's headline indicators of sustainable development; • the UK's progress towards delivering the World Summit on Sustainable Development commitments, notably in the areas of sustainable consumption and production, chemicals, biodiversity, oceans, fisheries and agriculture; and • progress towards internationally agreed commitments to tackle climate change. 	On course
<p>PSA 2. To reduce greenhouse gas emissions to 12.5 per cent below 1990 levels in line with our Kyoto commitment and move towards a 20 per cent reduction in carbon dioxide emissions below 1990 levels by 2010, through measures including energy efficiency and renewables. Joint with Department for Business, Enterprise and Regulatory Reform and Department for Transport.</p>	On course
<p>PSA 3. Care for our natural heritage, make the countryside attractive and enjoyable for all and preserve biological diversity by:</p> <ul style="list-style-type: none"> • Reversing the long-term decline in the number of farmland birds by 2020, as measured annually against underlying trends; and • Bringing into favourable condition by 2010 95 per cent of all nationally important wildlife sites. 	<p>On course</p> <p>Slippage</p>
<p>PSA 4. Reduce the gap in productivity between the least well performing quartile of rural areas and the English Median by 2008, demonstrating progress by 2006, and improve the accessibility of services for people in rural areas.</p>	Slippage

<p>PSA 5. Deliver more customer-focused, competitive and sustainable farming and food industries and secure further progress via CAP and WTO negotiations in reducing CAP trade-distorting support.</p>	<p>Sustainable food and farming: On course CAP and WTO negotiations: On course</p>
<p>PSA 6. To enable at least 25 per cent of household waste to be recycled or composted by 2005-06, with further improvement by 2008.</p>	<p>On course</p>
<p>PSA 7. Eliminate fuel poverty in vulnerable households in England by 2010 in line with the Government's Fuel Poverty Strategy Objective.</p>	<p>Slippage</p>
<p>PSA 8. Improve air quality by meeting the Air Quality Strategy targets for carbon monoxide, lead, nitrogen dioxide, particles, sulphur dioxide, benzene and 1,3 butadiene. Joint target with Department for Transport.</p>	<p>Partly met with slippage against some indicators</p>
<p>PSA 9. To improve the health and welfare of kept animals, and protect society from the impact of animal diseases, through sharing the management of risk with industry, including:</p> <ul style="list-style-type: none"> • a reduction of 40 per cent in the prevalence of scrapie infection (from 0.33 per cent to 0.20 per cent) by 2010; • a reduction in the number of cases of BSE detected by both passive and active surveillance to less than 60 in 2006, with the disease being eradicated by 2010; and • a reduction in the spread of Bovine TB to new parishes to below the incremental trend of 17.5 confirmed new incidents per annum by the end of 2008 	<p>Slippage but target under review</p> <p>Slippage</p> <p>On course</p>

Chapter 2: Progress against our 2004 Spending Review Public Service Agreement targets

Public Service Agreement target 1: Promoting sustainable development

To promote sustainable development across Government and in the UK and internationally, as measured by:

- the achievement of positive trends in the Government's headline indicators of sustainable development;
- the UK's progress towards delivering the World Summit on Sustainable Development (WSSD) commitments, notably in the areas of sustainable consumption and production, chemicals, biodiversity, oceans, fisheries and agriculture; and
- progress towards internationally agreed commitments to tackle climate change³.

We judge delivery of the PSA to be ***on course***.

Defra published the latest data on the sustainable development indicators in July 2007 (for the first time including indicators on wellbeing)⁴. Against the 1999 baseline, over half of the 101 measures for which it is possible to make an assessment showed improvement. These include:

- renewable electricity
- emissions of air pollutants
- manufacturing, service and public sector emissions
- waste recycling
- agricultural emissions and land stewardship
- biodiversity loss
- river water quality
- land recycling for development
- community participation
- vehicle crime and burglary
- fear of crime
- various poverty measures
- death rates from circulatory disease, cancer and suicides
- people killed or seriously injured in road accidents
- housing conditions, fuel poverty and rough sleepers

³ Further relevant information on this element of the Public Service Agreement target is covered in the PSA2 section.

⁴ <http://www.defra.gov.uk/news/2007/070727a.htm>

- local environmental quality

In addition, the following measures that had previously shown deterioration against the 1999 baseline are now improving (as measured between the two most recent sets of data) :

- CO₂ emissions from households;
- CO₂ emissions from private vehicles;
- CO₂ emissions from road freight;
- Household waste arisings;
- Area of sensitive UK habitats affected by excessive nitrogen from air pollution;
- Infant mortality (difference between local authority areas) – although the life expectancy difference measure has moved from amber to red; and
- Children walking to school.

Only eleven measures have shown deterioration against the 1999 baseline. They are:

- Greenhouse gas emissions from aviation;
- Fossil fuels used for electricity generation;
- Nitrogen oxide emissions from electricity generation;
- Energy supply (consumption exceeding UK production); and
- Water loss through leakages;
- Robberies;
- Health inequality;
- Mobility;
- Childhood obesity;
- Ozone pollution in urban and rural areas; and
- Households living in temporary accommodation.

A number of policies and delivery efforts are in place across Government to address these challenges. We will use the Sustainable Development Programme Board and other governance arrangements to discuss how they can be addressed in a sustainable development framework.

Twenty of the indicators are also UK framework indicators (shared with the Devolved Administrations). Looking at trends over the last year, only four of the 20 showed a deterioration over the last year. They are:

- Robberies;
- Childhood poverty;
- Health inequality – life expectancy gap; and
- Mobility – walking and cycling.

While the indicators say something about the sustainable development outcomes Government is delivering, Defra's success in delivering the target needs also to be judged against activities to implement the *UK Sustainable Development Strategy Securing the Future*. In that strategy Government defined the principles of sustainable development as:

- Ensuring a strong, healthy and just society;
- Living within environmental limits;
- Achieving a sustainable economy;
- Promoting good governance; and
- Using sound science responsibly.

While achieving sustainable development needs action by Government as a whole, Defra acts as champion of sustainable development. This means, among other things, ensuring that Government leads by example, involving people and getting the policy-making and delivery framework right. In addition, Defra contributes to international discussion and action on sustainable development issues.

Performance

Government Leading by Example

The Sustainable Development Strategy recognises that Government needs to lead by example if it wants citizens and businesses to change their behaviour. In 2006-07, Government has made further progress to ensure it remains a leader:

- In September, Defra published tools and capacity-building materials for use in Government and beyond to improve the sustainability aspects of policy-making and strategy development.⁵ These include the Stretching the Web tool which allows policy-makers to assess economic, social and environmental aspects of their policies and improve their policies in all those aspects. They also include awareness-raising games and videos that explain what sustainable development is and why it matters. These tools have been used in Defra and the Sustainable Development Commission will also use them in working across Government to train civil servants in integrating economic, social and environmental aspects of policy. We also launched a sustainable events guide in October;⁶
- Cross-Government structures to ensure Government operations and procurement have been strengthened with reporting lines to the Procurement Council of the Office for Government Commerce and the Cabinet Secretary. In Departments, Secretaries of State are taking responsibility for this agenda which includes ensuring that the central Government office estate will be carbon neutral by 2012 and sets the UK on a track to be an EU-wide leader in sustainable procurement by 2009; and
- Sustainable procurement plans for the National Health Service and local authorities have been published.

Being serious about delivery

Defra cannot deliver sustainable development on its own. The effort of all government departments and agencies at all levels is needed to make it happen. Defra's role is to co-ordinate this effort, to encourage and support it, and to put in place arrangements that monitor, scrutinise and report on how Government is doing. Through the Defra led

⁵ <http://www.defra.gov.uk/sustainable/think/index.htm>

⁶ <http://www.sustainable-development.gov.uk/advice/sustainable-events-guide.htm>

Sustainable Development Programme Board – a cross-Whitehall group of senior officials – and through joined-up working with other Government Departments:

- Defra worked with HM Treasury to embed sustainable development in the Comprehensive Spending Review. A system has been agreed to monitor the delivery of sustainable development beyond the lifetime of a specific PSA on sustainable development;
- We worked with the Better Regulation Executive to ensure that policy Impact Assessment across Government promotes sustainable development. In particular, the new Impact Assessment launched in May means that Government will provide a greenhouse gas impact assessment for all major policy developments. In addition, new guidance makes clear that environmental and social costs and benefits need to be logged;
- Jointly with the Communities and Local Government, we published guidance to Regional Assemblies on embedding sustainable development in their main functions, e.g: using their responsibilities on planning, housing, transport, scrutiny of Regional Development Agencies and encouraging partnership working in the Regions to tackle climate change⁷; and
- We published two regional case study publications, one highlighting the contribution of 34 partnership projects to tackling climate change and securing a sustainable future, the other showing how Government Offices for the Regions are embedding sustainable development in their work.⁸

Involving People

In order to deliver sustainable development, Government needs to involve people. This means engaging people in decision-making, but also making use of everyone's energy, enthusiasm and creativity to achieve sustainable development. Over the reporting period:

- We have launched the third sector declaration on climate change in June with over a hundred third sector organisations already signed-up to taking action on greenhouse gas emissions; and
- 354 local groups and voluntary organisations registered our 'Every Action Counts Programme'. Through the programme, 27 national third sector organisations have put in place their own Sustainable Development Action Plans, 282 community champions were recruited to help local groups take action, and 410 community workers and activists were trained on sustainable development.

⁷ <http://www.sustainable-development.gov.uk/advice/documents/Guidper cent20Regper cent20Assemblies.pdf>

⁸ <http://www.sustainable-development.gov.uk/advice/documents/DEF-SDU-RegSupp-20pp.pdf>

International climate change and adaptation⁹

Public Service Agreement target 1: To promote sustainable development across Government and in the UK and internationally, as measured by:

- progress towards internationally agreed commitments to tackle climate change.

International Climate Change

On international climate change we have said that we will have been successful if, by December 2005:

- the EU has shown that it has made demonstrable progress towards its commitments under the first Kyoto Protocol commitment period; and
- negotiations on commitments for subsequent commitment periods have begun;

And if, by December 2007, all Parties have agreed to advance negotiations on a global and comprehensive post-2012 framework to avoid dangerous climate change, which:

- includes consideration of elements proposed by the EU;
- builds on progress through the G8 and Gleneagles Dialogue processes; and
- aims for agreement by December 2009.

The targets for December 2005 were met at the Montreal Climate Change Conference. The European Council in Spring this year set out the EU's ambitious aims for, and elements of, a future framework – and the G8 Summit at Heiligendamm:

- called on all parties to actively and constructively participate in the December Conference in Bali, with a view to achieving a comprehensive post 2012 agreement under the UN Framework Convention by 2009;
- recognised the importance of setting a long-term reduction goal such as the EU proposal for at least a halving of emissions by 2050; and
- welcomed the willingness of the U.S. to host a meeting to engage with Brazil, China, India, Mexico, South Africa and other major emerging economies, which would support the UN climate process and report back to the UNFCCC.

World Summit on Sustainable Development Commitments

We are delivering the UK's World Summit on Sustainable Development (WSSD) commitments largely through the Sustainable Development Dialogues (SDD) we have with China, India, Brazil, Mexico and South Africa. Good progress has been made in the past year with the South African SDD being signed in March 2007, and the work plans under the China and Mexico SDDs being launched in April and July 2007. Ministerial meetings have recently taken place under the China SDD and further progress on the dialogues will be made in the Prime Ministerial Summits with India and China early in 2008.

⁹ This element of Public Service Agreement target 1 is being reported against in this section to ensure a consistent flow which relates to all elements of climate change. Further information on Adaptation to Climate Change in the UK and Assessing the Impacts of Climate Change in the UK can be found in the 2006 Departmental Report in the PSA2 section.

Factors affecting performance

Defra's Public Service Agreement target 1 cannot be achieved by Defra acting alone. Success depends on all Government Departments working to identify and manage their own sustainable development impacts both in formulation of policy and operationally. In addition the delivery chain between the actions of Defra and the rest of Government, and positive movements in the indicators of sustainable development remains long and complex.

Forward look

The Sustainable Development Commission will report and make recommendations on Government's performance in managing its operations and procurement sustainably in January 2008. It will also publish an assessment of the second round of Departmental Sustainable Development Action Plans.

A number of Government strategies with large sustainable development implications will be implemented over the coming months. We will need to ensure that sustainable development considerations are made in the follow-up to the sub-national review and in the delivery of planning, housing, transport, energy and climate change policies.

Public Service Agreement target 2: Reducing greenhouse gas emissions

To reduce greenhouse gas emissions to 12.5 per cent below 1990 levels in line with our Kyoto commitment and move towards a 20 per cent reduction in carbon dioxide emissions below 1990 levels by 2010 through measures including energy efficiency and renewables. Joint with Department for Business, Enterprise and Regulatory Reform.

Ownership of Public Service Agreement target 2 is shared between Defra, the Department for Business, Enterprise and Regulatory Reform (BERR) and the Department for Transport (DfT). However, the individual policies and measures that will deliver this Public Service Agreement target fall within the portfolios of a much wider group of departments, including Communities and Local Government (CLG), HM Treasury (HMT) and the Devolved Administrations (DAs).

Work is also being taken forward at European Union (EU) level that will play a major role in achieving this Public Service Agreement target. For example, the EU Emissions Trading Scheme (EU ETS) is being developed under the European Climate Change Programme (ECCP) to complement measures being taken at a national level and reduce emissions across all Member States.

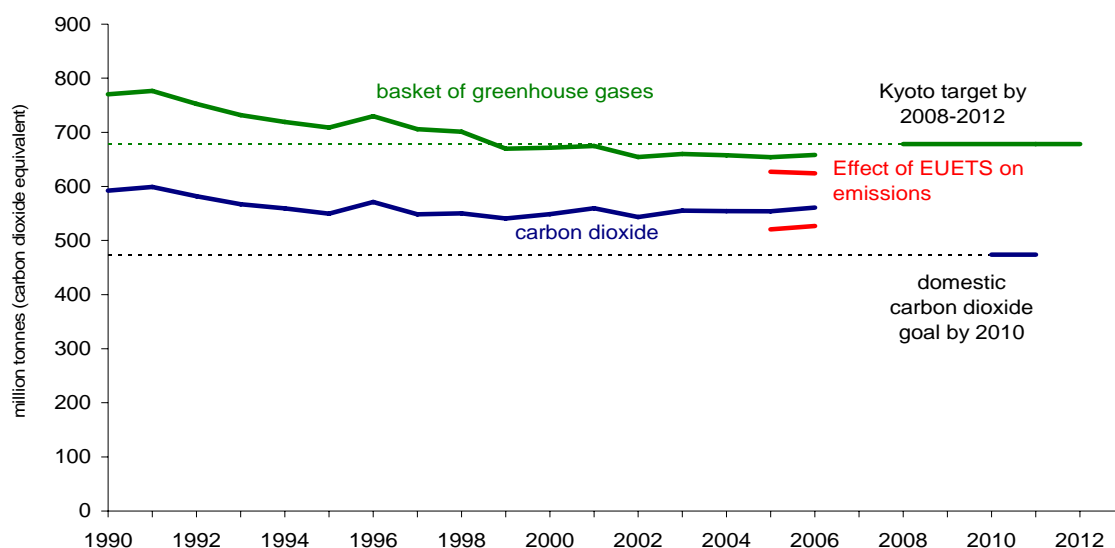
The overall framework for the Government's domestic action is set out in the Climate Change Bill, which was introduced into Parliament on 14 November 2007. By setting CO₂ reduction targets in primary legislation for 2020 (by 26-32 per cent on 1990 levels) and 2050 (by at least 60 per cent on 1990 levels) and requiring the Government to set three five-year carbon budgets ahead, taking into account the advice of the independent

Committee on Climate Change, the Bill will provide the long-term credibility required to stimulate investment in a low-carbon economy. It creates the flexibility to allow emissions to be reduced in the most cost-effective sectors and introduces a transparent framework for constraining carbon beyond the sectors already capped through the EU ETS.

Performance

Defra is **on course** to meet the Kyoto element of its SR 2004 PSA target.¹⁰ On the basis of current projections and the policies in the 2006 UK Climate Change Programme and the 2007 Energy White Paper, we now estimate that carbon dioxide (CO₂) emissions will be about 16 per cent below 1990 level in 2010, and that emissions of all greenhouse gases might be about 23 per cent below Kyoto-base year levels. The UK therefore remains on target to meet its Kyoto target, to reduce total greenhouse gas emissions to 12.5 per cent below base year levels by 2008-12, but our domestic goal to reduce CO₂ emissions to 20 per cent below 1990 levels by 2010, which was always designed to be stretching, now looks increasingly difficult to achieve. The graph below shows the UK's emissions of a basket of greenhouse gases covered by the Kyoto Protocol, both including and excluding the effect of the EU Emissions Trading Scheme (ETS).

Figure 1: Effects of EU ETS on UK greenhouse gas emission 1990-2006 (2006 results are provisional)¹¹



¹⁰ More information on how Defra measures performance of its PSA targets can be found at <http://www.defra.gov.uk/corporate/busplan/busplan.htm>

¹¹ Source: UK Climate Change Programme, Annual Report to Parliament, July 2007.

The policy framework

The Climate Change Programme, published in 2006, sets out our policies and priorities for action in the UK and internationally. Subsequently, the Climate Change and Sustainable Energy Act 2006 placed an obligation on our Secretary of State to report to Parliament on greenhouse gas emissions in the UK and action taken by Government to reduce these emissions. The first annual report to Parliament on greenhouse gas emissions in the UK and action taken by Government to reduce these emissions was published and laid before Parliament in July 2007.¹²

The UK Government set out its policies to deliver a secure, low carbon energy mix for the UK to 2020 when it published its Energy White Paper *Meeting the Energy Challenge* on 23 May 2007.¹³ The White Paper builds on the Energy Review Report published in July 2006 and the 2006 UK Climate Change Programme, and follows a series of public consultations launched at the time of the review. The White Paper announced further measures that will ensure individuals, businesses and Government reduce their carbon emissions and save energy to 2020. Alongside the White Paper, a consultation document *The Role of Nuclear Power in a Low Carbon UK Economy* was also published, to allow for a decision before the end of 2007 whether it is in the public interest for companies to have the option for new nuclear build available for investment decisions.¹⁴

The Climate Change Bill was published in draft in March 2007, for public consultation and pre-legislative scrutiny. Nearly 17,000 responses were received to the consultation and three Parliamentary Committees – a Joint Committee of MPs and peers, the EFRA select committee and the Environmental Audit Committee – carried out scrutiny of the Bill. They produced separate reports on their findings this summer, containing recommendations for strengthening the Bill. A Command Paper setting out the Government's response to these recommendations and the public consultation was published on 29 October 2007.

Carbon Reduction Commitment

The Carbon Reduction Commitment (CRC) is a new mandatory emissions trading scheme, announced in the May 2007 Energy White Paper, designed to deliver carbon emissions savings of 1.1 million tonnes of carbon (MtC) per year by 2020. CRC will target energy use emissions from large non-energy intensive business and public sector organisations such as large retail organisations, offices, banks, universities, hospitals, large local authorities and central government departments.

Organisations will qualify for the scheme if their electricity consumption through 100 kW Metering Systems is greater than 6,000 megawatt hours (MWh) per year, generally capturing organisations with annual electricity bills above £500,000. The scheme is expected to cover approximately 4,000 – 5,000 organisations and at present, this sector accounts for 14 MtC; almost 10 per cent of entire UK economy-wide emissions.

¹² <http://www.defra.gov.uk/environment/climatechange/uk/ukccp/pdf/ukcc-annrpt-07.pdf>

¹³ <http://www.berr.gov.uk/energy/whitepaper/page39534.html>

¹⁴ <http://nuclearpower2007.direct.gov.uk/>

The CRC will operate as a 'cap and trade' scheme under which Government will determine the total number of emissions that can be made by the target sector and distribute a corresponding number of allowances to participants (the cap). The cap will be tightened periodically in line with the environmental objective of the scheme. The scheme is designed to drive energy efficiency and deliver carbon savings through introducing new financial and Corporate Social Responsibility (CSR) drivers.

During 2008-09 Government will continue to work closely with Devolved Administrations, regulators and stakeholders on developing the CRC. Government launched a consultation on implementation in June 2007, which closed on 9 October 2007. We plan to publish our response to this consultation in January 2008, and to issue a detailed consultation on the scheme regulations over summer 2008. Government will seek to introduce the draft regulations to Parliament in autumn/winter 2008-09 once the consultation has been assessed. If passed, we expect the CRC regulations to come into force in April 2009 and for the scheme to begin in January 2010. The Climate Change Bill will be the legislative vehicle for CRC.

Climate Change Communications

Defra's communications strategy on climate change addresses two major evidence based research findings:

- a perceived gap in Government leadership on climate change which is a major barrier to engagement, characterised as *"If the government did more to tackle climate change, I would too"*; and
- the public are highly aware of the issue and very concerned but confused about how they can personally contribute.

Defra ran a deliberative exercise with a representative sample of the public culminating in a Citizens' Summit on Climate Change in May 2007. There has been a marked shift in attitudes and also behaviour as a result of participation in this process. When thinking about the extent to which they were informed about climate change, the proportion of participants who believed they were well informed about climate change grew from 28 per cent at the start of the summit to 65 per cent at the end. People also felt more empowered to act and increasingly saw the point of taking individual action. The Government launched on 20 June 2007 a public trial or 'beta' version of a web-based CO₂ calculator. The calculator, developed in partnership with the Energy Saving Trust, enables people to calculate their own CO₂ footprint from emissions that result directly from their own actions. It gives tailored recommendations for reducing emissions in a personalised action plan. The calculator is being promoted as part of the wider Act on CO₂ campaign, using TV, press and digital advertising, and a regional roadshow.

So far, there have been over 600,000 unique visitors to the calculator. A number of organisations are also using the underlying data and calculations to power their own calculator products, including Google and Herefordshire County Council, helping to ensure greater consistency in information delivered to individuals about their impact on climate change. In addition, on 5 June 2007, we launched a new short film 'My CO₂' which highlights the link between individual behaviour, CO₂ emissions and climate change. The film is being broadcast as a 'filler' in between other programmes, as well as being distributed as a DVD alongside a revised booklet *Climate change: your guide to inspiring action*.

Energy Efficiency

On 29 June 2007, Defra published the UK's *Energy Efficiency Action Plan 2007*. This plan brings together in one document all the current and planned policies and measures the Government and the Devolved Administrations have in place to improve energy efficiency and meet the energy saving target adopted by the UK under the Energy End-Use Efficiency and Energy Services Directive (ESD).¹⁵

Under the Directive, Member States agreed an indicative energy saving target consisting of 9 per cent of the annual average amount of annual final inland energy consumption of all energy users within the scope of the ESD based on the five-year period prior to the implementation of the Directive (2001-05). Energy use covered in the EU-ETS (and action to improve energy efficiency savings of installation covered therein) and national armed forces is outside the scope of the ESD and is not included in the calculation of the target.

The Directive allows energy savings from energy efficiency improvement measures which started after 1995 to be counted in the calculation of the annual energy savings if they still have an effect. However, the UK are only considering measures since the adoption of the UK Climate Change Programme in 2000. Together these measures should deliver energy savings of around 18 per cent by 2016.

On 23 May 2007, Defra undertook a statutory consultation on proposals for the third phase of the Energy Efficiency Commitment (EEC), known as the Carbon Emissions Reduction Target (CERT). Following analysis of the consultation responses, a draft Order was laid before Parliament on 5 December 2007. The Order proposes an overall target of 154 million tonnes of carbon dioxide lifetime, which is a broad doubling of activity under the current EEC. The scheme itself will commence on 1 April 2008 and is expected to deliver annual savings of 4.2 million tonnes of carbon dioxide by 2010. 40 per cent of these carbon savings will be directed to a priority group of elderly and low income consumers.

As well as the energy efficiency measures of the current EEC, CERT will allow suppliers to be able to promote microgeneration and behavioural measures. This provides additional flexibility to suppliers and reflects the Government's wish to encourage a holistic approach to carbon saving in the household sector. The 2007 Energy White Paper reaffirmed the Government's commitment to maintain some form of obligation on household energy suppliers until at least 2020, with an ambition level at least equal to that under the forthcoming CERT. Defra published a Call for Evidence on potential options for a post-2011 supplier obligation in July 2007 which solicited 30 responses from key stakeholders and interested parties. A summary of the responses to the Call for Evidence will be published in December 2007. The Government intends to reach a clear conclusion on the direction for the post-2011 supplier obligation in 2008.

The Community Energy Efficiency Fund (CEEF) was launched in June 2007 with applicants invited to apply for support via a competitive process for the allocation of the £6.3 million funding available in England. The bidding process invited projects to identify a clear set of targets providing a cost effective way of delivering EEC and Warm Front on a local basis. A further key element of the evaluation of projects is their role in improving the experience of individual households, including the able-to-pay sector, in receiving a holistic package of support and promoting innovation in terms of delivery,

¹⁵ www.defra.gov.uk/environment/climatechange/uk/energy/efficiency.htm

advice and measures provided. This provides a key channel for delivering a whole house approach and ensuring the most effective and sustainable outcomes are achieved from this funding.

On 7 September 2007, forty eight projects were offered funding from the CEEF. Those offered funding include a range of new and established projects, each bringing together key players at the local level.¹⁶

The CEEF follows from the then Chancellor's announcement in his Pre-Budget Report 2006 that £7.5 million would be made available across the UK to 'improve the effectiveness of Warm Front and EEC'. The aim is to ensure 300,000 of the most vulnerable pensioner and other vulnerable households are assisted to feel warmer and more comfortable using an area based approach to provide a coordinated set of advice and measures to them.

Transport

Emissions from domestic transport have increased by 11 per cent since 1990 to over 129 million tonnes of CO₂ in 2005, representing around a quarter of the UK's total carbon emissions. The growth in CO₂ emissions is expected to slow down as growth in demand for transport moderates, fuel efficiency continues to improve, and lower carbon fuels – such as biofuels - increase their market share.

Data on new car fuel efficiency shows that new cars have continued to become more fuel efficient. New cars sold in the UK in 2006 were on average some 12.5 per cent more fuel-efficient than in 1995 – and they were 20 times cleaner and made a third less noise than cars bought in the 1980s. New cars sold in 2006 were 1.2 per cent more fuel efficient on average than new cars sold in 2005. Latest figures for the European Union are for 2004 and indicate that the average fuel efficiency of new cars was 162.4 g/km.

Carbon Pricing

The report on the progress of policy commitments set out in The Future of Air Transport White Paper confirmed the Government's commitment to ensure that aviation meets the full cost of its climate change emissions. This included the introduction of a new emissions cost assessment to inform decisions on major increases in airport capacity and consider whether the aviation sector is meeting its external climate change costs. A consultation paper on the Aviation Emissions Cost Assessment was published in August with the consultation period for this paper closing at the end of October.

The UK has also been assessing the feasibility of including road transport in the EU Emissions Trading Scheme, and we have been encouraging the European Commission to give serious consideration to this option as part of its review of the scheme. In addition we are looking at the potential for emissions trading schemes in the rail and shipping sectors.

Under the Renewable Transport Fuels Obligation (RTFO), 5 per cent of transport fuel sold in the UK will have to come from renewable sources by 2010. This will represent approximately 2.5 billion litres of biofuel and will deliver significant carbon savings, and will help reduce our reliance on fossil fuels. This will also ensure a major market for biofuels in the UK, and, we believe, stimulate significant production in the UK. The

¹⁶ Details of the projects are available at:
www.defra.gov.uk/environment/climatechange/uk/household/fuelpoverty/pdf/ceef-project-list.pdf

Department has undertaken extensive consultation on the detailed design of the RTFO and on the environmental reporting schemes which lie at its heart. In June this year, the Secretary of State announced that from 2010 the Government aims to reward biofuels under the RTFO according to the carbon that they save rather than on a volume of sales basis. In addition, from 2011 the Government aims to reward biofuels under the RTFO only if they meet appropriate sustainability standards. These aims will enhance the environmental focus of the RTFO, directly benefiting those who produce and sell the most sustainable biofuels.

Technology policy

The Government supports a move to demanding mandatory fuel efficiency targets. We are working closely with the Commission and UK and European stakeholders in developing the legislative framework that will deliver this. In particular we are calling on the European Commission to develop a longer term strategy that looks beyond 2012, to give industry greater certainty and to help drive innovation.

The Government's *Low Carbon Transport Innovation Strategy (LCTIS)*, published in May 2007 alongside the Energy White Paper, set out the measures the Government is taking to incentivise the development of lower carbon transport technologies. Action under LCTIS includes contributing an additional £5 million per annum to the low carbon transport theme of the Energy Technologies institute and in conjunction with the Technology Strategy Board and Engineering and Physical Science Research Council, developing a new Low Carbon Vehicle Platform providing up to £30 million of finance and critical coordination.

In September 2007, DfT issued the first call for research & development proposals under the new Low Carbon Vehicles Innovation Platform. This call, which has up to £20 million in funding available, will support UK-based, commercially focused research into a wide range of lower carbon vehicle technologies. DfT and the Technology Strategy Board will provide up to £30 million in total under the Platform, as well as critical coordination. We will also contribute an additional £5 million per annum to the low carbon transport theme of the Energy Technologies Institute. Finally, in the LCTIS the government announced that it would develop a new procurement programme to help public sector organisations meet the cost of procuring and promoting lower carbon vehicles. This will make an initial £20 million available for small fleet demonstrations and to provide early markets for new innovative lower carbon vehicle technologies. In July 2007, DfT published a discussion paper inviting views on key issues relating to the programme. DfT expect to publish initial proposals for running the programme, based on this stakeholder engagement and expert advice, later in 2007.

In the last Budget the Chancellor announced that he has asked Professor Julia King, working with Sir Nicholas Stern, to lead a review to examine the vehicle and fuel technologies which over the next 25 years could help to 'decarbonise' road transport, particularly cars. Part I of the King Review was published alongside PBR 2007 in October. It analyses and sets out the important issues for decarbonising road transport in the UK and it focuses on cars and vans. The main conclusions are that substantial progress is needed across: cleaner fuels, more efficient vehicles and smarter driver choices. Part II will report at Budget 2008 and will provide specific policy recommendations.

Behavioural Change

The Government continues to put record amounts of investment into public transport to give people a real choice of ways to travel, for example we are currently spending over £4 billion per annum on supporting the railways. In addition as part of this commitment to providing real alternatives to the car, local and central government are now spending around £2.5 billion per annum to provide bus services and in September we unveiled the new pass that will give older and disabled people free off-peak bus travel across England from 1 April 2008.

In March, DfT launched a consumer facing communications strategy to help minimise CO₂ emissions from cars through behaviour change. The campaign, covering smarter driving and new car purchasing, was the first initiative under the Government's new Act on CO₂ brand. It complements the DfT's work on reducing CO₂ emissions from cars through technology development and is in line with the 'integrated approach' which aims to tackle all factors affecting car CO₂ emissions (technology, use, and mileage), as endorsed by the recent EC Communication on CO₂ from cars.

Key messages from the campaign include:

- If all drivers in the UK follow the Smarter Driving tips, CO₂ emissions from cars could be reduced by 8 per cent - or over 5.5 million tonnes of CO₂ a year, saving over £2 billion a year in fuel costs; and
- By choosing the car with most fuel efficient engine in its class, drivers could reduce their CO₂ emissions by 24 per cent and potentially reduce fuel costs by a quarter.

The campaign has now been rolled out with advertising including TV and radio coverage, national and motoring press and on-line activity targeted at drivers and new car purchasers. The campaign won the Greenfleet 2007 Green Marketing Campaign of the Year award.

Under the Travelling to School Initiative – joint with DCSF - 56 per cent of schools in England now have an approved school travel plan and more than £70 million in small capital grants has been allocated to schools with an approved travel plan.

Factors affecting performance

Under the Kyoto Protocol on Climate Change, which was agreed in 1997 and entered into force in February 2005, developed countries agreed targets to reduce their overall emissions of greenhouse gases. The UK agreed to reduce its greenhouse gas emissions by 12.5 per cent below base year levels by 2008-12.

The Government, believing that the UK can and should go further than its Kyoto target, has also set a national goal to reduce the UK's carbon dioxide emissions by 20 per cent below 1990 levels by 2010. Building on this, the Energy White Paper, published in 2003, set out a longer-term goal for reducing carbon dioxide emissions by some 60 per cent by about 2050, with real progress by 2020.

Working with our delivery partners

Carbon Trust

The Carbon Trust is a private company funded by Government to help business and the public sector reduce their carbon emissions and to encourage the development of a low carbon economy. Defra is providing the Trust with £90.7m of grant funding in 2007-08, with further funding coming from BERR and the Devolved Administrations. The Trust offers a wide range of advice and support to organisations wishing to improve their energy efficiency and reduce their carbon emissions and has a number of programmes working with businesses to accelerate the development of new, low carbon technologies.

The Trust's annual results released in August 2007 showed that it delivered between 1.2 and 2.0 million tonnes (Mt) of annual CO₂ savings in 2006-07 (the range results from two different methods of calculating savings, to give a 'high' and a 'low' figure) and are on course to meet their element of the Climate Change Programme 2010 domestic goal of 4.4 MtCO₂.

The Carbon Trust grant funded Salix Finance Ltd as a pilot project to create revolving loan schemes in the public sector. The pilot has proved a great success and Salix is on course to deliver the estimated savings of 0.1MtC by 2010. The Environmental Transformation Fund will provide further funding for Salix during the CSR07 period and as a result will be able to deliver even more savings by 2010 and 2020.

The Energy Saving Trust

The Energy Saving Trust is funded by Government to encourage and promote, through partnership, the sustainable and efficient use of energy in households. Defra's grant funding for the Energy Saving Trust in 2007-8 is around £29 million. The Trust also receives funding from the Scottish Executive, from the Department for Transport to run transport programmes, and from BERR to run renewable energy programmes.

A major part of the EST plan for 2007-08 will be to be rolling out the Sustainable Energy Network (SEN) across the UK. This will replace the EST's network of Energy Efficiency Advice Centres (EEACs). The SEN will provide a one-stop shop offering advice and support on energy efficiency, renewables and low-carbon transport. Initial results from the SEN pilot were positive and have shown that the SEN approach can cost-effectively deliver carbon savings at the scale required.

Environment Agency

The Environment Agency (EA) is the EU ETS regulator for England and Wales and the UK Registry Administrator. Operators fully complied with the scheme requirements in 2006. The 2006 UK verified emissions were 251.1 Mt CO₂, an increase of 8.8Mt from 2005 (+3.6 per cent). Overall the UK had a shortfall of 33.8M allowances in 2006, an increase of 6.7M from 2005 (+24.7 per cent). This increase is largely attributed to the use by UK electricity generators of coal in preference to gas during the first quarter of 2006.

The EA is also supporting Defra's input into the review of the EU ETS Directive. This includes managing a joint Environment Agency/Defra/BERR project on the development of benchmarks for allowance allocation.

The EA is also working with Defra to develop the Carbon Reduction Commitment (CRC) mentioned earlier in this section on PSA2.

Forward look

Aviation

Phase II of the European Union Emissions Trading Scheme (EU ETS) will start on 1 January 2008. The Government will continue to work closely with the Commission and other Member States on the Commission's Review of the Scheme that is looking at the shape and scope of the scheme beyond 2012. The review is the best opportunity we have to map out a long term policy framework that provides clear and convincing signals about the Scheme, indicating as part of future legislative proposals the likely level of future ambition and its potential to form the basis of a global carbon market. From our experience so far we believe the key goal of the review must be to increase long term certainty about the future of the Scheme and in doing so maximise the potential of the EU ETS to stimulate necessary investments in low carbon technology. We look forward to seeing the Commission's proposals which will be part of their climate and energy package in January.

In December 2006 the European Commission proposed a new directive to include air transport in the EU ETS. The Government consulted on the Commission's proposal throughout spring 2007 and has since been working closely with the Commission and other Member States to ensure that an environmentally effective scheme is implemented as soon as possible. Negotiations to date in the Environment Council have gone well and the European Parliament had its first reading vote on this dossier on 13 November 2007. If progress continues to be made it is possible that the co-decision process between the Council and the European Parliament could be completed in the course of 2008.

Climate Change Bill

The revised Bill was introduced into Parliament on 14 November 2007. Depending on progress through Parliament we expect Royal Assent around summer 2008.

The Government is setting up the Committee on Climate Change in shadow form this year ahead of the Bill being passed, as a non-statutory advisory body. This will ensure that it is fully up and running – and able to advise Government on the level of the first three carbon budgets – as soon as possible after Royal Assent, when it will gain its full legal responsibilities and status.

Green Homes Announcement

To help people move towards a greener lifestyle, the Prime Minister announced in November 2007 that the Government would provide over £100 million in the next three years to the Energy Saving Trust to develop a pro-active Green Homes Service, based on a regional network of one-stop shops, which will build on the EST's Sustainable Energy Network. The service will provide advice not only on energy efficiency but also on microgeneration, water efficiency, recycling and greener travel, and easy access to an energy audit and the full range of discounted and free offers available.

Climate Change Agreements

Climate Change Agreements (CCAs) give eligible facilities an 80 per cent discount from the Climate Change Levy (CCL) in return for meeting challenging energy efficiency targets every two years. The results of the third target period (2006) found that:

- sectors achieved savings of 16.4 Mt CO₂ per annum;
- CCAs achieved a saving of 1.9MtC in 2006, (0.4 MtC ahead of the straight line trajectory to the target of 2.5MtC by 2010); and
- there was continued improvement across all sectors.

The full results of the third target period assessment are published on the Defra website¹⁷. The 2010 targets, which are the last ones in the current scheme, will be reviewed in 2008 to ensure that they continue to represent the potential for cost effective energy savings taking account of any changes in technical or market circumstances. The CCL discount will remain up to 31 March 2013.

Renewable Transport Fuel Obligation (RTFO)

The RTFO, mentioned earlier in the section on PSA2, is on track to begin in April 2008 and an Order was laid on 9 October 2007 to implement the scheme. This will contribute to significant reductions in green house gas emissions from the road transport sector.

Implementation of the Energy Services Directive

Defra and BERR launched 2 consultations on 3 August 2007 dealing with implementation of different parts of the Directive. Action is required to be taken by May 2008, and we are currently on track to meet this deadline.

Combined Heat and Power and distributed generation

Alongside the Energy White Paper, BERR and Ofgem published the *Review of incentives and barriers to distributed generation*, including CHP in May 2007. This contained a series of recommendations which Government is taking forward in the next few months, including proposals to consult late in 2007 on options for more flexible market and licensing arrangements for distributed low-carbon electricity with implementation by the end of 2008.

The Government is also conducting further work into the policy options available to reduce the carbon impact of heat and its use in order to determine a strategy for heat.

Public engagement

The Government will continue to roll out its £10 million 'Act on CO₂' campaign,¹⁸ working closely with delivery bodies, non-government organisations and membership organisations to persuade the public to Act on CO₂ by increasing awareness and understanding of the relationship between climate change and CO₂ and supporting the individual's ability to help address the problem.

Defra and DfT are carrying out research looking at the effectiveness of the Act on CO₂ Communications Campaign and further programmes of qualitative research on public engagement with climate change and barriers to behaviour change.

¹⁷ www.defra.gov.uk/environment/climatechange/uk/business/ccl/results.htm

¹⁸ www.direct.gov.uk/en/Environmentandgreenerliving/actonco2/DG_067197

Defra launched the 'Footprints' TV/Press advertising campaign in July/August. The full pre/post research results are not yet available but the campaign has succeeded in driving over half a million people to the online CO₂ calculator and achieved a top 20 brand awareness ranking in an independent survey of (commercial and public sector) advertising versus other established brands with much higher spend.

The release of the full version of the Act on CO₂ calculator is scheduled for early 2008 (The current release is in the form of a public trial version on which we are seeking user feedback).

Following consultation that took place in spring 2007, in July Defra confirmed that it would develop and establish a Code of Best Practice on Offsetting. This work, aimed at providing consumers with greater assurance when purchasing offsets, is underway. We plan to publish the Code in early 2008.

Press and on line advertising will continue into 2008. Based on the success of this initial pilot and the evidence base of the consumer research demand for Government leadership and clarity, additional funding has been requested for a major long term climate change campaign for the next three years as one of the key interventions in the climate change/behaviour change mix.

Public Service Agreement target 3a: Reversing the long-term decline in the number of farmland birds

Care for our natural heritage, make the countryside attractive and enjoyable for all and preserve biological diversity by reversing the long term decline in the number of farmland birds by 2020, as measured annually against underlying trends.

This target is *on course*.

Reversing the decline in farmland birds is viewed as a measurable surrogate of the ecological health of the wider countryside, including areas outside designated nature conservation sites such as Sites of Special Scientific Interest (SSSIs) and nature reserves.

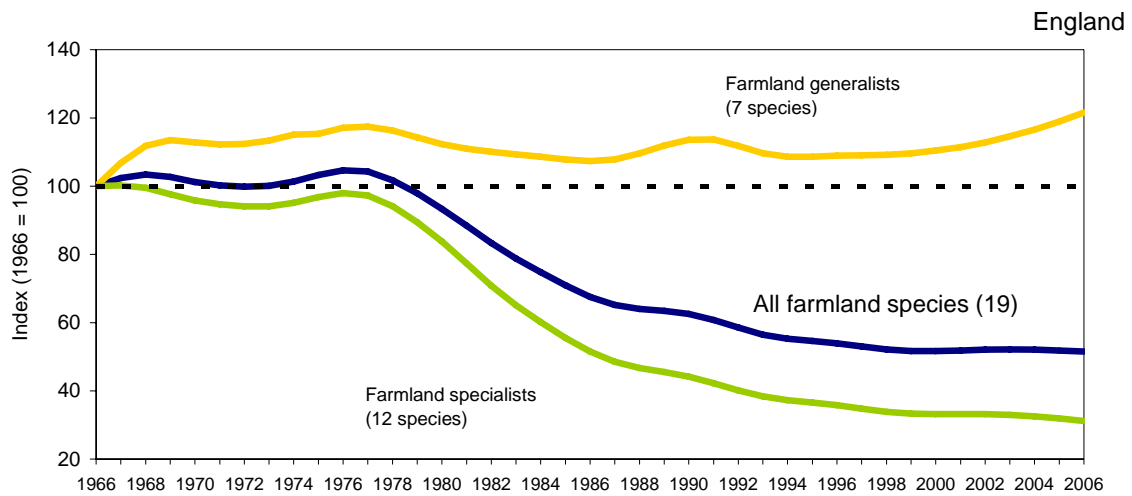
Performance

This Public Service Agreement targets relate to the long-term trend in farmland bird populations.

Figure 2 shows that populations of farmland bird species declined by over 50 per cent between the mid 1970s and the mid 1990s, but have been relatively stable since then. However, this apparent stabilisation hides a variety of trends. Declines in farmland bird populations in England mostly affected farmland specialists (those species that breed solely or mainly on farmland). Of those species that have experienced major declines over the last three decades some, such as Grey Partridge, Turtle Dove and Starling,

continue to decrease. Recent upturns in the indices for others, including Skylark and Corn Bunting, may be an early sign of recovery.

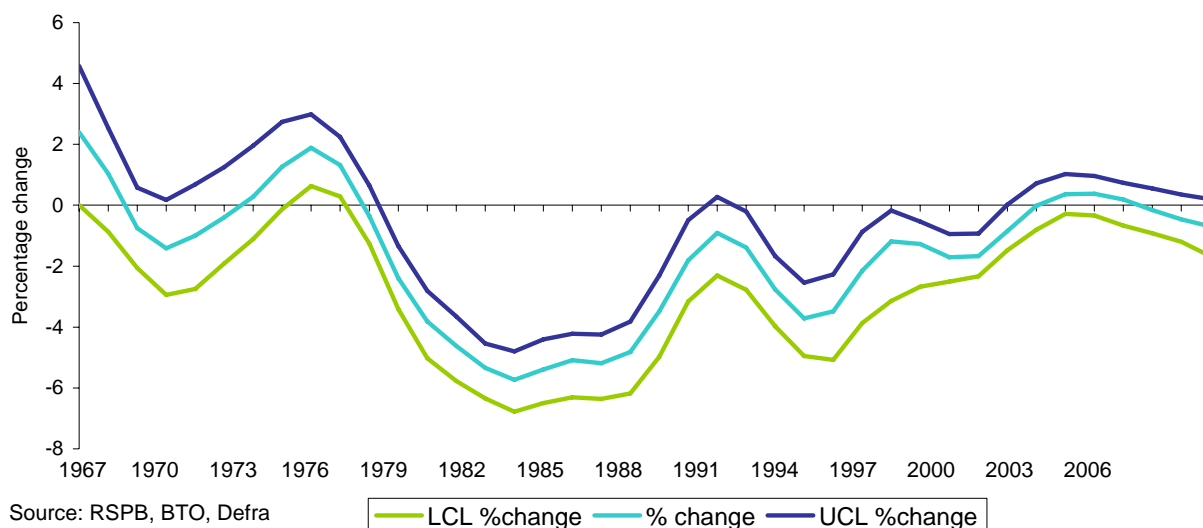
Figure 2: Population of farmland generalist and specialist birds: 1966 – 2006



Source: RSPB, The British Trust for Ornithology (BTO), DEFRA

Figure 3 shows the year-on-year changes in the smoothed England farmland bird index. The chart provides a visual assessment of progress towards meeting the PSA target of reversing the long term decline in farmland birds by 2020. The middle line shows the actual year-on-year changes of the indicator, with top and bottom lines showing the 95 per cent confidence limits. When all three lines are above zero (each indicating a year-on-year increase), the increase in the index of farmland birds will be assessed as statistically significant. In recent years the actual change has been close to zero and shows that there has been no significant overall change in farmland bird populations over the last five years.

Figure 3 Year on year changes in the farmland bird index for England: long-term trend (1967-2006, 19 farmland bird species)



This indicates that, as shown by the milestones below, Defra is on course to meet the target:

- 2004-09 Bird populations in key areas are secured (stable or increasing);
- 2009-14 Bird populations nationally are stabilised; and
- 2014-20 Bird populations nationally increase.

Factors affecting performance

Natural England (NE) is our key delivery partner and is responsible for the delivery of Environmental Stewardship (ES), which is one of the main mechanisms for achieving the target. NE is preparing a targeting system for ES that will be used as a tool to help with the delivery of options aimed at those species that are still declining.

RSPB, BTO and other key partners that contribute to the delivery of this target including statutory, voluntary and private bodies are represented on a steering group.

The aim of the steering group is to ensure that policy and action by the various delivery bodies are co-ordinated so as to maximise the likelihood of successful delivery of this target.

Forward look

This is a long-term programme, and many factors will influence its achievement. ES is a key delivery instrument, particularly Entry Level Stewardship.

A Review of Progress of ES began in May 2007 and will report in January 2008. This will review the evidence on progress against objectives including the contribution to this

PSA target, with initial changes to ES introduced by autumn 2008 and longer term changes implemented by 2009.

The review is also considering options that will help mitigate the effects on farmland bird populations of introducing a zero per cent rate of set-aside in 2008 and the expected effects abolition of compulsory set-aside as part of the CAP healthcheck (see PSA 5 (CAP)). Arrangements have been put in place to monitor the impact in 2007-08 so that regulatory options (national and/or EU) can be considered alongside any changes to ES.

Public Service Agreement target 3b: Sites of Special Scientific Interest

Public Service Agreement target 3b: Care for our natural heritage, make the countryside attractive and enjoyable for all and preserve biological diversity by bringing into favourable condition by 2010 95 per cent of all nationally important wildlife sites.

This Public Service Agreement Target aims to bring into favourable or recovering condition (Target Condition) 95 per cent of the area of Sites of Special Scientific Interest (SSSI) land in England by 2010.

A coherent network of designated sites is a vital component of the Government's overall nature conservation strategy. SSSIs are at the heart of our system of designated sites and their condition is a key indicator of the success of Defra's biodiversity strategy, and a wider indicator of environmental sustainability.

There is currently *slippage* against the Target.

Performance

As reported in the 2007 Departmental Report, 75.4 per cent of SSSI area was in target condition at the end of March 2007, against the trajectory milestone of 78 per cent. At 1 December 2007, the figure stood at 78 per cent. Although progress has been slow since the beginning of April, historically the rate of delivery of SSSI area into target condition increases in the second half of the financial year.

Natural England's new on-line reporting system enables delivery partners to access its SSSI information database (English Nature Site Information System - ENSIS). ENSIS contains data on the condition of all SSSIs and the on-line system enables Natural England and partners to run reports in order to plan delivery and track progress. For all SSSIs in unfavourable condition, ENSIS lists the causes of unfavourable condition, the actions required to deliver favourable/ recovering condition (otherwise known as 'remedies'), the party responsible for action, and a date for implementation.

Major delivery partners have been working with Natural England to ensure that the ENSIS database is up-to-date and accurately reflects their planned delivery of remedies. These data enable Natural England, Defra and other partners to plan and prioritise effectively in order to ensure year-on-year progress towards the PSA target and allows the SSSI Programme Board to monitor progress against predicted delivery throughout the year and to address any problems that occur.

Factors affecting performance

The target has a trajectory milestone of 83 per cent of SSSI area in target condition by March 2008. There has been slow progress towards this milestone to date, the principal reasons for which have been under-delivery by a number of the Target's key delivery partners, the smaller than anticipated take-up of the Higher Level of Environmental Stewardship (HLS) by SSSI landowners and managers and the long lead-times associated with delivering SSSI condition on common land. Delivery partners also need to check ENSIS to ensure that their remedies data is up to date and accurately reflects their current position.

Defra and Natural England are working closely with the Target's key delivery partners, both individually and through the Major Landowners Group, to address these issues, and Natural England is treating the need to ensure that sufficient SSSI land is brought into HLS as a priority.

Forward look

The Target's key delivery partners have made individual delivery commitments for the 2007-08 financial year and it is anticipated that whilst there will be a shortfall against the 2008 trajectory milestone, the degree of slippage should be less than last year and reflect a significant element of catch-up.

Delivery partners have been asked to consider their delivery commitments for the 2008-09 financial year and to present these to Defra in the New Year.

Public Service Agreement target 4: Enhancing opportunity in rural England

Reduce the gap in productivity between the least well performing quartile of rural areas and the English Median by 2008, demonstrating progress by 2006, and improve the accessibility of services for people in rural areas.

There is currently ***slippage*** against this target.

This Public Service Agreement target can be separated into two broad elements:

- improving productivity of rural areas; and
- improving accessibility of services in rural areas.

The productivity element of this target recognises that, whilst in aggregate the economic performance of rural areas is strong, there are some areas where performance is weaker. In these target areas, a key challenge is raising average levels of productivity which typically lag behind both national and regional averages. This target challenges national, regional and sub-regional agents to address this.

The services element of this target recognises that services in rural areas can be difficult to access - particularly for some sections of the community, such as those with limited mobility or without access to private transport. It identified a number of services where the level of performance in rural areas would be monitored. These were intended to be indicative of access to a wider range of services.

For those parts of the target where an assessment has been made, the trend in data is in the right direction suggesting that we are on course towards meeting the target. It has not however been possible to make an assessment for a number of elements of the target and thus the overall status recognises there may be slippage which we cannot assess.

Performance

Productivity of rural areas

Having established a baseline (1999-2000 to 2002-03) to report against, data is currently available only up to 2004-05. The latest assessment based on these two years of data was contained in the last Defra annual report, showing a positive trend (although this is not statistically robust until a third data point is available). Data for a third data point (2005-06) will be available in Spring 2008 and will be used to update the assessment for the 2008 Departmental Report.

In recognition of delays over the data which support the headline indicator, and its imperfect nature as a proxy for productivity and coverage, Defra also tracks a set of intermediary indicators.¹⁹ Overall the trends in rural areas mirror trends in the English average. This emphasises how integrated economic activity in these areas is with the wider economy of England. In terms of On the Job Training and Skills (at level 2) there are some positive signs of a convergence between the indicator districts and the England average. In terms of capital investment there is clear convergence in the most recently available data although further data points are necessary to see if this trend has been sustained.

Accessibility of services in rural areas

Three targets were reported in the last Departmental Report. Since this time further data has become available allowing two of these to be further updated.

Target: to reduce the waiting times from initial assessment to structured treatment and to increase the over-12 week retention rates on drug treatment programmes in rural areas by 2008. *Waiting times* for drug treatment in rural areas were 4.8 weeks in 2004-05, decreasing to 3.6 weeks in 2005-06 and to 1.8 weeks in 2006-07. Nationally, the waiting times are slightly lower (at 4.3 weeks in 2004-05, decreasing to 2.9 weeks in 2005-06 and 1.4 weeks in 2006-07). *Retention rates* beyond 12 weeks on drug treatment programmes in rural areas decreased from baseline to 2006-07. The percentage of people staying on drug treatment programmes beyond 12 weeks was 80 per cent in 2004-05, decreasing to 77 per cent in 2005-06 and remaining at 77 per cent in 2006-07. Nationally, the retention rates were 76 per cent in 2004-05, staying at 76 per cent in 2005-06 and dropping slightly to 75 per cent in 2006-07.

¹⁹ <http://www.defra.gov.uk/rural/research/indicators.htm>.

Target: to increase uptake employment rates in rural areas for the following groups by 2008 compared to 2004: all rural people, people from ethnic minorities, people with no/low qualifications, lone parents, and people in PSA 4 indicator districts.

Figure 4: Comparison of employment rates, 2005 and 2007

Employment rates (per cent) among:	Spring 2005	Spring 2007
all people in England	60.2	59.7
all rural people	61.3	60.9
people from ethnic minorities	65.1	73.7
people with low/no qualifications	68.6	69.7
lone parents	63.9	63.6
people in PSA4 indicator districts	57.7	57.8

Source: Labour Force survey: Office of National Statistics

Figure 4 shows that for most groups, rural employment rates are slightly higher than the English average. Although employment rates are slightly lower in PSA 4 indicator districts than the English average, the direction of change from 2005 to 2007 is consistent with national trends. Since 2005, there has been an increase within rural areas in employment rates of people with no/low qualifications and people from ethnic minorities. The other three groups have remained relatively consistent over time, which is, again, consistent with the national average.

Data has also become available to allow assessments of two previously unreported targets.

Target: to increase the number of childcare places in rural parts of the PSA 4 Indicator districts by 2008 compared to 2004. The baseline figures show that in December 2004, for all rural parts of PSA4 indicator districts there were 448 places per 1000 children available for take up. There was a slight decrease in places in 2005 (to 446) which increased to 463 places per 1000 children by 2006. Nationally, there were 408 places per 1000 children in 2004, dropping to 393 in 2005 and increasing to 407 in 2006. Provision in rural areas remains above average and any changes reflect national trends.

Target: to increase the uptake of Pension Credit in rural parts of PSA 4 indicator districts by 2008 compared to 2004. The baseline figures show that in December 2004, for all rural parts of PSA 4 indicator districts the take up of pension credit was 19.4 per cent, increasing to 20.1 per cent for 2005. The take up rate decreased slightly in 2006 to 19.6 per cent and increased to 19.9 per cent by 2007. Nationally the baseline take up rate of pension credit was 22.1 per cent which increased to 22.8 per cent by 2005. There was a slight decrease in take up in 2006 (to 22.2 per cent) with an increase reported by 2007 (to 22.4 per cent). Over the reporting period the rate of take up of pension credit has increased by 2007 boosted by the publicity campaign which is currently coming to an end.

Factors affecting performance

This is a challenging target. Part of the explanation for 'lagging' rural areas can be found in the intrinsically peripheral nature of many areas and the sparsity of population which defines their character. Likewise, for areas with a comparative advantage in relatively poorly paid (low added-value) sectors, shifting economic activity to higher added-value, including 'knowledge-based' sectors, will not be achieved overnight, but will require long-term planning and investment.

The peripheral and dispersed nature of some rural areas may present challenges to service delivery. Whilst measuring in terms of distance to services is attractive in its simplicity, it would focus too much on the inputs to delivery rather than outcomes of the service. The evidence gathered so far, both directly in relation to the PSA target and more widely, suggests that the outcomes of services in rural areas compare well with the national average and urban areas; and that people's reported satisfaction with the quality of services in rural areas also compares well. However obtaining suitable data to support a focus on outcomes presents significant challenges to the measurement of the target.

We continue to pursue activities which will support delivery of this target but also will support the Government's aspirations for rural areas over the longer term. We have disseminated lessons learned in the rural delivery pathfinders which will be embedded across local authorities. The Rural Development Programme for England 2007-2013 was approved by the European Commission on 6 December 2007. More information on this appears in the commentary on PSA5.

Forward look

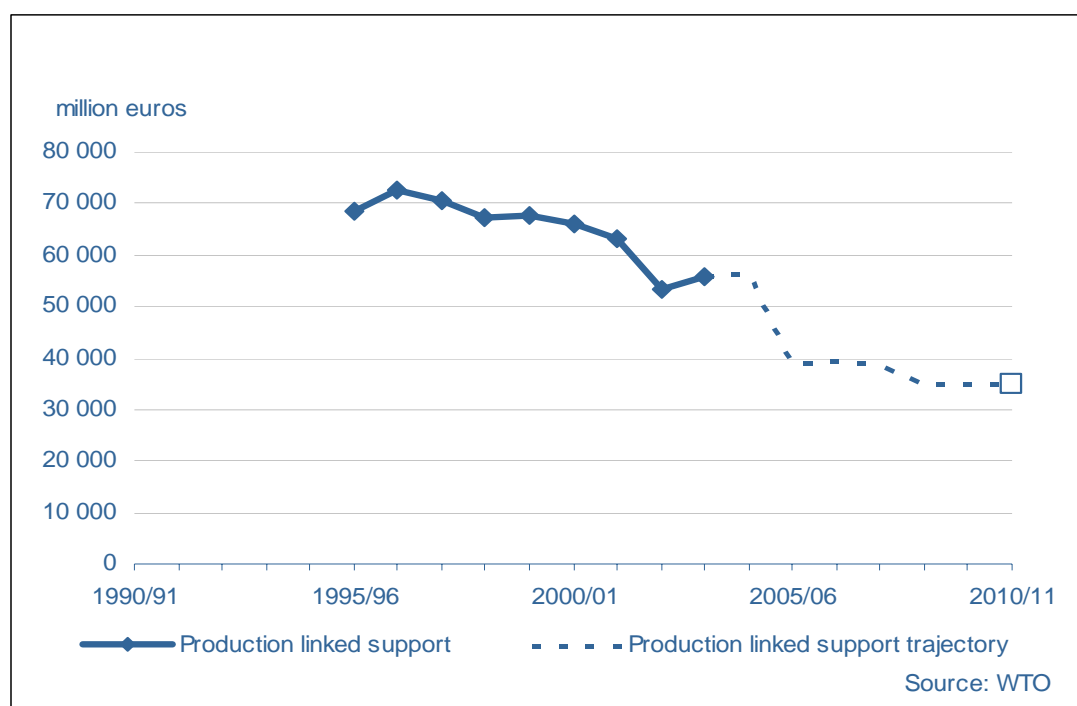
As the evidence base has developed, and our understanding of the issues faced by people in rural areas has been enhanced, the design of this Public Service Agreement target has been found not to be effective in addressing our sustainable rural communities' objectives. This is why we are now focusing on ensuring rural needs are addressed in mainstream policies. That involves renewed efforts to ensure effective 'rural proofing' of other government departments' policies and programmes. This can be seen in the delivery plans of a number of the new PSA targets announced as part of CSR07. We will continue to work with other departments to enhance the monitoring of outcomes in rural areas.

Public Service Agreement target 5: Reform of the Common Agricultural Policy (CAP)

Secure further progress via CAP and World Trade Organisation (WTO) negotiations in reducing CAP trade-distorting support.

This target is *on course*.

Figure 5: Cost of production linked support



Defra is working within the EU to break the remaining links between direct payments and production and to divert a greater proportion of direct payments away from agricultural support and towards wider rural development and environment schemes.

As part of the current Doha Development Agenda round of WTO negotiations, we are pressing, in particular, for significant reductions in agricultural tariffs and the end of export subsidies.

These objectives sit within our wider vision for the CAP which was published in December 2005; the vision calls by 2015-20 for an end to Pillar 1 of the CAP, with EU spending on agriculture to be based solely on the delivery of public benefits which will allow a considerable reduction in total spending by the EU on agriculture.

Progress has been maintained on Doha Development Agenda negotiations, including, in July, the publication of draft texts which, if adopted, would make a significant contribution to the attainment of our 2010 targets of (i) an agreed track for ending export subsidies and (ii) a 36 per cent reduction in tariffs. There will be inevitable challenges in reaching agreement on an ambitious package as we move forward.

The Council reached political agreement on reform of the fruit and vegetable regime (one of the last two large regimes with payments coupled to production) in June 2007 and agreed important changes to keep the sugar reform on track in September 2007. The recent reforms, we estimate, when fully implemented, will be sufficient to achieve the target of 10 per cent reduction of production-linked subsidies.

Achievement of targets is subject to progress in the EU and the WTO.

The European Commission published a consultative paper on 20 November for the health check reforms of the Common Agricultural Policy. Those reforms hold the prospect of making a worthwhile contribution to more sustainable farming and towards achievement of our long term vision for the CAP. Other dossiers remaining under discussion include reform of the wine regime. The Doha Development Agenda remains under negotiation in the WTO.

Public Service Agreement target 5: Sustainable farming and food

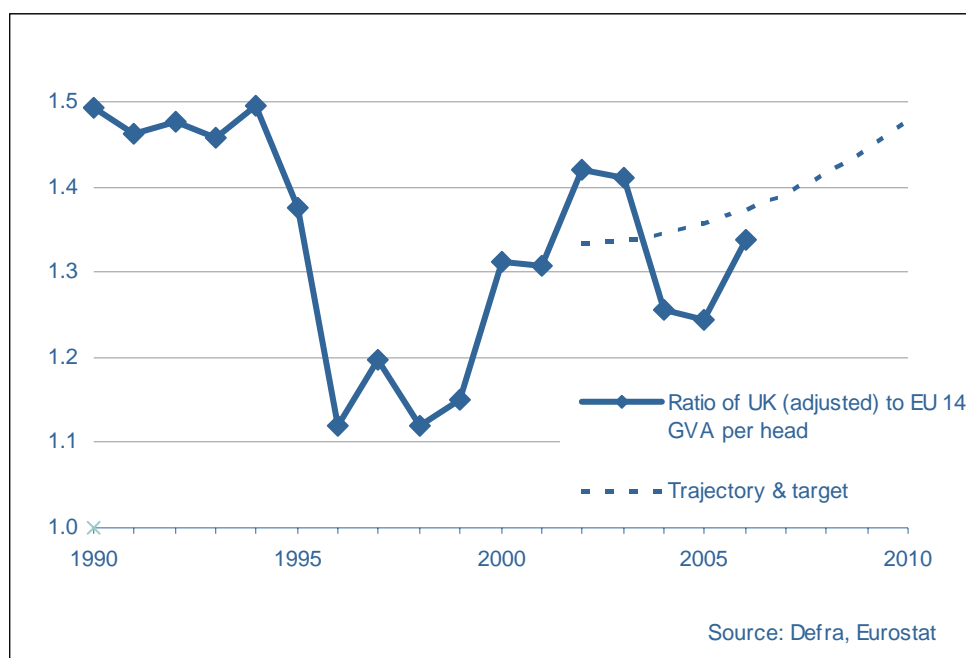
<p>Public Service Agreement target 5: Deliver more customer focused, competitive and sustainable farming and food as measured by the increase in agriculture's gross value added per person excluding support payments;</p>
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Overall, we are ***on course*** to meet this target. The likelihood of delivery is heavily dependent on our ability to deliver a long term change in behaviour in the food and farming industry and to demonstrate when our outcomes have been achieved.

- This element of the PSA5 is measured by the productivity of farming indicator: *Gross Value Added per person, UK compared to rest of EU.*

A new Departmental Strategic Objective for farming and food was announced alongside the Comprehensive Spending Review in October 2007: *A thriving farming and food sector with an improving net environmental impact.*

Figure 6: Gross Valued Added per person UK compared with EU



- The 2006 ratio of UK GVA to EU14 stands at 1.34; this represents an 8 per cent rise on the 2005 figure of 1.24 and is the first increase since 2001-2002. Although the ratio is still behind the trajectory, the 2006 figure represents a recovery back towards levels seen in 2002-03.

The Over Thirty Month Scheme (OTMS) ended in January 2006 and the 10 year ban on the export of beef and cattle was lifted on 3 May 2006. These will have contributed to the recovery in the GVA measure. UK total factor productivity increased by 2.1 per cent in 2006 and labour numbers fell, both of which may have also contributed to the recovery.

Performance

During 2007, key achievements include the development of a long term vision for English farming in 2020. The vision, which was recently set out by Hilary Benn at Defra's Farming for the Future Conference in November is of a sector which is profitable, has an improving net environmental impact, and effectively manages the landscape and the natural assets that underlie it. Defra's new Farming for the Future Programme focuses on key priorities that will enable the industry to re-shape and re-skill itself in the future. It aims to create a policy and regulatory framework that will facilitate the behavioural change necessary within the farming industry to deliver this vision. Projects within the Programme include:

Climate Change & Agriculture

Agriculture is responsible for 7 per cent of the UK's total greenhouse gas emissions. It accounts for 37 per cent of our methane emissions and 67 per cent of our nitrous oxide emissions – both these greenhouse gases are much more potent per molecule than CO₂. The sector has a central role to play in addressing the challenges of climate change and in helping society adapt to deal with the impacts of a changing climate.

Defra's Agriculture and Climate Change Project aims to enable the sector to fulfil its potential in contributing to climate change mitigation, and adapt in order to manage the impacts and make the most of the opportunities presented by climate change. The project is made up of five work streams:

- Raising awareness of climate change among farmers and land management, and encouraging good practice. This includes identifying the most cost effective measures to reduce greenhouse gas emissions from agriculture, and how best to communicate them to farmers and land managers.
- Supporting action by farmers and land managers to adapt to the impacts of climate change on agriculture. This includes considering not just what the sector need to do to remain environmentally and economically sustainable in the face of climate change, but also how agriculture and land management can contribute to managing and minimising the broader impacts of climate change on land, water, ecosystems, biodiversity and society as a whole.
- Exploring options for market mechanisms for greenhouse gas emissions trading in the agricultural sector.
- Driving faster growth in the uptake of anaerobic digestion technology (which captures methane from the decomposition of organic materials – such as manure, slurry or food waste – to produce a biogas which can be used as a source of heat or power, or as a vehicle fuel). This includes working with stakeholders to remove market and technical barriers and raise awareness, stimulate the markets for the products of anaerobic digestion.
- Influencing the policies of key international organisations and other countries in support of sustainable agriculture.

We are continuing to work with the Rural Climate Change Forum, our high level stakeholder advisory body on land management and climate change, which provides advice on policy, research and communications.

Nutrient Management

The aims of the Nutrient Management Workstream are to increase the efficiency of nutrient use on farm and reduce net environmental pollution from agriculture. By adopting a systems view of nutrient management we can minimise the risk for pollution swapping, create benefits for public health, mitigate greenhouse gas emissions, reduce eutrophication and improve soil quality. Working across Defra and together with industry, the Workstream will result in integrated, complementary policies communicated effectively to provide a good service for farmers and other stakeholders. The Workstream was launched in April 2007, and has got off to a good start with several projects already underway.

Integrated Farming

The aim of the project is to identify and set a future direction for Government policy on integrated farming and the environmental management system needed to underpin this, that will contribute most effectively to reducing the environmental footprint of farming.

Cross Compliance Development

We will review and manage the cross compliance standards introduced through the CAP reforms of 2003 to ensure that they are understandable, effective, proportionate

and meet the Better Regulation agenda. There will be outputs of: a simplified Guide for farmers, which will include a range of navigation tools; improved web posting of all cross compliance standards; and an updated *Habitats and Landscape Guidance* in a format complementary to the Guide early in 2008.

Skills for Farming

The aim of the Skills for Farming Project is to agree with the industry and other stakeholders an Action Plan to deliver, for 2020, an industry which has all the appropriate skills to be fully competitive in the market place, farming without subsidy, and delivering against a demanding agenda for the mitigation of /adaptation to climate change and environmental improvement. The Action Plan will be owned by the industry and will identify both specific targets for change and agreed deadlines for action. The industry is expected to take over responsibility for the Action Plan from June 2008.

Farm Health Planning

The aim of the project, to promote the benefits of a pro-active approach to farm health planning, is being achieved through a time limited investment of Government funding to 'pump prime' key activities. The pump priming together with Government and industry working in close partnership has helped the livestock industry to take the lead in delivering a programme of initiatives designed to generate a core of enthusiasts and champions, case studies, demonstrations and other opportunities for bringing people together and sharing experiences. This phase of the project, creating the 'pull' aspect of activating a change in behaviour, is due to end in the main by end March 2008. Work on the next phase, together with monitoring and review of the project, is underway with the aim of facilitating industry to take greater responsibility for farm-level management of disease risks and being better equipped to deal with new challenges.

The Farming for the Future Programme was set up to deliver key elements of the vision for farming in 2020. It is also a major contributor to the broader Sustainable Farming and Food Strategy, which remains the over-arching strategic framework for Defra's policies on farming and food.

However, given the potential for farmers to contribute to a broad range of Defra's policy goals, it is not surprising that many of the specific policy levers that will stimulate change are contained within other programmes and projects:

The Rural Development Programme for England

The Rural Development Programme for England 2007-2013 was approved by the European Commission on 6 December 2007. The Programme provides funding of £3.9 billion which will contribute to protecting and enhancing the environment, make the agricultural and forestry sectors more competitive, and secure a sustainable future for rural communities. Around £3.3 billion of the total budget will be allocated to agri-environment and other land management schemes. £2.9 billion of this will be used to deliver Environmental Stewardship, to help farmers manage the land more sustainably and deliver important environmental outcomes on biodiversity, landscape and access, water quality and climate change. Around £600 million will be used to make agriculture and forestry more competitive and sustainable and to enhance opportunity for rural businesses, social enterprises and community projects. This includes around £100 million that will be used specifically to assist the livestock industry in tackling some of the particular challenges it faces. Detail about implementation appears in the Forward Look section of PSA5.

Whole Farm Approach

Since its release in March 2006, the Whole Farm Approach has achieved take-up in line with predictions with over 5,800 farmers having completed the baseline questionnaire (September 2007). The system has continued to be enhanced, in particular adding the ability to register for waste exemptions and complete the December 2006 and June 2007 agricultural surveys on-line to further increase the benefits to farmers.

Public Sector Food Procurement Initiative

Good progress continues to be made on the Public Sector Food Procurement Initiative (PSFPI) with the Government Offices for the Regions and Regional Development Agencies undertaking activities to improve the supply of food into the public sector. Details of the regional activities, share to supply, other initiatives and new guidance and tools to help public bodies implement the PSFPI are available on the PSFPI web site.²⁰

Year of Food and Farming

Defra is committed to reconnecting young people with how and where their food is produced, and its importance to the countryside and the environment. Defra has provided support to the industry-led Year of Food and Farming in schools, including £130,000 for the start-up phase, and by seconding the Royal Agricultural Society of England (RASE) to work on the initiative.

Food chain initiatives

With the end of Defra funding for programmes of work being undertaken by the Food Chain Centre and the Red Meat and Cereals Industry Forums, Defra has been reviewing its funding of food chain measures. A significant outcome of this review was the decision, announced in May, to close the Agriculture Development Scheme to new applications. The resultant savings will be used, among other things, to fund work to reduce the global impacts of food consumption.

Renewable fuels and materials (Non-food crops / Bio-Energy)

Government's response to the *2 year review of the Strategy for Non- Food Crops and Uses*, including an updated and refocused action plan was published in May 2007. At the same time, Government launched a new *UK Biomass Strategy* which outlines its commitment to the use of sustainable biomass for energy, transport and industrial materials. Work arising from both of these exercises is now integrated and being taken forward through a new renewable fuels and materials programme.

Factors affecting performance

The outbreaks of animal disease experienced in 2007 may impact on future performance against the PSA target. The recent fluctuations in world commodity markets, which in any case have had both positive and negative effects on the farming industry, are unlikely to affect the target, since they will have similar effects across the EU.

• ²⁰<http://www.defra.gov.uk/farm/policy/sustain/procurement/index.htm>.

Foot and Mouth Disease (FMD), Bluetongue and highly pathogenic Avian Influenza H5 N1 (AI) outbreaks have led to meat and live animal export bans, domestic movement restrictions and market disruption, as well as further considerable operational and consequential animal husbandry difficulties. We estimate the costs to producers from FMD at over £100 million with the sheep industry hardest hit. During a period of rising costs this has been a serious blow to the competitiveness of a sector that was already struggling to show a profit. Defra and its delivery partners have taken swift and effective action to contain and eradicate FMD and AI, and are working to contain and limit the potential spread of Bluetongue, working in close partnership with the industry throughout.

Performance during the first half of 2007-08 also needs to be seen in the context of rising global commodity prices, which will be felt across the EU. Cereal prices (particularly wheat), and oilseed rose sharply on world markets, as did milk product prices (particularly milk powders). However the negative impact on the profitability of pig and poultry sectors, major consumers of cereals, has been significant, with the pig sector in particular showing heavy losses. Factors behind this rise in cereal prices include:

- adverse weather affecting world production;
- increasing global demand from the food, feed and fuel sectors;
- low world stock levels; and
- restrictions imposed by exporting countries.

Rising commodity prices and demand point to mixed effects for the environment - with pressure to produce more but the prospect of rising incomes providing more scope for arable farmers to devote resources to environmental activities.

In addition farming in England was affected by adverse weather conditions:

- a hot dry April then persistent wet weather from May to August has had widespread effects including reduced yield and quality, and considerable operational difficulties, including increased disease levels (eg potato blight); and
- localised flooding during June and July with some crop losses, increased housing of livestock, and consequential problems;

Forward look

The Rural Development Programme for England

The Rural Development Programme for England (RDPE) was approved by the EU Commission in December 2007 and will formally start at the beginning of 2008. The programme document sets out the aims and objectives for the new programming period. The main strand of the programme will focus on delivering environmental benefits by rewarding farmers and other landowners for protecting and enhancing natural resources and mitigating the effects of climate change. The other strands are concerned with improving the competitiveness of the farming and forestry sectors and contributing towards rural quality of life and diversification of the rural economy. This will help the farming industry to become more sustainable by helping the industry to diversify into new food and non-farming sectors.

Public Service Agreement target 6: Waste and recycling

To enable at least 25 per cent of household waste to be recycled or composted by 2005-06, with further improvement by 2008.

This target is *on course*.

Defra's National Statistics estimates based on data entered onto Waste Data Flow for 2005-6 show that 26.7 per cent of household waste was recycled or composted in England in that year. This means that Defra has met the first part of the PSA 6 target.

The 2006-07 municipal waste statistics for England show a further increase in household recycling and composting to 30.9 per cent; so we are well on track to show the further improvement required to 2008. The only risk is that recycling rates could drop over the next year. However this is extremely unlikely as we fully expect them to rise further and will continue to push for this to happen. This is supported by the fact that local authorities know that they have to meet the landfill directive targets and there is therefore no incentive for them to reverse the trend towards higher levels of recycling.

To ensure that further progress is made, in 2007-08 all local authorities must at least equal their 2005-06 statutory recycling targets and meet the minimum level of 20 per cent. Figures for 2007-08 will be available in November 2008.

Figure 7: Household waste recycling rates in 2001-02 to 2005-06

Financial year	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
England household waste recycling (per cent)	12.5	14.5	17.7	22.5	26.7	30.9
Household waste recycled (thousand tonnes)	3,197	3,740	4,521	5,769	6,796	7,976

Source: Defra WasteDataFlow

The EU Landfill Directive requires the UK to reduce the volume of biodegradable municipal waste (BMW) sent to landfill to 75 per cent of the 1995 level by 2010; 50 per cent by 2013; and 35 per cent by 2020. Increases in recycling and composting, consistent with Defra's national waste and recycling target and the statutory local authority targets mentioned above, will play an important role in reducing the amount of residual municipal waste that is finally sent to landfill.

Waste disposal authorities in England landfilled 11.5 million tonnes of BMW in 2006/07.. This continues the downward trend in the amount of BMW sent to landfill in England and represents good progress towards the first landfill directive target year, 2010, when England must landfill no more than 11.2 million tonnes of BMW.

Delivery of Defra's waste and recycling target is through local authorities, with the bulk of the funding coming from the local authority Environment, Protective and Cultural Services (EPCS) block. The proportion of this to be spent on waste management is up to each local authority to determine.

Local authority waste management costs are rising, and the need to fund the infrastructure required to divert more waste from landfill (particularly residual waste) to meet the challenging Landfill Directive targets will place additional pressures on local authority budgets. These additional costs were factored in to the recent Comprehensive Spending Review, which more than doubled Private Finance Initiative (PFI) credits to £2 billion for investment in waste disposal facilities over the next three years.

Defra paid out £105 million to local authorities in 2006-07 under the Waste Performance and Efficiency Grant (WPEG) programme. WPEG is designed to support new and more efficient ways to deliver waste reduction, and increase recycling and diversion from landfill. A further £110 million is being provided during 2007-08 and is administered by the Department for Communities and Local Government as part of Local Area Agreement funding.

Defra's Waste Implementation Programme (WIP) has provided 'Direct Consultancy Support' to 327 local authorities for the 2006-07 and 2007-08 financial years, which should have important impacts on recycling and waste diversion from landfill.

WIP has also continued to provide funding (£33.5 million in 2007-08) to the Waste and Resources Action Programme (WRAP) to help councils improve their recycling collections and stimulate investment in reprocessing facilities.

Defra's Environmental Services Efficiency Programme has also been successful in enabling councils to save money in their waste management services. Councils are on course to record around £350 million of efficiency gains in Environmental Services over the current spending round.

The Waste Strategy Review has set higher national targets for recycling and composting of household waste – at least 40 per cent by 2010, 45 per cent by 2015 and 50 per cent by 2020 as compared to 27 per cent in 2005-06. We are confident that national recycling levels will continue to rise over the coming years due to the strong drivers we have put in place. Landfill Tax will continue to rise. The current standard rate of landfill tax is £24 per tonne. This rate applies to active wastes (those that give off emissions). This will have doubled to £48 per tonne in 2010-11. Local authority obligations under the Landfill Allowance Trading Scheme (LATS) also get gradually tougher to meet as we move toward the Landfill Directive target years.

However, local authorities are free to decide how to achieve landfill diversion and thus meet their LATS obligations and avoid Landfill Tax. Through our new Waste Strategy we are encouraging a greater emphasis on waste prevention by local authorities which will lead to the best environmental outcomes.

This is equally true under the new performance framework for local authorities. Mandatory recycling targets no longer apply to councils. Instead any waste management targets will be negotiated through the Local Area Agreement process. A recycling indicator has been maintained as one of three waste management indicators

in the performance framework so all local areas will report the percentage of household waste recycled or composted and are free to negotiate a target on this.

Evidence from overseas suggests that incentivising householders financially to reduce the amount of non-recycled waste they throw away can be a powerful tool in reducing overall waste quantities, boosting recycling and reducing costs. Following consultation over the summer of 2007 we announced that the Climate Change Bill will provide a power for local authorities to pilot non-revenue raising incentives for household waste minimisation and recycling. This will allow pilot authorities to recognise more effectively the efforts of those householders who reduce, reuse and recycle their waste, and provide an incentive to those who do not change their behaviour.

Public Service Agreement target 7: Eliminate Fuel Poverty

Eliminate fuel poverty in vulnerable households in England by 2010 in line with the Government's Fuel Poverty Strategy Objective.

Currently some *slippage*.

The Government has a legal duty to ensure that, as far as reasonably practicable, people in England do not live in fuel poverty after November 2016. The eradication of fuel poverty is a devolved issue with the Devolved Administrations responsible for the achievement of respective targets in their own countries.

Defra also has a goal of ending fuel poverty for vulnerable households in England by 2010. Vulnerable households are those on low income, homes with older people, families with children and those who are disabled or have a long-term illness. The most widely accepted definition of a fuel poor household is one which needs to spend more than 10 per cent of its income on fuel to maintain an adequate heating regime. Progress against these targets is monitored through annual reports and we will continue to work to develop the range of information available to assess the impact of programmes on fuel poverty.

Fuel poverty is driven by three elements: the energy efficiency of the property, household income and the price of fuel. The degree of challenge in achieving the fuel poverty target is affected by two of these elements being out of Defra's direct control. Defra continues to work with other departments, particularly BERR, and other key stakeholders to ensure we are able to respond to the challenges posed by factors out of the Department's control.

The Government's plan provides a strong framework for vulnerable people, and was successful in reducing fuel poverty between 1996 and 2004 by 3 million households across England. But we face new challenges. Rising energy prices since 2003 have inevitably had an impact. Results of the 2005 *English House Conditions Survey* show that 2005 was the first year in which the number of households in the UK in fuel poverty actually rose. The overall number of households in fuel poverty in England in 2005 was 1.5 million (around 7 per cent of all households), and the number of vulnerable households was 1.2 million. Our estimate is that there may still be 1.2 million vulnerable households in fuel poverty in England by 2010.

Defra and BERR are continuing to analyse the impact of rises in prices, taking account of income and fuel price scenarios towards the 2010 target date. The Energy White Paper outlined a number of key actions in tackling fuel poverty including:

- Taking a more localised approach – in regions, local authorities and individual communities – to tackling fuel poverty, actively generating referrals and delivering cost effective measures;
- Providing a Benefit Entitlement Check to all households that require one;
- Enabling use of benefit information in clearly specified and controlled circumstances, allowing help to be more easily targeted at eligible households;
- Issuing guidance to encourage local authorities in England to exceed the Decent Homes Standard, and use the model of fuel poverty at a local level as a stimulus for action;
- Putting in place a cross-government communications campaign in time for winter, so that all the help currently available, is coordinated and easily accessible;
- Working with Ofgem and Energywatch to encourage vulnerable customers to use the energy market to get the best deal, where appropriate;
- Encouraging energy suppliers to provide a proportionate programme of assistance to their vulnerable customers; and
- Continuing to work with Ofgem on the scope for the gas distribution price control to incentivise extension of the gas network to deprived communities.

Defra's main programme for tackling fuel poverty is the Warm Front Scheme, managed by eaga plc.

Warm Front has assisted over 1.6 million households since the start of the scheme in 2000 through the installation of energy efficiency and heating measures. Warm Front also provides Benefit Entitlement Checks to encourage the take-up of benefits and so increase household income. Following publication of the Energy White Paper in May 2007, Benefits Entitlement Checks have now been extended to all households that need one who come forward to the Scheme.

In 2006-07, 22,761 Benefit Entitlement Checks were carried out under the Warm Front Scheme. Of these checks, 39 per cent were subsequently found to be eligible for Warm Front with an average weekly increase in income of £26.51 (£1378 per annum).

Defra continues to work with the Warm Front Scheme Manager, eaga plc, to ensure that the scheme operates in a way that delivers the best possible service to customers and delivers value for money for the Department.

In addition to this activity, the Winter Fuel Payments helped to keep 11.7 million people warm in the winter of 2006-07. If they were counted against fuel bills it is estimated they could have removed around half a million households in England from fuel poverty.

The 2007 Comprehensive Spending Review (CSR) has allocated resources to continue the Warm Front Scheme in England. The combination of Warm Front funding of just over £800 million over the period and the focus on low-income and elderly customers through the priority group obligation in the Carbon Emissions Reduction Target (CERT) mean that spending on energy efficiency and other measures in low-income, elderly and disabled households is expected to rise, by £680 million to around £2.3 billion compared to the previous spending period.

The Chancellor announced in his Pre-Budget Report 2006 that £7.5 million would be made available across the UK in 2007-08 to improve the effectiveness of Warm Front and Energy Efficiency Commitment (EEC). Taking this forward in England, the 'Community Energy Efficiency Fund' (CEEF) was launched in June 2007 with applicants invited to apply for support via a competitive process for the allocation of the £6.3 million funding available in England. The bidding process invited projects to identify a clear set of targets providing a cost effective way of delivering EEC and Warm Front on a local basis. A further key element of the evaluation of projects is their role in improving the experience of individual households, including the able-to-pay sector, in receiving a holistic package of support and promoting innovation in terms of delivery, advice and measures provided. This provides a key channel for delivering a whole house approach and ensuring the most effective and sustainable outcomes are achieved from this funding.

In September 2007, fifty projects were offered funding from the CEEF. Those offered funding include a range of new and established projects, each bringing together key players at the local level. Work is ongoing to determine the likely implications of recent energy price rises for the total level of resource that will be necessary to meet our 2010 target. Details of the projects are available online ²¹.

The *Fuel Poverty Advisory Group* plays an important role in drawing together key partners from energy suppliers, national charities, voluntary organisations and local government to set and consider the fuel poverty agenda. Their support and advice will form an important part in our ongoing evaluation of the range of policy options in place and the potential future policy tools that may help to meet our targets.

Public Service Agreement target 8: Improving air quality

Improve air quality by meeting the Air Quality Strategy targets for carbon monoxide, lead, nitrogen dioxide, particles, sulphur dioxide, benzene and 1,3-butadiene. Joint target with the Department for Transport.

This target is ***partly met, with slippage against some indicators***. The Government's air quality policies are set out in the *Air Quality Strategy for England, Scotland, Wales and Northern Ireland*.²² These policies are aimed at protecting people's health and the environment, and emissions and concentrations of most pollutants have been cut significantly as a result. The 2007 Strategy, published in July, follows a review of the *2000 Air Quality Strategy*, with a public consultation held on the review in 2006. The Strategy sets out measures for meeting air quality objectives between 2000 and 2020, while taking into account economic efficiency, practicability, technical feasibility and timescale.

Objectives for benzene, 1,3-butadiene, carbon monoxide and lead were **met** throughout the UK in 2006, and Defra is meeting current objectives for all air pollutants in PSA8 in

²¹ www.defra.gov.uk/environment/climatechange/uk/household/fuelpoverty/strategy/index.htm

²² July 2007, TSO, www.defra.gov.uk/environment/airquality/index.htm

95 per cent of the UK, with only a limited number of hotspots remaining. More needs to be done to meet our objectives for nitrogen dioxide (NO₂) and particles (PM₁₀) where there is slippage in all parts of the country, and the 2007 Strategy sets out measures which to aim to achieve this.

The Government is currently considering measures set out in the Strategy, such as the incentivisation of early uptake of new European vehicle emissions standards (Euro-standards²³) and the increased uptake of low emission vehicles. Vehicles that meet Euro standards emit lower quantities of oxides of nitrogen (NO₂) and PM₁₀, and the early uptake of cleaner diesel vehicles meeting Euro 5 and 6 standards could improve greenhouse gas emissions, helping us to realise both air quality and climate change policies. The Government announced in the 2007 Budget that it would consider the case for incentivising the early uptake of Euro 5 and subsequently Euro 6 technology through Company Car Tax and other means. The Government is also considering how to reduce emissions from ships.

Concentrations of particulate matter will be measured through a new exposure reduction framework introduced by the Strategy. Anticipating new target and limit values for PM_{2.5} in the forthcoming new European Directive on ambient air quality, the exposure reduction approach aims to protect the health of citizens in hotspots by keeping exposure within air quality objectives and limit values (a 'backstop objective' or 'concentration cap'), while a 'percentage reduction' or 'exposure reduction' aims to reduce exposure by 15 per cent in average concentrations in urban background areas across the UK between 2010 and 2020.

One of the ways Defra monitors trends in air quality is through the sustainable development indicator for air quality. This consists of two sub-indicators. One shows average levels of the two types of pollution (particles and ozone) now believed to have the most significant impact on public health (see Figure 8). The other shows the results for the average number of days when any one of five air pollutants was recorded as moderate or higher and which reflect short-term pollution episodes (see Figure 9).

Annual average particulate levels have been decreasing, although the trend may be levelling off. The production of ozone is strongly influenced by the weather, more being created on hot sunny days; the high levels recorded in 2006 in the UK are in part due to the heat wave in June and July.

²³ http://ec.europa.eu/enterprise/automotive/pagesbackground/pollutant_emission/index.htm#euro5 for further information

Figure 8: Annual levels of particles and ozone, 1987 to 2006

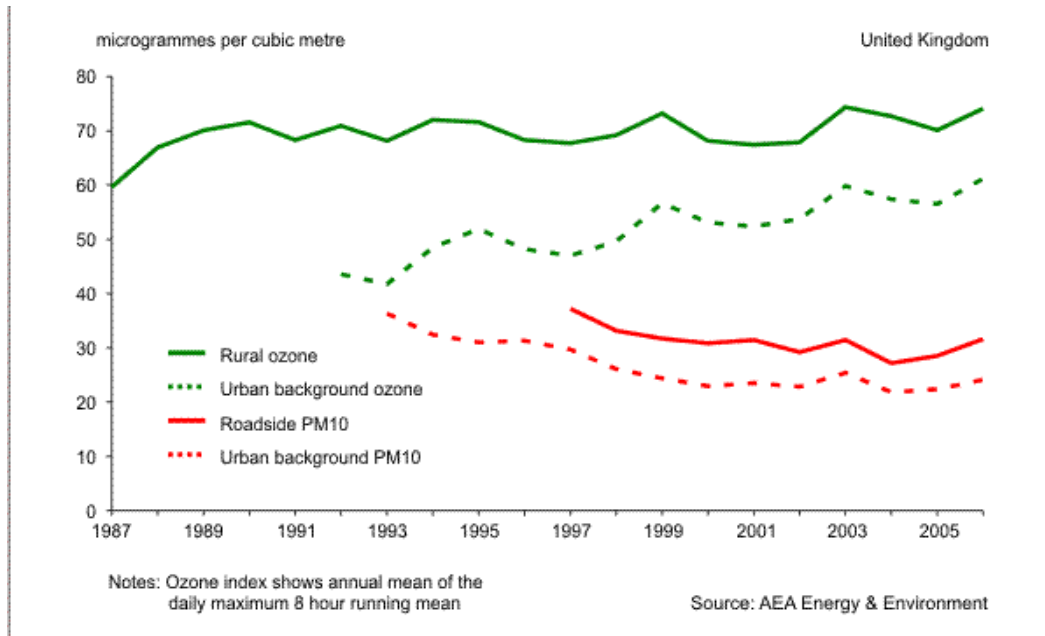


Figure 9: Days when air pollution is moderate or higher, 1987-2006

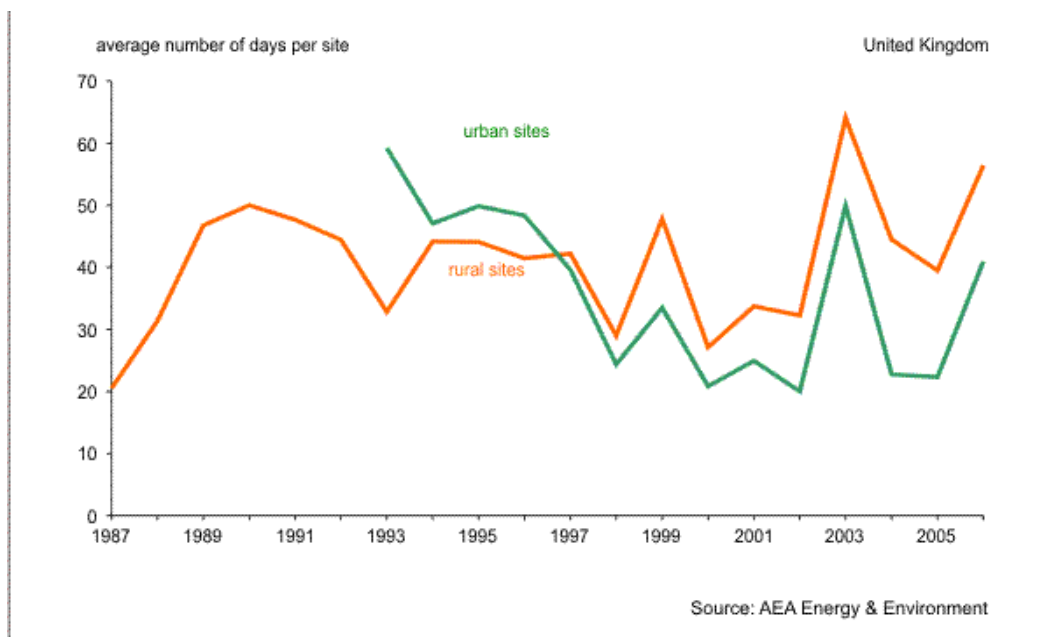
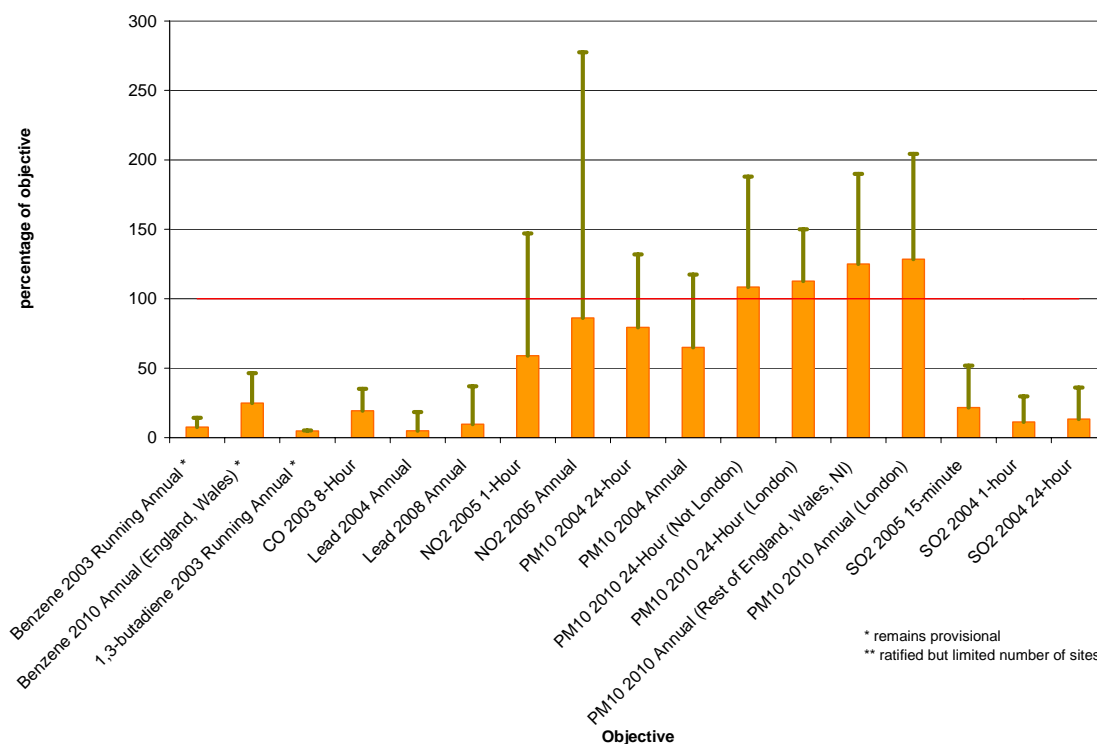


Figure 9 shows the results for the average number of days when any one of five air pollutants was recorded as moderate or higher and which reflects short-term pollution episodes. This shows that in 2006 there were 41 days of moderate or higher air pollution in urban areas compared with 22 days in 2005 and 48 in 1996, reflecting a high degree of variability. In rural areas last year there were 57 days of moderate or higher levels of air pollution compared with 40 in 2005 and 41 in 1996.

Figure 10 shows the results in 2006 of measured concentrations of pollutants in the *Air Quality Strategy* including the seven pollutants in the air quality Public Service

Agreement target. Pollutants below the red line met the relevant objective in 2006; the green line represents the range of measurements; the orange bar is the average of all measurements.

Figure 10: Measured concentrations of Air Quality Strategy pollutants in England in 2006 as a percentage of the relevant objectives (mean of all sites and highest site)



The 2006 results of measured concentrations of air pollutants show that Defra continued to meet the *Air Quality Strategy's* national air quality objectives for benzene, 1,3-butadiene, carbon monoxide and lead. There were no breaches of the sulphur dioxide (SO₂) objectives recorded at our national monitoring sites. However, 12 local authorities have declared Air Quality Management Areas for SO₂ and are working to improve air quality in their areas.

Results for 2006 however show that the 2005 nitrogen dioxide and 2004 particles objectives were not met in some parts of the country, particularly in some major urban areas and alongside busy roads, primarily due to traffic emissions.

Concentrations of air pollutants show that long-term reducing trends for NO₂ and PM₁₀ are flattening out or even reversing at a number of locations, despite current mitigation measures. This may be due to increasing emissions of primary NO₂ from road vehicles fitted with particle traps, which is the subject of further research.²⁴ Defra's modelling shows that, although the vast majority of the country will meet these objectives, there will be some areas (mostly urban and busy roadside locations) where, with present policies and technologies, it is unlikely the targets will be achieved. Following publication of the latest *Air Quality Strategy* in July this year, the 2010 objectives for fine

²⁴ see <http://www.defra.gov.uk/environment/airquality/publications/primaryno2-trends/index.htm> for further information

PM₁₀ in London, England, Wales and Northern Ireland have been replaced by a new PM_{2.5} exposure reduction objective, which will be reported on next year.

Defra worked with DfT, other key departments and stakeholders to identify possible additional new measures to move closer to the Strategy's air quality objectives which are included in the revised strategy, referred to above. The Strategy also took account of the Climate Change Programme and negotiation of air quality directives and protocols at European and International level. These reviews have taken a view and considered the impacts of any additional policies and measures on air quality and climate change to seek joint optimisation of benefits.

DfT is also taking forward implementation of the Government's strategy for transport set out in the *Future of Transport* White Paper and also working with European partners to develop tighter standards for both vehicles and fuels, and ensuring that local authorities' Air Quality Action Plans are integrated into their Local Transport Plans (LTPs) in areas where transport has a significant impact on local air quality. DfT also recently published a response to the *Eddington Transport Study* (December 2006) in *Towards a Sustainable Transport System* in October 2007, further committing the Government to a transport strategy that delivers improvements to both transport and the environment.²⁵

Defra and DfT continue to work closely with local authorities to progress action and delivery of the targets at the local level. Local Authorities have a statutory duty to check air quality against the national objectives prescribed in regulations and to work towards their achievement. Where there is likelihood that the objectives may not be met, authorities must designate Air Quality Management Areas (AQMAs) and draw up action plans. Around 226 local authorities have so far designated AQMAs and more than 169 authorities have drawn up action plans with proposals to tackle the problems.

A huge range of international, national and local policies can affect air quality at any given location. Improving the quality of air requires action at all levels of government:

- internationally, through standards and agreements, particularly within the EU, as air pollutants cross territorial boundaries;
- nationally, where government departments have the greatest role to play;
- locally, where pollution can have the greatest impact and where local authorities are the key delivery partners; and
- at the individual level, where the travel and consumption decisions of individuals and private businesses can have a significant impact on the environment, including air quality.

There are a large number of partners responsible for delivering the Government's air quality objectives. These include:

- EU and other international bodies;
- government departments;
- the Environment Agency and local authorities, responsible for the regulation of emissions from industrial sources;
- the Highways Agency, responsible for the motorways and trunk roads;

²⁵ www.dft.gov.uk/about/strategy/transportstrategy/

- levels of local authorities, responsible for local air quality management, land-use planning policies and for developing LTPs and implementing transport policies;
- the Mayor for London, through his air quality, transport and energy strategies; and
- public and private transport operators, hauliers, motor manufacturers, the oil industry and the public through their production, consumption, home heating and individual travel choices.

A European Commission proposal to revise national emission ceilings for 2020 is expected in spring 2008. It will be co-ordinated with action to set greenhouse gas (GHG) emission reduction targets following the spring Council agreement.

The UK has maintained a firm line in arguing for stringent standards for the fifth and sixth sets of 'Euro' emission standards for new vehicles. Euro 5 introduces lower levels of NO_x and PM₁₀ emission. Agreement on how this would be implemented was reached in early Oct 2007 and all new light duty vehicles designs will need to meet these standards from Sept 2009. Euro V will introduce lower NO_x emissions from heavy vehicles in a similar manner.

Euro 6 standards for light vehicles have already been agreed for introduction in the longer term, but proposals for their counterpart Euro VI standards for heavy duty vehicles will be further developed in 2008.

Agreement on a new EU Directive on air quality is expected in December 2007. The Directive will more than likely consolidate existing EU legislation on ambient air quality; introduce the possibility of extended deadlines in respect of achieving EU limit values, most notably for PM₁₀ and NO₂; set new target and limit values for PM_{2.5}, to provide for a basic level of protection; and include an exposure reduction target to reduce exposure to PM_{2.5} across the population as a whole, not just at hot-spots. Following agreement of the Directive, Defra will consult on its implementation/transposition.

2007 has seen a cooler, wetter summer than previous years, so ozone and particle concentrations and episodes did not increase as much at this time of year as they had in some previous years.

During 2007-8 and 2008-9 there will be large changes to the national air quality monitoring networks due to revised monitoring requirements for many pollutants in the proposed new air quality directive and new Air Quality Strategy objectives for PM_{2.5}. This is likely to alter the assessment of some of the pollutants in PSA8. Annual mean statistics for 2008 onwards are likely to increase due to a rise in the number of sites at traffic locations and a reduction in the number of sites at urban background locations.

Public Service Agreement target 9: National Scrapie Plan

A reduction of 40 per cent in the prevalence of scrapie infection (from 0.33 per cent to 0.20 per cent) by 2010

Current status: ***Slippage***, but subject to review.

The National Scrapie Plan (NSP) has been in operation since July 2001 testing over 2.8 million breeding sheep for genetic resistance to Transmissible Spongiform Encephalopathy (TSE) infection and helping over 13,000 flock owners to reduce the risk of scrapie in their flocks. Between 1 January 2007 and 30 November 2007 9,400 farm visits took place and the blood from over 191,000 animals was tested.

The aims of the NSP have been to:

- protect animal health by reducing and eventually eradicating scrapie ;and
- to protect public health from the theoretical risk of Bovine Spongiform Encephalopathy (BSE) in sheep (if present and being masked by scrapie) by increasing the levels of genetic resistance to TSEs in the national flock.

Both contribute to the five year strategic aim of putting sustainable development into practice by improving the health and welfare of animals. The NSP played an important role in the protection of a perceived public health risk, especially at a time when it was not possible to distinguish in testing between BSE and scrapie.

The principle future means of ensuring we would attain the PSA 9 target for scrapie was to have been compliance with EU Decision 2003/100 required compulsory ram genotyping in all flocks of high genetic merit (effectively most if not all breeding rams in the national flock). However in 2006 the EU Council and Parliament rejected the Commission's proposals for compulsory genotyping. The Commission and Member States subsequently agreed that ram genotyping should be both discretionary (upon Member States) and voluntary (where such schemes were launched). Defra has up to now continued to fund a voluntary GB-wide Ram Genotyping Scheme (RGS) as part of the NSP.

In light of these developments, the RGS was reviewed in the latter half of 2006. As part of that review the Spongiform Encephalopathy Advisory Committee (SEAC) looked at developments in the underpinning science and concluded that the risk of BSE in the UK flock is most likely to be zero or very low if present at all²⁶. This has removed the driver for maintaining this as part of this PSA target. In light of the review's conclusions in early 2007, Ministers agreed to consult on the future of the RGS later in the year. Proposals for the future of the RGS including closure or transfer to industry has recently been published in a Defra consultation document (11 December 2007) on *Responsibility and Cost Sharing for animal health and welfare*. That consultation is due to conclude in April 2008.

²⁶ SEAC, December 2006 <http://seac/statements/sheepsubgrp-statement131006.pdf> (paragraph 47) .

Performance

The estimate of prevalence of infection (0.33 per cent) and the target (0.20 per cent) in the PSA9 target were both derived from epidemiological modelling commissioned by Defra in 2004. The model estimated the prevalence of infection and assessed how various compulsory measures would affect scrapie prevalence. With the EU compulsory elements that were planned to be introduced, the scrapie prevalence level of 0.33 per cent was seen in the model to reduce to 0.20 per cent by 2010 – hence the target that was set.

Factors affecting performance

In the light of the 2006 decision by the EU Commission that compulsory genotyping may not be desirable, and the potential for Government to withdraw future funding for voluntary ram genotyping following the 2007-08, consultation it is considered that changed circumstances affect the Department's ability to attain the scrapie infection prevalence target as set out in PSA 9 by 2010. That said, we do not yet know what the effect of the last six years of voluntary ram genotyping, will be. Nor do we know to what extent the numbers of the most scrapie susceptible rams may increase, or not, in the absence of compulsory or voluntary genotyping in the future, and the extent to which that then affect long-term estimates of the prevalence of scrapie infection in the national flock. However, because of the long incubation period of the disease and because changes in the genetic makeup of the national flock happen slowly it is unlikely that any decisions breeders may take now or in the future will have an effect on the prevalence of scrapie infections by 2010.

Research has been commissioned, to provide improved analysis and design of scrapie surveillance strategies for the national flock²⁷. In the meantime, incidence will continue to be monitored through the existing sampling of certain numbers of animals at abattoirs and in fallen stock. We propose to re-run the model to determine equivalent estimates of current prevalence of scrapie.

Public Service Agreement target 9: Bovine Spongiform Encephalopathy

Reduction in the number of cases of Bovine Spongiform Encephalopathy (BSE) detected by both passive and active surveillance to less than 60 in 2006 with the disease being eradicated by 2010.

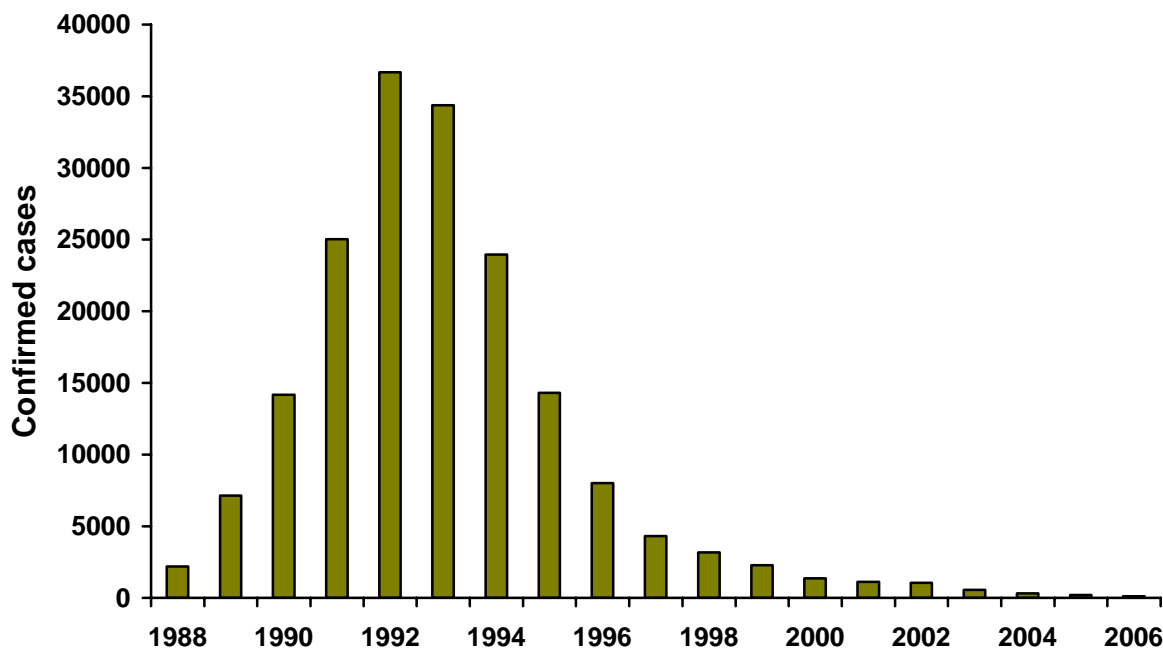
There has been *slippage* in relation to the target although the epidemic continues to show a steady decline.

²⁷

http://www2.defra.gov.uk/research/project_data/More.asp?I=SE0243&M=KWS&V=SE0243&SCOPE=0

From a peak of almost 37,000 clinical cases in Great Britain in 1992, there were just 39 clinical cases (and 164 active surveillance cases) in 2005 and 15 clinical cases (and 89 active surveillance cases) in 2006, an overall reduction of almost 50 per cent between 2005 and 2006. The BSE programme is therefore set within the context of a post-crisis period and we expect incidence to continue to decline broadly in line with expectation. The long-term challenge remains to eradicate the disease.

Figure 11: Bovine Spongiform Encephalopathy passive and active surveillance cases reported 21 August 1988 to 31 December 2006.



A combined total of about 60 cases are expected for 2007.²⁸ Further statistics and information on BSE are available on the Defra website²⁹.

Factors affecting performance

The main factor affecting the number of cases is the longevity of cattle born before August 1996, in which the estimated prevalence of the infection is greatest. The Older Cattle Disposal Scheme (OCDS) provides incentives for removal of pre-Aug '96 cattle on a voluntary basis. Projections indicate that some 100,000 cattle will remain alive when the scheme closes at the end of 2008. Although every effort is being made to minimise this number, some keepers will elect to retain their cattle until the end of their natural lives. Compulsory slaughter would be difficult to enforce and could not be justified on a cost benefit basis.

The target was based on the predictions made by the Veterinary Laboratories Agency (VLA) model. Although the statistics show that the encouraging decline in the incidence of BSE continues, Defra failed to meet the PSA target for 2006 but anticipates approximately 60 cases in 2007. This slippage is, in part, because the EU legislation

²⁸ Figures for December 2007 will be published in the 2008 Departmental Report.

²⁹ <http://www.defra.gov.uk/animalh/bse>

that lifted the export ban required UK to test more older cattle under our active surveillance programme and partly because the VLA model for predicting the course of the BSE epidemic on which the target was based, has difficulty in accurately predicting the smaller number of cases as we reach the end of the epidemic.

The figures suggest that without further policy intervention we are unlikely to meet our target of no BSE cases by 2010.

There are very few cases in animals born after 31 July 1996 when the UK ban on feeding mammalian meat and bone meal to farmed livestock is considered effective. The main routes of infection for those 'Born after the Reinforced Ban' (BARB) are thought to be the persistence of very small quantities of feed produced before August 1996 or very small quantities of infectious material in imported feed ingredients, particularly those imported via other Member States whose feed rules were not tightened until at least 2001. Continued or increasing numbers of BARB cases could also impact on the achievement of this target. In July 2005, Defra published Professor William Hill's independent review of BARB cases. The review found that the BSE controls in place are soundly based and concluded that elimination of feed borne sources is the key to elimination of BSE. Estimates of the prevalence of infection provides reassurance that the risk of infection has declined in successive BARB birth cohorts.

The National Feed Audit (NFA) monitors and enforces TSE feed controls and is therefore the primary eradication measure. The NFA covers the feed supply chain from production and distribution through to end-use. During 2006, Animal Health carried out over 2,000 feed inspections and collected over 14,000 feed samples. Monitoring reveals a high level of compliance with the feed ban throughout the feed supply chain to end-use on farm, but continued vigilance is essential to the aim of eradication.

Public Service Agreement target 9: Bovine Tuberculosis

A reduction in the spread of Bovine Tuberculosis to new parishes to below the incremental trend of 17.5 confirmed new incidents per annum by the end of 2008.

Bovine Tuberculosis (TB) is one of the most difficult animal health problems that the farming industry currently faces in Great Britain. EU legislation requires Member States to have in place a plan for tackling the disease as a pre-requisite to allow trade. Through the *Government Strategic Framework for the Sustainable Control of bovine TB in Great Britain*³⁰ (published March 2005), the Department is aiming to work in partnership with stakeholders to bring about a sustainable improvement in the control of bovine TB over ten years tailored to reflect regional variation in disease risk and emerging evidence. A key message from stakeholders, for example during the 2004 consultation on the new strategic framework, has been that government should do all it can to reduce the risk of TB becoming established in new areas.

Performance

³⁰ The Government's TB Strategic Framework can be found on Defra's website at: <http://www.defra.gov.uk/animalh/tb/strategy/newstrategy.htm>

Defra is currently **on course** to meet this part of PSA Target 9, and the latest available figures indicate progress is in line with the target. As at 30 June 2007, the value for the PSA9 indicator is +6.0 Confirmed New Incidents (CNIs) per annum in comparison with the target of +17.5. The projected PSA9 indicator for the end of 2008 remains well below the target of +17.5 CNIs per annum.

Provisional statistics³¹ show that approximately 2.9 per cent of British herds were under bovine TB restriction at the end of September 2007 due to a bovine TB incident³². The problem is much worse in the southwest and west of England and south and west Wales. 92.0 per cent of British herds were officially bovine TB-free at the end of September 2007³³. The estimated confirmed herd incidence of bovine TB in Great Britain in January - September 2007 was 3.4 per cent³⁴ with approximately 4.3 TB reactors from every 1,000 animals tested.³⁵

Details of the calculation

In the 12-month period ending 30 June 2007 there were 266 confirmed new incidents (CNIs) in 'new' parishes. (A 'new' parish is a parish where there had been no CNI during the previous 4 calendar years). In the 12-month period ending on 30 June 2006 (one year before) there had been 258 CNIs in 'new' parishes.

The 5-year average between 1 July 2002 and 30 June 2007 was 301.0 CNIs in 'new' parishes per year. Between 1 July 2001 and 30 June 2006 it had been 295.0, so we report the PSA9 indicator as an increase of +6.0 CNIs per annum.

To ensure a practically complete count of CNI, the analysis was delayed for 80 days after CNIs for 30 June 2007 were first recorded. This exceeds the minimum permitted delay of 60 days.

On the assumption that bovine TB in 'new' parishes will follow current trends, the projected PSA9 indicator for the end of 2008 is well below the target of +17.5 CNIs per annum.

Factors affecting performance

Building on the TB *Strategic Framework*, a number of control measures are currently in place to help reduce the spread of bovine TB. Recent progress on some of these policies includes:

³¹ Provisional statistics for Jan – September 2007 downloaded from Defra's Animal Health Database (Vetnet) on 1 November 2007. Subject to change as more data become available. Further TB statistics for Great Britain are available on Defra's website at: <http://www.defra.gov.uk/animalh/tb/stats/index.htm>

³² GB cattle herds under bovine TB restriction on 30 September 2007 because of a bovine TB breakdown (does not include herds under restriction for an overdue tuberculin test).

³³ 92.0 per cent of GB cattle herds officially bovine TB-free on 30 September 2007 (remainder includes herds under bovine TB restriction for any reason e.g. an overdue tuberculin test, a bovine TB breakdown, disclosure of inconclusive reactors within 3 years of the conclusion of a confirmed incident, etc).

³⁴ Confirmed new bovine TB herd breakdowns as a percentage of tests on unrestricted herds tested in GB between 1 Jan – 30 September 2007. (Total new bovine TB breakdowns as a percentage of tests on unrestricted herds in the same period = 6.9 percent).

³⁵ Average number of tuberculin test reactors per 1,000 GB cattle tested between 1 Jan – 30 September 2007.

Pre-movement testing

Pre-movement testing of animals over 15 months of age from high risk herds was introduced in England in March 2006 and later extended to younger animals (over 42 days old) from 1 March 2007. Evidence to date is encouraging; 176 reactors have been detected in 108 herds in England from 1 March 2007 to September 2007. Overall, since its initial introduction, the policy has detected 485 reactors in 269 herds in England (Sep 05-Sep 07).

Gamma Interferon blood test

Since October 2006, the use of the gamma interferon (g-I FN) blood test has been extended in Great Britain. The g-I FN test is primarily being used in parallel alongside the skin test, to improve the chances of detecting infected cattle and thus speed up the resolution of TB incidents. Between 23 October 2006 to 31 October 2007, 2,327 reactors have been identified from 31,047 animals tested.

Biosecurity and husbandry

Maintaining good on-farm biosecurity and husbandry practices is important in reducing the risk of TB transmission. Updated advice on husbandry best practice has been produced by the Bovine TB Husbandry Working Group (a partnership of key farming, veterinary and wildlife groups and government) and two leaflets have been published, in February and May 2007. The Group continue to encourage and publicise advice to farmers on good husbandry practice.

Forward Look

Research

Around £9 million is due to be spent in 2007-08 on a wide-ranging bovine TB research programme which includes:

- The development of a vaccine for bovine TB (for potential use either in cattle or badgers);
- Developing improved diagnostic techniques (both for TB in cattle and badgers);
- Epidemiological studies on factors influencing the prevalence and persistence of the disease in cattle and wildlife;
- Analysis of data from the 'Randomised Badger Culling Trial' and associated research;
- Investigating transmission routes between and within species;
- Investigating risk factors contributing to the development of the disease in cattle; and
- Economic analyses of TB control strategies.

Gamma Interferon blood test

We continue to monitor the use of the gamma interferon blood test and have initiated a review of the first year of wider use.

Pre-movement testing

Monitoring of pre-movement testing is ongoing.

Badger culling

The Independent Scientific Group on Cattle TB (ISG), which oversaw the 'Randomised Badger Culling Trial', published their final report on 18 June 2007. The publication of

this report adds to the available scientific evidence base and government are now carefully considering the issues raised in the report and will continue to work with the industry, government advisers and scientific experts in reaching final policy decisions.

Efficiency Programme

Highlights

By the end of September 2007, Defra had delivered financial efficiencies worth some £540 million and reduced civil service posts by 1168. A total of 299 posts had been relocated out of London and South East England.

Background

Defra agreed, as part of the 2004 Spending Review, to deliver by the end of 2007-08 efficiencies of £610 million, a reduction of 2400 Civil Service posts, and to have robust plans in place to relocate 390 posts from London and the South East. Defra's Efficiency Technical Note³⁶ (ETN), a revised version of which was published on Defra's website in 2005, sets out how the efficiencies will be delivered.

Defra's Efficiency Programme as initially established drew upon a portfolio of initiatives that were being undertaken across the core Department, its Executive Agencies and Non-Departmental Public Bodies. These initiatives were or are at various stages of maturity and are delivering at different points over the 2004 Spending Review period. The scope of the Programme has since been widened to address the need to improve value for money across the Department.

In response to the recommendations of the Office of Government Commerce (OGC) Gateway 0 Review in May 2007, the Efficiency Programme Board was disbanded and its responsibility for overseeing and reporting delivery of the departmental efficiency targets transferred to business as usual activity. Defra's Finance Director as Senior Responsible Owner provides oversight of delivery of financial efficiency gains. Delivery of the workforce reduction target is the responsibility of Defra's HR Director with governance provided by a workforce efficiency monitoring group. Delivery of relocations under the Lyons initiative is co-ordinated by Defra's efficiency and estates teams with governance provided by a steering group.

Progress towards the Department's targets is externally assured through quarterly reporting to the OGC and by 6-monthly discussions between the Permanent Secretary and the Chief Executive of OGC on the likelihood of these targets being met. The most recent discussion – in June 2007 – assigned a Green assessment for the financial target, an Amber/Green to the Lyons target and a Red assessment to the headcount target.

Progress on financial efficiency

Of the £610 million target for financial efficiency, £299 million (half to be cash releasing) is expected to be delivered by local authorities via efficiencies in waste services for which authorities have budgetary responsibility but Defra has policy responsibility. Of the overall target of £610 million, £377 million will be delivered as cash-releasing efficiencies (producing the same output for less input) while £233 million will be productivity efficiencies (more or better outputs for the same cost).

To ensure there is sufficient contingency to cover any under-delivery from these initiatives, additional efficiencies have been identified across the wider Department – particularly around procurement activity. The forecasts for affected initiatives have been revised upwards.

³⁶ <http://www.defra.gov.uk/corporate/busplan/efficiencynote-0511.pdf>

For assurance purposes the Department modifies the forecast provided by each initiative in line with the agreed qualitative assessment of likely delivery. This approach to risk-based forecasting has been endorsed by the Office of Government Commerce. Based on this more prudent assessment, Defra expects to deliver £750 million for the programme as a whole (£403 million excluding waste) against a target of £610 million (£311 million).

To the end of September 2007, Defra had delivered actual efficiencies amounting to £540 million, of which a total of £385 million was cash-releasing.

Figure 12: Financial targets, forecasts and delivery to date in £millions

Initiative	Target	Initiative forecast	Risk based forecast	Efficiency delivered to 30/9/07
Departmental Reform	10	5	5	5
E-nabling and IT	11	16	16	14
FPRD Change programme & Procure to pay	3	8	7	6
Environment Agency	72	120	120	99
ERDP IT	30	25	21	16
Catalyst	8	0	0	0
SVS	4	10	10	10
RPA Change Programme	52	0	0	0
Emissions Trading	47	43	43	2
Procurement	30	101	92	62
Executive Agencies	17	42	42	42
Modernising Rural Delivery	13	14	14	12
HR	4	5	5	3
Other	10	28	28	24
SUB- TOTAL	311	417	403	295
Waste Management	299	347	347	245
TOTAL	610	764	750	540

Progress on Workforce reductions

The original departmental target for workforce reductions was 2400, of which 1600 were to come from the RPA Change programme and the remaining 800 from the core department. In March 2007 the department agreed with HM Treasury that in order to deal with improvements in the Single Payment Scheme, work at RPA during the 2004 Spending Review Period should concentrate on improving payment performance and that the Department would be unable to make the reduction of 1600 posts planned to be generated by this Programme.

A revised commitment to deliver a reduction of 1400 posts was agreed, of which 1200 would arise from existing initiatives elsewhere in the department and its Executive Agencies, and 200, from resizing and reshaping activities planned to take place as part

of the 'Renew Defra' programme. To September 2007, Defra had made 1168 post reductions against the revised forecast of 1400.

The forecasts in Figure 12 below have been updated to show the Department's revised approach to workforce reduction in Spending Review 2004 (SR04)

Figure 13: Workforce reduction targets, forecasts and delivery to date in Full Time Equivalents

Initiative	Revised Total forecast	Initiative forecast	Reductions to 30/9/07
Policy Centre Reform	920	812	601
Corporate Centre Reform			
'Renew Defra' Programme			
E-nabling and IT	80	0	0
RDS (ERDP IT & MRD)	187	187	187
Catalyst	0	0	0
SVS	22	0	-16
RPA Change Programme	0	171	111
Executive Agencies	61	133	133
MRD	50	50	50
Farm Survey System	12	12	12
Wildlife Unit	90	90	90
TOTAL	1422	1455	1168

Progress on relocating posts from London and the South East

By the end of September 2007, Defra had relocated 299 posts from London and the South East. The majority of these posts went to York and Worcester. The Department expects to exceed the target of having plans in place for 390 relocations by the end of 2007-08 and continues to work closely with OGC to manage risk and to ensure adequate contingency is available to assure delivery of this target by March 2010.

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