

RURAL DELIVERY REVIEW

A report on the delivery of government policies in rural England

Christopher Haskins

October 2003

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PART 1

Introduction and background

Introduction and summary

Background to the review

I was invited to look at the arrangements for delivering the government's rural policies in England because it was clear to Ministers that they needed to be reviewed following the creation of Defra as the new rural affairs department in Whitehall. The complex delivery mechanisms that exist are the collective legacy of many past governments and of changing priorities. Most people accept that changes need to take place to meet the ambitious and growing rural agenda that the government faces in the years to come.

Terms of reference

My terms of reference are to make recommendations on how best to improve the effectiveness of delivery arrangements for Defra's rural policies with a view to:

- simplifying or rationalising existing delivery mechanisms and establishing clear roles and responsibilities and effective co-ordination;
- achieving efficiency savings and maximising value for money;
- providing better, more streamlined services with a more unified, transparent and convenient interface with end customers;
- identifying arrangements that can help to deliver Defra's rural priorities and Public Service Agreement targets cost-effectively.

The full terms, in **Annex 9** of this report, specify organisations and developments that are directly relevant to my study. They exclude areas of rural delivery in which Defra has recently instigated reviews or reform. With these exceptions, I have concentrated my attention on the activities of those organisations that act directly on behalf of Defra in the delivery of rural policy.

In the eight months spanned by this review I have examined how the various organisations listed in my terms of reference work collectively as part of an overall system of delivery and have drawn conclusions about their respective contributions.

Recognising that much of the responsibility for rural delivery lies with 'mainstream' public service organisations funded by Whitehall departments other than Defra (such as Health and Transport), I have also examined the relationship between Defra and these other bodies in the context of rural delivery. While I have been able to draw general conclusions from this part of my analysis, the timescale and scope of this review have not permitted an in-depth study of the rural dimension of mainstream service delivery. I nonetheless believe that many of the detailed lessons learned from my examination of Defra and its rural delivery agents are applicable across the broader spectrum of rural service delivery.

Gathering the facts

In total, around 350 organisations, authorities and groups (including various regional or local branches and offices) have contributed to this review. I have, in addition, received comments and views from nearly 300 individual customers of rural delivery.

The review team's research has spanned nine administrative regions of England. Evidence has been obtained through regional tours, case studies, customer focus groups, in-depth interviews, written consultations and a literature review. In addition to this programme of fact-finding I have visited Wales,

Scotland, Ireland, France and Germany in order to make comparisons. I have also consulted officials at the European Commission in Brussels about future developments relevant to rural policy and delivery.

Taken together, the contacts I have had with the hundreds of interested organisations and individuals who have contributed to the review make a compelling case for change. **Annex 4** provides an overview of our evidence. Other annexes report on certain elements of our evidence. The main chapters of this report contain quotations that are representative of generally held views or illustrate a wider state of affairs.

I am grateful to the many people who have helped to organise my intensive programme of fact-finding, as I am to all those who have contributed evidence.

Rural delivery in the future

This report outlines how rural delivery arrangements should evolve, taking account of wider developments in government, in particular the commitment to devolution and moves to make public services more accountable and locally responsive.

I would like to see rural delivery in England becoming much more decentralised than it is, with key decisions being taken at regional and local levels. This is where services can most effectively address public need and where deliverers can be held more clearly to account. I would also like to see greater transparency and accountability in the centre, based upon a clearer definition of roles and better communication between policy developers and delivery experts. There must be an effective flow of information up and down the policy-delivery chain, so that those in charge of policy can take proper account of delivery implications and at the same time hold delivery teams to account. Delivery organisations will be more rationally organised and better co-ordinated. Customers of the services they provide will have a clearer understanding of their rights and obligations.

I expect my recommendations to bring about a situation in which:

- Defra's rural policy remit is well understood by all concerned;
- it is easier to pinpoint accountability for success or failure;
- policy is better attuned to need and takes greater account of delivery issues;
- government works collectively to achieve the best outcomes;
- Defra has better evidence on rural delivery on which to develop policy;
- national leadership on rural policy is clear;
- there is greater regional and local control over rural economic and social outcomes;
- Regional Development Agencies have stronger links with other organisations with an interest in the rural agenda;
- there are fewer regional players engaged in regenerating rural businesses and communities, and there is better co-ordination of rural business advice;
- there are stronger incentives for local authorities to improve rural services;
- delivery of sustainable land management is more effective, rational and efficient;
- accountability for policy development and delivery relating to forestry is clearer;
- delivery of forestry policy in England is better integrated with the government's wider sustainable land management agenda within a modern legal framework;
- levy-funded organisations supporting the marketing and development of agriculture are more efficient;

- regional co-ordination of rural delivery is more efficient (and Government Offices for the Regions have a stronger role as co-ordinators and monitors);
- front line delivery is more co-ordinated and efficient;
- strategic planning is more rational;
- there are better arrangements for regional consultation with stakeholders on rural delivery and for reviewing and challenging rural deliverers;
- best practice in delivery is spread more effectively within and between regions;
- land managers receive more co-ordinated services with the minimum of burdens;
- regulation of farms takes more account of local knowledge and is more locally accountable;
- it is easier to monitor the flow of money supporting rural delivery, and services are more rational and transparent;
- rural development schemes are much more effective in targeting areas and customers with the most deserving needs.

What this will mean for the customer

The above improvements to the system of delivery will make life better for the customers. They will benefit from having to contend with fewer points of contact, from greater local knowledge on the part of deliverers, more flexible responses to their needs, clearer expectations and a better understanding of their obligations, with fewer unnecessary burdens to face.

As a result of these benefits, one could expect the direct customers of rural delivery to be more instrumental in delivering public good in rural areas, and taxpayers' money will therefore be better used.

What I have found

My research has highlighted several specific areas in which there is a need for significant improvement. The following list describes the main findings of this review. **Annex 4** gives further background to them.

Poor accountability

- a) Defra's rural policy remit is not widely understood.
- b) Rural policy and delivery functions are confused and overlapping, blurring accountability.
- c) Rural policy development fails to take proper account of customer needs and the realities of delivery, a situation exacerbated by the lack of a shared, reliable evidence base and confusing definitions of 'rural'.
- d) There is a shortage of management information on rural delivery, which restricts Defra's ability to make policy and to track progress against its objectives.
- e) Targets for rural delivery too often assess administrative processes rather than outcomes and public benefits.

Failure to satisfy regional and local priorities

- f) Customers are expressing dissatisfaction with the delivery of rural services, which they feel do not address their needs or expectations.
- g) A lack of rigorous standard setting and accountability in the provision of business advice means that quality is variable.

Too many players

- h) Too many organisations are involved in rural delivery, resulting in confusion (delivery of sustainable land management for example is handled by at least six national agencies working with multiple regional and local organisations).
- i) Customers are confused about the roles of the many organisations involved in rural delivery, above all those dealing with land managers.

Lack of co-ordination

- j) There are far too many regional strategies (more than 70 regional or sub-regional strategies in one region alone).
- k) Regional co-ordination of delivery is unduly complex, bringing together several organisations with similar or overlapping agendas. Membership of discussion forums is too unwieldy for effective dialogue.
- l) There are too many initiatives, schemes and services (there are for example over 100 separate streams of rural delivery activity and funding in one sub-regional area, such as a National Park). Poor co-ordination has created a complex and confusing delivery landscape.
- m) Many initiatives are insufficiently tied into the regional agenda.
- n) Deliverers have a patchy understanding of the strategic objectives of their work.

Confused customers

- o) Customers lack clear information on relevant products and services. Scheme guidance, qualifying criteria and application processes are complex and off-putting.
- p) Land managers and rural business owners complain about the bureaucratic approach to regulation and poor co-ordination between regulatory agencies.
- q) Poor communication during the process of scheme applications has led to false expectations, confusion and in some cases wasted investment on the part of the customer.
- r) Delays in the processing of grants adds to customer uncertainty and can undermine benefits.
- s) The prescriptive and inflexible nature of schemes raises serious questions about their ability to target need effectively.
- t) A lack of on-going help and support for projects once the initial grant is received creates unnecessary uncertainty.
- u) Schemes are not sufficiently targeted at those in greatest need and are not designed to be easily accessible to those groups.

In the light of the above there is considerable scope to obtain greater value for taxpayers' money.

The main recommendations

I have developed five key themes for change, around which the main section of this report is structured (**Chapters 4-8**). A full list of recommendations is in **Annex 1**.

- 1) To improve accountability through a clearer definition of responsibility for policy and delivery functions (see **Chapter 4**).
- 2) To bring delivery closer to the customer by devolving greater responsibility to regional and local organisations for the delivery of economic and social policy (see **Chapter 5**).

- 3) To develop a more integrated approach to sustainable land management by rationalising agencies with overlapping agendas into a new agency responsible for sustainable land management (see **Chapter 6**).
- 4) To improve the co-ordination of delivery by enhancing the role of Government Offices for the Regions as co-ordinators and monitors (see **Chapter 7**).
- 5) To make things better for the customer and get greater value for money for the taxpayer through a more integrated approach to regulation and through simpler services (see **Chapter 8**).

Improvements arising from the changes

Underlying the specific improvements I have listed above are four intangible benefits that are central to my business case (see **Chapter 9**). These are:

- greater customer satisfaction;
- optimum delivery of the public good, based on better value for money;
- greater flexibility in the system, enabling it to adapt to the changes that lie ahead;
- greater credibility in the government's arrangements.

The changes that are necessary must address the long term. With the necessary leadership, government can achieve a more balanced, realistic system of policy and delivery that promotes delivery of the public good and accommodates the individual. Investing in the longer term should lead to better opportunities for those who wish to work in a regional and local system of government.

As my analysis concludes, these are the fundamental benefits that will flow from my recommendations.

Reading this report

In developing my recommendations I have sought to trace the causes of the problems that I have identified. I have concluded that many of the difficulties are due to long-standing cultural and institutional problems (which I recognise that the government has been seeking to address). **Chapter 1** seeks to put these in context. It highlights the fundamental need for greater devolution and the separation of responsibility for policy and delivery as being at the heart of the necessary reforms.

Chapter 2 summarises how the current delivery arrangements work.

The reforms I propose are intended to provide a long term solution. I have naturally had to make a number of assumptions about future policy developments which may have a bearing on rural delivery. These are examined in **Chapter 3**.

My recommendations are analysed under the main elements of the five themes listed above, and they can be found in **Chapters 4-8** of this report.

Chapter 9 examines costs and benefits and suggests how reform should be taken forward. My proposals should be introduced over a period of three years. I believe that these changes can be effected with the minimum of disruption to staff and business.

- My underlying premise is that the existing arrangements for delivering Defra's rural policies are incapable of coping effectively with the changes that lie ahead whilst delivering value for money to the taxpayer.
- If implemented, I believe that this report will substantially further the delivery of the government's sustainable development objectives in rural communities and the countryside.

Chapter 1

Institutional and cultural challenges

1.1 The purpose of this review has been to examine existing arrangements for the delivery of Defra's rural policies and to make the process more effective. I have decided to make some quite radical proposals, because Defra, like other Whitehall departments, must make long-term changes if it is to deliver the formidable policy agenda which is now emerging.

The overall picture

1.2 My research over the past eight months reveals a picture of bureaucratic complexity and customer confusion in rural delivery arrangements.

1.3 Rural businesses, rural communities and their representatives are at the receiving end of the regulations, products and services that are designed to deliver the government's rural policies in England. However, they are intimidated by the multiplicity of organisations, products and services involved. There are numerous rules that inhibit access to services. Those who ought to benefit most from these are often the least likely to do so. Officials engaged in delivery struggle to reconcile the needs of service recipients with the bureaucratic prescriptions of their parent departments in government.

1.4 Customers and stakeholders repeatedly express a preference for local forms of delivery that are tailored to their needs. But the existing arrangements do not respond well to this. Delivery organisations and their superiors in government often appear remote from those who are in need of their support. Expectations are high, but they are liable to be disappointed.

1.5 I have sought to trace the causes of these problems. The weaknesses in the present system are the result of a long history of ad hoc change and of a national approach to solving problems that are largely local in nature.

1.6 As the government has recognised, Whitehall's approach to policy delivery has, over the years, become over-centralised and unmanageable. It is hard to establish accountability for failure (or success) when those who develop policy also take responsibility for its delivery.

1.7 The government has embarked on initiatives to address these weaknesses, for example in the creation of Regional Development Agencies, proposals to strengthen the role of local authorities and the application of a new public service reform agenda across Whitehall. But a great deal more needs to be done to ensure that the needs of rural businesses and communities are effectively addressed.

The new department

1.8 In creating Defra in 2001, the government brought together three groups of policy objectives which had previously been the responsibility of different departments – Food and Agriculture, Environment, and Rural Affairs. Having established the new department, with its main objective of promoting sustainable development, government also needed to review the arrangements for delivering its policies.

1.9 Defra is also in the midst of a number of initiatives to plan for a new agricultural and environmental agenda. These too will directly impact on its arrangements for policy delivery. The discredited Common Agricultural Policy (CAP), which Defra itself does not support, is on the verge of a welcome and radical

reform as the package agreed by the Council of Ministers is implemented. EU enlargement will create opportunities and risks which policy developers must take into account.

1.10 A key element in CAP reform will redirect the budget away from market subsidies and towards the enhancement of the rural environment and rural development objectives. Simultaneously a range of EU directives now in the pipeline will oblige member states to raise standards of environmental resource protection very significantly.

1.11 The third policy theme for Defra is Rural Affairs. Concern has been expressed by stakeholders that many aspects of rural life are not given sufficient attention by the public service departments. Defra has been charged with correcting this problem, as well as creating initiatives of its own to promote thriving rural communities and to facilitate changes that are necessary in the rural economy.

1.12 Given this radical change in policy development and departmental structures, it is essential that there should be an accompanying radical change in the Department's approach to delivery of its emerging agenda. And because other departments are suffering similar problems in the effective delivery of their policies, some of my observations and recommendations have implications across Whitehall.

1.13 My recommendations are based on what I believe are two fundamental cornerstones of good government: clear accountability, achieved through the pragmatic separation of policy development and policy delivery functions; and responsiveness to need, achieved through the extensive devolution of policy delivery to regional and local networks, as is the case in all other large democracies.

1.14 Changes in rural delivery must reflect the government's public service reform principles. This review provides a major opportunity to embrace these principles systematically (see Chapter 3).

1.15 In the course of my review I have come to the conclusion that many of the delivery problems faced by Defra are consistent with more widespread shortcomings in Whitehall. These are both institutional and cultural. It is now widely accepted that UK administration is too centralised. Devolution in Wales and Scotland seeks to redress this imbalance, as do steps towards the decentralisation of the National Health Service. My report seeks to address these weaknesses insofar as they affect Defra's rural remit.

Culture

1.16 Until the Second World War Britain's public services were delivered through a network of competent county council and municipal authorities. Though severely under-funded, these local agents were well regarded.

1.17 Since the war Britain has progressively undermined its local delivery networks and opted for highly centralised systems, notably in health and education, but also in agriculture. There were many reasons for this trend. In health and education Ministers sought to achieve consistency of delivery across the country through centralisation. The funding of public services has progressively been switched from local to national taxation. The post-war Labour government believed in a highly centralised state machine. But the undermining of the powers of local authorities led to a reduction in the competence of those engaged in local politics and administration. Conservative governments sought to reduce their powers further, because they felt that left-wing controlled city councils were able to frustrate the delivery of government policy. Two flawed reorganisations of local government, alongside isolated corruption cases, have not helped.

1.18 However, the weaknesses of over-centralisation are now being increasingly recognised. An organisation like the National Health Service, employing over a million people, and seeking to satisfy the needs of 60 million people, is unmanageable from the centre.

1.19 The Ministry of Agriculture, Fisheries and Food was a very centralised department. This led to excessive bureaucracy, an inability to recognise distinctive local needs, slowness to react, frustrating inflexibility and low levels of credibility amongst those at the receiving end.

1.20 Decentralisation has been happening elsewhere in government and needs to happen in Defra.

1.21 National policy objectives must be designed to take account of local needs, and the government has recognised this in creating Regional Development Agencies. It is the job of these organisations to transform national policies into regional strategies and to arrange for the delivery of these strategies through a network of regional, sub-regional and local partnerships, with democratically accountable local authorities as the lead partner in most of these delivery activities.

1.22 I am recommending that Defra pursues this approach and, wherever possible, uses regional and local delivery networks as opposed to national ones. Delivery must take forms that not only target but are also appropriate to local circumstances. This is very difficult to achieve from the centre.

1.23 Many Whitehall civil servants pursue a top-down philosophy of government and overestimate their capacity to effect change in the lives of individuals. The media's intolerance of failure in the political sector can compound the problem, as does a system that seeks to meet unrealistic expectations. This adds to the bureaucratic complexity of delivery. In overcoming these problems civil servants must recognise and accept the cultural obstacles that continue to exist in many quarters.

1.24 Whilst this top-down approach might have been acceptable a generation ago it is not appropriate today. In the past, citizens' high trust of governments contrasted with their relatively modest expectations of state intervention. Today, the reverse is increasingly the case, reflected in an uneasy combination of distrust and excessive expectation. People want to know what is going on and resent a system that lacks transparency and does not adequately recognise individual circumstances. They seek tailored responses to their problems and become impatient when they do not get them.

1.25 My report aims to satisfy demands for more localised delivery, by recommending the devolution of delivery of government services, so that people can connect to the system at their local level, and to increase the transparency of the government machine by separating, as much as possible, responsibility for policy development from responsibility for policy delivery.

1.26 Good businesses have realised the shortcomings of over-centralisation. Thirty years ago most corporations had similar shortcomings to those I have noted in modern government departments. Today they have slimmed down their central staff, who concentrate on macro-strategy and the auditing of delivery. They allocate responsibility for delivery, including selection of the best methods for achieving those goals, to those who are most competent and best placed to influence things: the operators themselves. The centre must challenge operators and, if necessary, replace them where they under-perform. It must not try to do their job for them or second-guess their decisions.

1.27 Unfortunately Defra and Whitehall still create confusion and undermine accountability by unnecessary intervention. However, I sympathise with many of the pressures facing Ministers and officials. In the public sector, failures of delivery are never tolerated. The public expects risk-free solutions from government and seeks to blame individuals where problems arise. In the private sector (much less exposed to public scrutiny) there is a far more tolerant approach when failures arise, especially when those responsible can demonstrate that these were not due to their own incompetence, lack of commitment or lack of integrity.

1.28 I believe that greater transparency and accountability in government will reduce the distrust of citizens. The latter will be more tolerant of failure in the delivery of policy if the competence, commitment and integrity of those responsible is not in question.

1.29 I have a further compelling argument for devolving delivery to local partnerships. Much has been written about the need for 'joined-up' government in Whitehall, with limited success, as far as I can see. But the real test for joined-up government is at the point of delivery, whether it be a rural NHS patient, a rural business or a rural community. No one is better placed to achieve this joining-up than the local authorities and other locally based organisations, such as Rural Community Councils. Local

authorities are already responsible for many of these services, have the local know-how and can pay the electoral penalty if they fail to deliver. And if the policy itself is the source of the problem, the deliverer must be listened to much more closely than is the case at present.

1.30 But if this approach is to work, there must be a general change in the attitude of central government towards its delivery network. Structural changes on their own will not suffice.

1.31 People in the centre must listen more to those who deliver policy on their behalf. They must strive to give deliverers 'ownership' of the policies they are delivering. They should ask deliverers to prepare their own targets rather than imposing them from high. They should tolerate some degree of inconsistency in the pursuit of accountability. They should recognise and make clear their respect for the skills and experience of those at the front line and help local authorities and delivery agents, such as the Regional Development Agencies, to do their job well rather than just seeking to penalise them for failure (or worse still, using failures as an excuse for sticking to the flawed and discredited system of central delivery).

Better accountability for policy and delivery

1.32 Defining accountability is an essential part of good corporate governance, both in the public and private sector. PLC Boards are accountable to their shareholders who ultimately have the power to appoint or dismiss them.

1.33 Ministers are accountable to Parliament for the policies they make, because for the most part these policies have to be underpinned by legislation approved by Parliament and because Parliament approves the necessary expenditure.

1.34 But separately, Ministers also have a responsibility for the delivery of policy, by making appropriate arrangements for delivery through various departmental, agency and independent delivery networks. Here Ministerial responsibility is primarily to ensure that the delivery structures are viable and effective and that the people who manage the network on their behalf are competent to do so. Therefore chief executives of delivery agencies are appointed by Ministers and are accountable to them. If they perform unsatisfactorily they can be replaced. Ministers cannot however be held accountable for the detailed, day-to-day running of these large organisations.

1.35 Parliament, supported by the National Audit Office, is also responsible for ensuring that the policies it has approved are being properly implemented and that taxpayers' money is being spent as intended.

1.36 Finally, backed by a transparent approach to delivery, the public can hold to account those who are delivering policies on their behalf.

1.37 In all this clarity of accountability must be paramount, and in pursuing this objective a key recommendation of this report is that, as much as possible, policy development should be managed separately from the delivery of policy. It makes good management sense to apply this principle (as good businesses do), taking account of the following points.

- It is essential to be able to identify the causes of success or failure and to distinguish between a policy issue as opposed to a delivery issue. When policy and delivery are under the same management it is far too easy for the latter to create confusion as to where the precise fault lies. Therefore, in separating management of the two, one is able to assign accountability clearly and create a more reliable basis for rectifying failure.
- The analytical skills of a good policy developer are different from the operational skills of a deliverer. Therefore when (as is often the case in Whitehall) the policy expert is the dominant influence, delivery shortcomings can arise because policy developers have not understood or taken proper account of delivery problems.

- A criticism of the principle of separation is that it may lead to an even wider misunderstanding between policy development and delivery, whereby policy teams pay little attention to the concerns of delivery. But if policy developers no longer have the responsibility for detailed delivery, I would argue that they will be obliged to consult much more closely with their delivery agents during the policy development process. Indeed the obligation to consult is much more effective if the separation is transparent. I am also recommending that policy makers are given specific training to understand the problems of delivery and to consult more formally with deliverers during policy development.
- The application of the principle of separation also has a direct and beneficial impact on target setting. At present targets established by policy developers at the centre frequently do not recognise the delivery implications of achieving them. This can lead to unintended and undesirable consequences when managers manipulate the system to satisfy the somewhat naïve aspirations of policy developers.
- Where separation is clearly defined, policy developers must ask their agents to design systems to deliver policy objectives and propose targets for achieving them. They should refrain from the arbitrary imposition of targets and systems on deliverers. Devolution transfers the ownership of, and accountability for, these targets to those who have the capacity to deliver them.
- If Ministers and senior officials are dissatisfied with the performance of those executive boards who have the responsibility for delivery, then they have the power to replace them with more suitable appointments (where the statute provides for this).
- Ministers (and senior ex-Ministers) have told me that media-sensitive delivery failure always ends up with Parliament laying the responsibility at their doorstep, and that the temptation to intervene and meddle in the delivery process is overwhelming. But if the separation between policy development and delivery is clear-cut, as it is in France and Germany, then the ability to distinguish between a policy and a delivery problem makes it easier to take corrective action.
- Many other countries successfully make this separation, and it should be a priority in Whitehall to follow suit.

Conclusion

1.38 The government's principles of public service reform, in particular devolution, accountability and flexibility, are relevant to my analysis. Government should press on with the devolution of policy delivery, in Defra and elsewhere, to improve effectiveness and accountability where it really matters: in local communities themselves.

1.39 I note that the two recent reports by the Better Regulation Task Force are compatible with my findings and am pleased that they have been well received in government.^{1, 2}

1.40 Of course, national consistency is highly desirable, especially in health, but consistency without accountability is worthless. Effective accountability is best achieved through devolving delivery.

1.41 The principles of devolution and separation of policy delivery from policy development are the basis around which this report is built. In addition I have tackled the complexity of existing delivery arrangements by recommending an extensive rationalisation of the agency network, in particular in relation to sustainable land management, and a simplification of funding initiatives.

1.42 The challenges facing Defra in the years ahead are daunting, but I hope that my review will help the Department to deliver its existing and future policy commitments to the satisfaction of the people in the countryside and taxpayers.

1 *Local Delivery of Central Policy*, Better Regulation Task Force, Cabinet Office (2002).

2 *Environmental Regulations and Farmers*, Better Regulation Task Force, Cabinet Office (2000).

Chapter 2

How rural delivery works today

Defra's policies, objectives and targets

2.1 The government took an overview of rural policy with the White Paper, *Our countryside: the future – a fair deal for rural England*, published in November 2000³. The White Paper sets out a detailed programme of 260 individual commitments under a single aim – ‘to sustain and enhance the distinctive environment, economy and social fabric of the English countryside for the benefit of all’ and continues to be the government’s principal driver for rural policy. However, it was not until the creation of Defra in 2001, following a number of high profile and damaging crises that affected the countryside and the rural economy, that government for the first time dedicated a Whitehall department to the interests of rural England.

2.2 In addition to rural affairs, Defra takes on responsibility for food and farming, and the environment, all of which contain a rural element. Defra’s main aim is:

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

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

2.3 In total, Defra has six Objectives (see Table 1), 10 Public Service Agreement (PSA) targets (see Table 2) and 31 Service Delivery Agreements (agreed with the Treasury as part of its budgetary settlement). As highlighted in the following tables, some of these are directly connected to the Department’s rural policies while certain others have an indirect bearing. Those featured in bold contain a strong rural element.

Table 1: Defra’s objectives

Objective 1	Protect and improve the rural, urban, marine and global environment.
Objective 2	Enhance opportunity and tackle social exclusion in rural areas.
Objective 3	Promote a sustainable, competitive and safe food supply chain which meets consumers’ requirements.
Objective 4	Promote sustainable, diverse, modern and adaptable farming through domestic and international actions.
Objective 5	Promote sustainable management and prudent use of natural resources domestically and internationally.
Objective 6	Protect the public’s interest in relation to environmental impacts and health and ensure high standards of animal health and welfare.

3 Department for the Environment, Transport and the Regions and the Ministry of Agriculture, Fisheries and Food (2000).

Table 2: Defra's Public Service Agreements (PSAs)

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

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

PSA 3: Care for our natural heritage, make the countryside attractive and enjoyable for all, and preserve biological diversity by reversing the long-term decline in the number of farmland birds by 2020, as measured annually against underlying trends, bringing into favourable condition by 2010 95 per cent of all nationally important wildlife sites, and opening up public access to mountain, moor, heath and down and registered common land by the end of 2005.

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

PSA 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; and secure CAP reforms that reduce production-linked support, enabling enhanced EU funding for environmental conservation and rural development.

PSA 6: Enable 25 per cent of household waste to be recycled or composted by 2005-06.

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

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

PSA 9: Protect public health and ensure high standards of animal welfare by reducing the annual incidence of Bovine Spongiform Encephalopathy (BSE) to less than 30 cases by 2006, and the time taken to clear up cases of poor welfare in farmed animals by 5 per cent by March 2004.

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

2.4 The recent *Landscape Review*⁴ of Defra's organisational arrangements noted certain key factors that influence Defra's approach to its business. It can be characterised as a department:

- with a huge and wide-ranging agenda;
- in which policy is determined to a significant degree by the European Union;
- which is the lead authority on all manner of issues which affect the health and well being of the rural economy;

⁴ *The Department for Environment, Food and Rural Affairs – Landscape Review*, Internal Report, Department for Environment, Food and Rural Affairs and the Prime Minister's Office of Public Services Reform (2002).

- whose delivery remit is mainly confined to England, but which also sponsors organisations in the devolved administrations;
- which has a strong science base and an extensive operational function;
- which is responsible for both the sponsorship and regulation of the agricultural industry;
- which has inherited a legacy of different approaches to delivery.

2.5 For the purposes of this review I have looked at policy as being primarily a process of defining national objectives and priorities, supported by a number of relevant functions, such as negotiation, consultation, research and the drafting of legislation. My recommendations relating to policy are thus concerned in the main with this national level of activity, recognising that policy development may also take place at other geographic tiers of control (in particular at regional and sub-regional levels). Nonetheless, the principle of separation that lies at the heart of my analysis should also be applicable to policy and delivery as defined at these other levels.

How Defra implements its rural policies

2.6 Rural 'delivery', for the purposes of this report, encompasses a range of activities that are designed to help turn Defra's rural policy vision into a reality. These are primarily concerned with the provision of services to certain people and organisations.

2.7 Defra uses various instruments to meet its targets and objectives, summarised in the following list. The main types of service that I have examined in this review are covered by the first four.

- **grants and incentive payments** – a total of over 45 sources of rural funding are delivered by Defra and its agencies (not including Common Agricultural Policy (CAP) subsidies for agricultural production or the multitude of funding streams handled by non-Defra agencies); for example, this covers grants that are paid through the England Rural Development Programme (ERDP) and delivered by Defra's Rural Development Service, or the Vital Villages scheme delivered by the Countryside Agency.
- **regulations** – such as the Pollution Prevention and Control Regulations administered and enforced by the Environment Agency and local authorities.
- **advice and training** – such as the farm business advisory service delivered by Business Links (under the Department of Trade and Industry's Small Business Service) on behalf of Defra, and the Vocational Training Scheme delivered by the Rural Development Service.
- **facilitation, assistance and influencing** – such as promoting 'rural proofing' in other organisations that are in a position to help deliver Defra's objectives, and helping customers to access grants or deal with regulations.
- **subsidy** – the majority of Defra's budget is dedicated to supporting primary food production through payments to farmers under the CAP.
- **operational functions** – such as the funding of capital works to defend people and property against flooding.

2.8 Various intermediate activities that are closely related to the above forms of delivery (and that are also examined in this report) include co-ordination of actions, building of partnerships, brokering of solutions, management of programmes and monitoring of results.

Customers of Defra's rural policies

2.9 The 'customers' of Defra's rural policies are those who directly receive services provided by Defra and its agencies. For the purposes of this review, that includes those who are the subject of regulatory activities, such as licensing and enforcement, as well as those who receive advice, training, grants and incentive payments. These are the people (land managers, non-land-based rural businesses and rural communities) with whom this review is primarily concerned.

2.10 I am also interested in how the indirect beneficiaries of rural delivery are served by the present arrangements. They include: visitors to the countryside; those who live and work in rural areas in general; and the taxpayers who fund government intervention.

The delivery organisations that Defra controls

2.11 Defra's total budget stands at over £4 billion for 2003-04. In our research we were unable to establish a reliable breakdown of funding for the delivery of rural policies. However, close to a quarter of Defra's total budget is provided as 'grant aid' to the rural or part-rural delivery organisations that it sponsors.

2.12 Defra directly funds (or part funds) the rural delivery activities of a number of national agencies including the Countryside Agency, English Nature, National Park Authorities and Broads Authority, British Waterways, the Rural Development Service, Regional Development Agencies and the Environment Agency. The Countryside Agency also provides funding for Areas of Outstanding Natural Beauty (AONBs) from its Defra grant aid.

2.13 In total, Defra has 12 in-house delivery agents, 15 or more inspectorates, six executive agencies, 20 executive non-departmental public bodies, 29 non-executive non-departmental public bodies, two public corporations and representation in eight of the nine Government Offices for the Regions. Most of these organisations have some degree of responsibility for delivering policies to rural areas.

2.14 In addition, each of Defra's major national agencies (non-departmental public bodies) has a network of regional and local offices based on differing geographic boundaries. English Nature for example has 22 sub-regional offices grouped according to government regional boundaries, while the Environment Agency has eight regions based on river catchment boundaries and 26 local offices across England and Wales. Defra itself has over 100 regional and local offices. The number of staff employed in the various delivery organisations varies significantly, from as little as 18 in one of the internal Defra delivery agencies, to 10,700 in the Environment Agency.

2.15 The roles of these organisations vary according to their principal functions, which in some cases overlap. In practice, much of the overlap is managed through working agreements such as those described below, but the strategic management of issues varies. The following table summarises roles, budgets and staffing of the principal organisations covered by the review. More detail is provided in Annex 2.

Table 3: Key organisations involved in rural delivery

Organisation*	Role	Budget **	Staff ***
Defra (including Rural Development Service)	Central government department responsible for environment, food and rural affairs. Role centres on sustainable development.	£4,537m (this figure includes payments to organisations listed below)	10,749
Rural Development Service (part of Defra)	To promote, deliver and manage the England Rural Development Programme (ERDP) on behalf of Defra.	£42m (plus approximately £1.6b over 7 years for the ERDP)	1,372
British Waterways	To manage and care for 3,317km of canals, rivers and docks, buildings, structures and landscapes.	£211m	2,198
Countryside Agency	To make the quality of life better for people in the countryside and the quality of the countryside better for everyone.	£108m	620
English Nature	To champion the conservation of wildlife, geology and natural features of England.	£75m	906
Environment Agency	To protect and improve the environment of England and Wales.	£764m	10,700
Forestry Commission (England)	To lead the implementation of the England Forestry Strategy.	£26m	150
Government Offices for the Regions	To bring together the activities and interests of different government departments within a single organisation.	£97m (Responsible for approximately £6b of regional investment)	c2,800
Regional Development Agencies	To co-ordinate regional economic development and regeneration, enable the English regions to improve their relative competitiveness and reduce the imbalance that exists within and between regions.	£1,750m	c1,700
Areas of Outstanding Natural Beauty	To conserve and enhance the natural beauty of the landscape.	c£7m (Countryside Agency grant – total AONB spending not available)	c150
National Park Authorities	Single purpose local authorities to conserve and enhance the natural beauty, wildlife and cultural heritage and to provide opportunities for the understanding and enjoyment of the special qualities of the Park by the public.	£33m	c1,000
Small Business Service	To build an enterprise society in which all small businesses thrive and achieve their potential	£354m (includes £336m programme expenditure)	c280

* Local authorities, Rural Community Councils, Regional Chambers and Business Links are also covered by the Review, but are not listed here

** 2002/03 actual outturn (rounded to nearest £m)

*** Some staff numbers are approximate

Who else delivers services in rural areas?

2.16 A wide range of delivery organisations operate in rural areas without being directly sponsored by Defra. They include other government departments and their agencies, non-government organisations, private companies, local authorities and voluntary and charitable organisations. The majority of the national organisations have a regional and sub-regional delivery presence.

2.17 Central government departments that deliver, or else arrange for the delivery of, services to rural areas, include the Department of Health, the Department of Trade and Industry (DTI), the Home Office, the Office of the Deputy Prime Minister, the Department for Education and Skills, the Department for Culture Media and Sport and the Department for Transport. Defra works with these organisations in order to ensure that the 'mainstream' services for which they are responsible take proper account of the needs of rural businesses and communities.

2.18 Besides the national and regional bodies involved in rural delivery, networks of sub-regional and local partnerships are also engaged in the provision of services.

2.19 These include 'local strategic partnerships' (LSPs). LSPs bring together the public (including health, police, education), private, voluntary and community sectors to form a single overarching local co-ordination framework and bring coherence to local service delivery. LSPs, which are generally led by local authorities, also prepare and implement community strategies for their areas. In the 88 Neighbourhood Renewal areas they develop local neighbourhood renewal strategies to deliver the Neighbourhood Renewal Fund. Regional Development Agencies (RDAs) may also contribute to this work.

2.20 'Sub-regional economic partnerships' are networks of organisations, normally sponsored by RDAs, that advise RDAs on sub-regional economic priorities and opportunities. They also discharge a delivery role under delegated authority. In the North West, for example, the RDA delivers its 'Rural Renaissance' programme through three county-level partnerships.

How Defra influences delivery

2.21 Defra, in pursuit of its policy objectives, uses various 'levers' to influence the processes of delivery in the organisations that it funds directly. These include:

- financial statements that set out the conditions under which public funds are paid to the delivery bodies and arrangements for holding them to account for the spending of this money; and
- management statements that define the overall relationship between the delivery body and its sponsoring department.

2.22 Sponsorship units within Defra deal with the day-to-day relationships between the various agencies and the department. Fourteen divisions are responsible for the sponsorship of Defra's executive non-departmental public bodies (NDPBs).

2.23 The NDPBs have a degree of independence from Defra in the way they set out to deliver their tasks.

Illustration 1: the direction and management of the Environment Agency

In the case of the Environment Agency's activities in England, the Chairman is responsible to the Secretary of State for the overall direction and management of the Agency within a policy framework and financial allocation set by the Secretary of State. In legal terms, the Board members form the Agency and have wide-ranging responsibilities including:

- determining the overall strategic direction of the Agency and shaping its operational policies;
- ensuring these policies are consistent with those from Defra and are consistent with provisions of legislation;
- keeping under review the quality of the management of the Agency;
- approving the Agency's corporate plan, annual report and accounts;
- monitoring the performance of the Agency in relation to its delivery of statutory objectives.

The Chief Executive, appointed by the Board with approval of the Secretary of State, is the designated Accounting Officer, responsible personally to Parliament and Defra for the Agency's resources and responsible for the organisation, management and staffing of the Agency to deliver its corporate and business plans.

Liaison between the Agency, Defra and other Whitehall departments is managed through a Strategic Sponsorship Group. The aim of the group is to ensure a 'joined-up' approach to the relationship between the Agency and central government.

The Agency has separate operational arrangements in Wales, although its Board covers its activities in both England and Wales.

2.24 Other factors affecting the direct delivery of policy objectives include statutory guidance, concordats, memoranda of understanding and working protocols. These are also used by the various delivery agencies to distinguish their respective responsibilities where there is potential overlap.

2.25 For example, English Nature uses concordats to assist the implementation of the UK Biodiversity Action Plan. English Nature is the lead organisation on biodiversity in England, but for certain species it has no direct means of achieving the targets. It therefore agrees 'Joint Statements of Intent' to assign responsibility among various organisations that have appropriate means, as the Environment Agency does in respect of otters, water voles and various plant species.

2.26 Less formal partnership agreements are made with a range of government and non-government organisations to achieve the desired outcomes.

2.27 The complexity at a national level in the delivery of rural targets further increases at the regional and local level. In the evidence gathered by this review over 200 different official groups were identified as operating at either a local, county, regional or national level for the purpose of co-ordinating rural delivery and exchanging views. A much larger number of informal and ad hoc groups operate on a similar basis.

Rural proofing

2.28 'Rural proofing' is defined as 'considering the likely impact of policy decisions on rural areas and, where necessary, adjusting the policy to take into account the particular needs of those who live in, work in or enjoy the countryside'⁵. This function is a requirement of all departments and agencies that develop policies with implications for rural areas. It is Defra's job to promote it at the national level and the job of Government Offices for the Regions (GOs) to do the same at the regional level.

2.29 The functions of promoting and carrying out rural proofing are different from the function of reviewing (through audit) the success with which they have been carried out and of reporting the results. Government departments and GOs are required to report annually on how they have rural proofed their work. The reviewing of the process is the responsibility of the Countryside Agency, which publishes an annual assessment of the rural proofing of central departments and GOs.

2.30 The Countryside Agency has developed a check list as a tool for policy makers (national, regional and local): to help them identify whether their actions will have any significant impact in rural areas; if there are such impacts, to help assess what these might be; and then to help consider what adjustments/compensations might be made to fit rural circumstances.

What is delivered to rural areas?

2.31 The large number of organisations involved in rural delivery provide a wide range of products and services: for example, in one government region 45 grant schemes applicable to rural areas are available. The number of services can also vary between regions. For example, at least 39 different sources of business advice and training services are available in West Midlands, and 19 different advisory services exist in the New Forest. How these services are administered and who is involved varies considerably from region to region. More detail on these and other services, including services of a regulatory nature, is set out in Chapter 8 and Annexes 3 and 4. Specific services and products are also examined in Chapters 4-7.

General lessons

2.32 Defra has inherited a set of organisational arrangements that reflect decades of changing policy priorities and structural reforms. The above overview should convey some of the complexity that is not only inherent in Defra's rural policy agenda but also in the delivery network. My remaining chapters explore this excessive complexity, the consequences that it has for customers and taxpayers, and how the whole process can be radically simplified.

5 *Rural Proofing in 2002/2003. A report to Government by the Countryside Agency, Countryside Agency (2003).*

Chapter 3

Drivers for change

3.1 In addition to delivering a complex range of policies through the arrangements described in Chapter 2, Defra and its agencies are subject to numerous external pressures and developments. All of these 'drivers' will have an impact on the Department's ability to achieve its rural objectives. Taken together they represent a formidable agenda, for which future delivery arrangements must be prepared.

3.2 These drivers can be grouped in the following categories:

- government institutional reforms;
- environmental developments;
- social and economic pressures and trends;
- reform of the Common Agricultural Policy;
- technological opportunities; and
- financial and organisational disciplines.

3.3 Together they pose significant challenges and opportunities for Defra. In developing policy and agreeing the framework for delivery, Ministers must be satisfied that their plans take account of the changes that lie ahead as well as being sufficiently flexible to cope with uncertainty. This chapter summarises the key developments and pressures that are likely to have the greatest influence on rural policy and delivery.

1. Government institutional reforms

Creation of Defra

3.4 Defra was created on 8 June 2001. It brought the former Ministry of Agriculture, Fisheries and Food (MAFF) together with the Environment Protection Group and Wildlife and Countryside Directorate of the former Department for the Environment, Transport and the Regions (DETR) and assumed responsibility for certain animal and welfare issues (previously with the Home Office). The Department's chief aim is to develop policies in pursuit of sustainable development, which it describes as meaning 'a better quality of life for everyone, now and for generations to come'.

3.5 The new Department takes responsibility for improving economic prosperity, the environment and public service delivery and social equity in rural England. This marks a significant shift away from MAFF's narrower focus on meeting the needs of the agriculture, fisheries and food industries. The creation of Defra has thus necessitated a reorientation of the existing policy framework. Furthermore, the policies themselves are undergoing radical reform.

3.6 But organisational change is also needed to ensure that the new Department, its staff and its agencies are adequately equipped to deliver the new agenda. To achieve this, policy development and the delivery structures that support it must be properly co-ordinated and organised in a transparent and coherent way. This new agenda is what the Rural Delivery Review is to a large extent about.

3.7 Defra's internal change programme was set up to help realise the challenge that the Prime Minister, in establishing Defra, set the new Department, namely to develop it into 'a single, distinct and integrated whole, with a markedly new culture'. Achieving this cultural and institutional challenge must be essential to achieving the sustainable development aim that drives Defra.

3.8 Success will depend in part upon reconciling the different policy and delivery cultures of MAFF and DETR (centralist and prescriptive in the case of the former but arms length and delegated in the case of the latter). A further challenge will be to ensure that Defra's rural affairs policy remit is clearly understood. My recommendations address these issues.

Public service reform

3.9 Public expectations of government have been continually rising due to heightened consumer knowledge and demand. In response to this, Whitehall has been obliged to change to meet the requirements of more localised and customer-sensitive delivery. The government's programme of modernisation was reaffirmed after the 2001 general election. Investment and reform of public services were highlighted as the key priorities for the second term, underpinned by the four 'Principles of Public Services Reform'⁶, namely:

- national standards and a clear framework for accountability;
- devolution and delegation to the front line;
- more flexible arrangements for service delivery;
- expanding choice for the consumer.

3.10 Defra has built these principles into its change programme and related initiatives, which include a Joint Strategic Review⁷ and a review of the Defra's organisational 'landscape'⁸. These revealed a situation that is inconsistent with the principles.

Proposals for elected regional assemblies

3.11 The government's White Paper, *Your Region, Your Choice*⁹, made proposals for the transfer of centrally held powers of government to the English regions. The proposals provide for regions to choose whether or not to establish an elected regional assembly. My recommendations for a more devolved approach to rural delivery are consistent with this development.

3.12 Elected regional assemblies will have a range of powers relevant to rural areas, including the development of rural regeneration programmes and aspects of spatial planning and waste management. Defra should use this opportunity to adapt its policies and delivery arrangements to the more devolved and flexible world that elected assemblies would create. But it must also take care that delivery does not suffer in the regions that have no elected assemblies.

3.13 In this context it should be noted that, in advance of any elected regional assemblies, Chapter 2 of the White Paper⁹ aims to strengthen the co-ordination of regional strategies and programmes by promoting closer working between Government Offices for the Regions, Regional Development Agencies, Regional Chambers and other regional bodies.

6 *Reforming our Public Services – Principles into Practice*, Prime Minister's Office of Public Services Reform, Cabinet Office (2002).

7 *Making It Happen – The Joint Strategic Review of Department for Environment, Food and Rural Affairs*, Department for Environment, Food and Rural Affairs and the Prime Minister's Office of Public Services Reform (2002).

8 *The Department for Environment, Food and Rural Affairs – Landscape Review*, Internal Report, Department for Environment, Food and Rural Affairs and the Prime Minister's Office of Public Services Reform (2002).

9 *Your Region, Your Choice: Revitalising the English Regions*, Department for Transport, Local Government and the Regions (2002).

2. Environmental developments

3.14 Environmental protection is a major element of Defra's sustainability remit. A range of environmental regulations (most of them EU-based) are pending, and Ministers must be satisfied that Defra and its agencies are ready to implement them. They include the following.

a) EU Water Framework Directive

3.15 Of the forthcoming environmental legislation the most significant is the Water Framework Directive (WFD). It will establish a strategic framework for setting environmental objectives for protection of ground and surface waters. The WFD requires all inland and coastal waters to reach 'good status' by 2015 and will require a fundamental shift in environmental practices for the UK as a whole. Much of the work will fall to farmers, who manage 75% of our land.

3.16 The Environment Agency estimates that 70% of the improvements required can be done if farmers adopt good farming practice. In the short term this can be achieved through 'softer' compliance-led approaches, with the assistance of agri-environment schemes, cross-compliance, capital grants, advice and training. As 2009 approaches, when river basin management plans must be in place, a significant amount of extra resource will be required (the Environment Agency has suggested to me that possibly 100 extra staff will be needed for the volume of affected farms). Defra has not yet been able to quantify the associated costs, although it has set aside £1.5 million for preparatory work in 2003-04.

3.17 An increasing environmental concern is the threat posed by diffuse pollution, to which farming is a major contributor. Defra is developing statutory instruments and regulations to implement obligations under the WFD. These will include the river basin management plans that must also be monitored. The delivery resource implications for this are very significant: the Environment Agency and other partners should prepare for substantial new commitments.

b) Waste

3.18 The new agricultural waste regulations subject agricultural waste to the controls that currently apply to other forms of waste. The expectation is that many of these wastes will be subject to registered exemptions. The Environment Agency will take the lead role in managing exemptions (following one estimate, 160,000 farms are expected to have registered exemptions of one form or another, with at least 10,000 farms requiring a 'waste management licence'). The Agency will also be the lead enforcing authority.

c) Agri-environment and wildlife

3.19 Defra is responsible for the England Biodiversity Strategy, *Working with the Grain of Nature*¹⁰. This will sharpen the government's focus on conservation and biodiversity. Together with the planned new agri-environment schemes, it will contribute to the development of a more broad-based approach to conservation issues in the countryside. Success will depend in part upon the integration of regional economic and conservation considerations.

The Strategy for Sustainable Farming and Food¹¹ commits the government to changes that will have major implications for Defra's rural delivery mechanisms. These include:

- a new 'entry-level' agri-environment scheme, relevant to all farmers, that provides financial incentives to farm in a more sustainable way;

¹⁰ *Working with the Grain of Nature: a Biodiversity Strategy for England*, Department for Environment, Food and Rural Affairs (2002).

¹¹ *The Strategy for Sustainable Farming and Food: Facing the Future*, Department for Environment, Food and Rural Affairs (2002).

- creation of a new 'higher tier' agri-environment scheme from the current agri-environment schemes, like Countryside Stewardship;
- improving the targeting of these schemes and making them simpler for applicants; and
- a new 'whole farm' approach to land management, to help farmers meet commercial, environmental and regulatory objectives and obligations; the government is also committed to using the 'whole farm' approach as a basis for reducing the number of farm inspections.

3.20 Implementation of the entry-level and higher tier agri-environment schemes will require new measures to protect natural resources (air, soil, water) alongside the existing objectives for biodiversity, landscape and access. It is intended that the entry-level scheme will be based upon a large measure of self-assessment. But the involvement of a much larger number of farms in such schemes will necessitate the expansion of inspection functions.

3.21 The entry-level scheme, which is due to start in 2005, will greatly increase the workload of Defra's Rural Development Service, which administers existing agri-environment schemes under the England Rural Development Programme (ERDP). In addition, the Environment Agency believes that the pending environmental directives will add to pressure on resources for monitoring compliance and enforcing environmental regulations. English Nature and the Environment Agency forecast that approximately £1 billion is required to fund the entry-level and higher tier schemes.

3.22 'Cross-compliance' will require those farms that receive CAP subsidies to comply with regulations set out in the EU Nitrates Directive, the Groundwater Directive, the Sludge Directives, the Habitats Directive and the Birds Directive and other (non-environmental) regimes as a precondition of payment. Defra's Rural Payments Agency currently conducts inspections relating to auditing of payments under the CAP. The emphasis will shift to a wider range of inspections and checks, which require a multi-disciplinary approach. The Rural Payments Agency's training and recruitment requirements to enable it to monitor 'cross-compliance' will be significant.

d) Other

3.23 Other initiatives and regulations will affect rural delivery in the coming years, in addition to those listed above. These include:

- the EU Environmental Liability Directive;
- Sites of Special Scientific Interest PSA targets;
- the impact of climate change on run-off, flooding, pesticides, droughts and species;
- soil quality – an area that will require more attention over the next five years with the introduction of the EU Soil Quality Directive;
- amendments to planning law legislation that simplify procedures and pass greater control to regional and local bodies.

3.24 Defra is also addressing the recommendations of the Better Regulation Task Force report¹² on environmental regulation and farming, with a view to implementation.

12 *Environmental Regulations and Farmers*, Better Regulation Task Force, Cabinet Office (2000).

3. Social and economic pressure and trends

3.25 Defra and its rural delivery agencies must cope with the social and economic changes that affect rural and semi-rural areas. Particular challenges will be:

- to understand and address the long-term social, economic and environmental consequences of increased mobility between urban and rural centres;
- to stimulate and manage rural economic diversification;
- to improve the economic performance of lagging rural areas;
- to respond to a greater public desire to make the countryside accessible for recreational purposes;
- to address shortcomings in public service provision for those who live in certain rural areas.

3.26 Key issues include greater rural access to Broadband technology and the availability of affordable housing, especially for young people in the countryside. In addition, an increasingly difficult balance will have to be struck between business diversification and the need to protect the rural landscape from further development.

4. Reform of the Common Agricultural Policy (CAP)

3.27 A number of substantial EU legislative changes are in progress, including reform of the CAP rules that govern:

- farm subsidy, in particular a breaking of the link between payment and production (this relates to money paid under the so-called 'Pillar 1' of the CAP);
- rural development, with the transfer of more money into such programmes (funded under 'Pillar 2' of the CAP) from production subsidies.

3.28 The transition from CAP Pillar 1 to CAP Pillar 2 expenditure will place huge demands on the Department as the new programme is negotiated, designed, marketed and implemented from 2005 onwards. Furthermore, the existing agri-environmental programmes will require on-going support, as agreements under these have a 10 year life span. A key organisation affected by the new programme would be Defra's Rural Development Service, which delivers and manages the schemes.

5. Technological opportunities

3.29 New technologies are developing with the potential to make Defra activity more efficient and effective with benefits for customers and the taxpayer. Examples include the following.

- Geographical Information Systems (GIS) and electronic mapping technologies are currently used extensively for environmental monitoring purposes. In the future, initiatives like the 'whole farm' approach (see Chapter 8) might benefit significantly from the use of GIS mapping technology both in the monitoring and the sharing of information. GIS also has a big role to play across many other areas of government policy that have a rural dimension (for example transport).
- The new integrated IT system being developed to manage the England Rural Development Programme will enable customers to apply for schemes and grants on-line. The system has the potential to benefit all kinds of delivery. If successful it should be developed as a widely shared resource.

- Availability and use of Broadband for businesses and land managers will be an essential step forwards. My recommendations address the need to increase the use of internet technologies by rural businesses. The rural economy will benefit, because the new technology overcomes many rural problems relating to remoteness from markets and access to information and advice. The internet and Broadband are also important in reducing social exclusion in rural areas.

3.30 Defra must ensure that its substantial investment in IT is appropriate for the new agenda and is managed effectively.

6. Financial and organisational disciplines

3.31 Defra will be affected by changes within government. Where possible, these should become a catalyst for reforming and modernising rural delivery. They include the following.

- The chance to develop a new Public Service Agreement in the 2004 Spending Review (covering years 2005-06 to 2007-08) will give Defra an opportunity to clarify its rural role and drive change through more realistic and transparent targets that deliverers can understand and subscribe to.
- Increasing pressure on public finances will require Defra to take a much more targeted approach to addressing rural needs through its partners and agencies.
- Defra's next financial settlement in the 2004 Spending Review will have to provide for the necessary funds to finance the transitional costs of change flowing from my recommendations.

3.32 There is no tolerance of system failure, from within Whitehall (Ministers) or externally (the media and general public). This argues for taking a realistic approach based on sound programme management, effective communication, achievable objectives and well-managed expectations.

Conclusion

3.33 A rural delivery system must be reliable and capable of evolving to meet future demands. *'If it ain't broke ...'* is a maxim that may well work for the present, but it will not suffice in dealing with the future agenda. As the following chapters will demonstrate, Defra's rural delivery arrangements need a substantial shake-up if they are to deliver modern, customer-focused public services for the longer term.

PART 2

Analysis and recommendations

Chapter 4

Improving accountability

4.1 This chapter addresses the following main findings:¹³

- Defra's rural policy remit is not widely understood.
- Rural policy and delivery functions are confused and overlapping, blurring accountability.
- Rural policy development fails to take proper account of customer needs and the realities of delivery, a situation exacerbated by the lack of a shared, reliable evidence base and confusing definitions of 'rural'.
- There is a shortage of management information on rural delivery, which restricts Defra's ability to make policy and to track progress against its objectives.
- Targets for rural delivery too often assess administrative processes rather than outcomes and public benefits.

Recommendation 1

Defra should review and clarify its rural policy remit in order to ensure that it is consistently understood by all concerned, including those who deliver its policies.

Why change is needed

4.2 My terms of reference require me 'to start from a clear understanding of the Government's rural policies and policy objectives, which do not in themselves fall within the scope of the review'.¹⁴

4.3 It is clear from my analysis that Defra is still engaged in the process of developing and understanding its new role. At present the vision of 'rural affairs' within Defra and the role that central government plays in achieving it is not widely understood. Views among senior policy developers suggest that Defra's remit varies from '*demonstrating that government cares about rural areas*', through '*direct delivery of a wide range of services to the countryside*', to '*helping rural areas to help themselves*'.

'I have some difficulty working out what Defra thinks the rural agenda is.' (senior official)

4.4 To overcome these uncertainties Defra will need to articulate its rural remit more clearly.

'Defra seems to be stuck in a quandary over what their current role is.'
(stakeholder)

4.5 Defra has set itself a number of ambitious, high level targets in pursuit of sustainable rural development (examined in greater detail under Recommendation 5). I am convinced that Defra does not recognise the limitations on its capacity to influence change in the countryside, and I suggest that there is a need to be more realistic about this.

13 Chapter 1 lists the main findings in full, and Annex 4 expands on each of them.

14 See Annex 9 for the full Terms of reference for the Review.

Making it happen

4.6 Defra has identified a number of these problems during the course of its Rural White Paper Review¹⁵ which, unlike this study, is concerned solely with policy direction and priorities. It is now addressing the difficulties that were highlighted during the course of that study. In developing a more influential role in rural affairs, Defra should also consider the following:

- the need to recognise the significant limitations on Defra's ability to secure change;
- the need to define and understand what is meant by 'rural' in its various manifestations (for example the Countryside Agency's definition, based on towns of less than 10,000 residents, differs from that in Scotland, where the limit is set at 3,000);
- the need to communicate clearly, to all stakeholders, what the policies are and how they are going to be delivered;

'The people who are least clear are the people in rural areas. I don't think a transparent, sharply focused agenda is understood, and there is quite a lot of anxiety around where the government is going [...]. I think there is a confusing mixture of messages and targets around the rural agenda.' (senior official)

- the need for a more coherent rural Public Service Agreement (PSA), the objectives of which can be widely understood;
- the need to sort out the organisational confusion that lies between Defra's Rural Affairs Directorate General and other Directorates General that have a rural dimension, such as those dealing with Farming, Fisheries and Food, Environmental Protection and Operations and Service Delivery.

Recommendation 2

Defra's prime responsibility should be the development of policy, and it should arrange for the delivery of its policies through national, regional and local agencies. Policy and delivery functions should be managed separately so that accountability for policy and delivery is clearly defined.

Why change is needed

4.7 In the light of imminent and extensive policy change, Defra's policy developers must be single-minded in their approach and not diverted by the detail of delivery.

'The Department should be wholly focused on policy-making.' (stakeholder)

4.8 The government is committed under its public service reform agenda to devolving control over the way in which its policies are delivered. This should achieve greater local accountability and more effective targeting of need. Moreover, new policies affecting rural areas, such as the agri-environment entry-level scheme, will have to be adapted to reflect local circumstances. I have explored the ways in which these objectives can be achieved in the context of rural delivery.

'In general the most effective organisations are those which are under local, sub-regional or regional leadership (at whatever is the most appropriate geographical level for cost effective delivery of a programme or activity) and are utilising national resources to achieve national objectives.' (stakeholder)

15 The Rural White Paper Review, Department for Environment, Food and Rural Affairs (on-going).

4.9 The present arrangements are unduly centralised. Decisions on delivery which are made in Whitehall, rather than at the local level, lead to muddled accountability and poor responsiveness. Stakeholders have been critical about the effectiveness of direct intervention by Defra in business advice.

'My experience of Defra is that they're spending a lot of money, but from where I sit it is very poorly directed.... I don't think the government's role is necessarily to take control of the delivery mechanisms.... Get it local, get it delivered locally and get local accountability for it and expect people to tell what they're doing but not too bureaucratically.'

(stakeholder)

4.10 Responsibility for developing Defra's rural policies is confused with responsibility for their delivery. This means that policy decisions are reached without a full understanding of the delivery problems that may arise and that those who are trained in policy development become involved in operational decisions for which they lack the necessary skills.

'Front line teams who know what is needed to deliver scheme objectives are not empowered to make the decisions needed to short-circuit cumbersome procedures. We feel strongly that we should be given the responsibility to take decisions and take the rap if we get things wrong. That is what professional staff should be paid for and get job satisfaction from. There has been some slight movement in this direction but nowhere near enough. The overall HQ culture is still driven by fear of risk-taking.'

(front line deliverer)

4.11 I have been impressed by the commitment and expertise of many front line deliverers. It is important that they are not frustrated by ill-judged interference from the centre.

4.12 Arrangements for delivery and customer service should be made the responsibility of delivery organisations rather than policy developers. The prime responsibility for developing delivery systems and implementing them should rest with the deliverer.

4.13 Faced with the changing and increasingly complex rural agenda, Defra must learn to rely more on the expertise and capability of those who are closer to the customer. Our research showed that customers expressed a clear preference for dealing with local delivery staff who understand their needs.

'What works less well is where products and services are devised nationally and delivered without reference to other activities and other publicly funded schemes. This is mainly because there is little flexibility and an assumption that other bodies have no appropriate role to play or fall behind in some way.'

(stakeholder)

4.14 Defra is rightly keen to avoid being penalised by the European Commission for the shortcomings in the delivery of EU supported schemes. But it has used this concern as a pretext for undue interference and inflexibility. Elsewhere in the EU regional organisations are directly accountable to the Commission for their actions. Defra should find ways of following this example.

4.15 It is desirable not only to effect a clearer separation between policy and delivery roles but also to **devolve** delivery (by which I mean, delegate power to the front line deliverer to decide on how programmes are administered). Deliverers should be given the flexibility to determine the best ways of achieving the desired outcomes, within a framework agreed with Defra, which satisfy European auditing requirements.

Making it happen

4.16 Delivery activity should be devolved across the full spectrum of sustainable rural development. There should be a presumption that control over delivery is concentrated at the local level. Any decision to administer delivery at a higher level must be by exception. My recommendations in Chapter

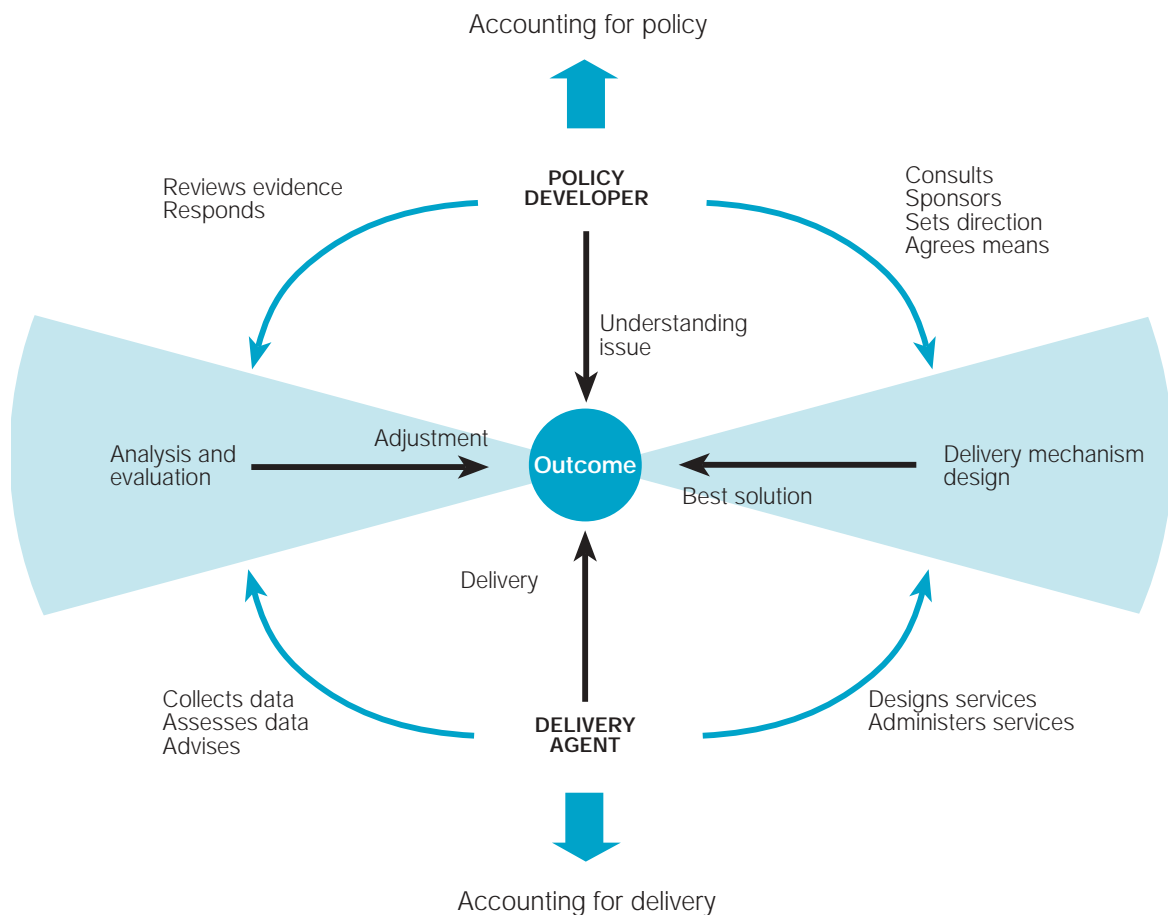
6 address this in relation to rural environmental protection, where I see a need to retain a national framework to co-ordinate regional delivery in order to overcome administrative boundaries that can in some instances impede delivery. Where, on the other hand, Defra’s rural objectives relate to the regional and local issues of economic growth, social equity and community regeneration, a high level of local control and accountability is warranted.

4.17 Customers and deliverers prefer responsive, flexible and targeted schemes. In pursuing devolution Defra should agree appropriate objectives, targets and resources with the delivery organisations concerned and hold them accountable for the outcomes.

4.18 Policy developers and deliverers must work closely together in order to be effective. The relationship I envisage would be based on distinct sets of functions that are clearly understood and complementary. For example, while deliverers will influence policy development through the provision of advice, Defra must have the final say on policy and policy objectives. Conversely, while Defra will set the direction, highlight priorities for action and agree targets, delivery agents will be given the freedom to propose their own targets, to decide on what arrangements are most likely to meet them and to achieve these with maximum discretion.

4.19 The following diagram summarises the main roles and responsibilities that would operate within this relationship.

Figure 1: The policy–delivery relationship



Note: The lighter shaded areas in this diagram show where the extent of responsibilities for analysing and evaluating results and for scheme design can vary depending on what type of service is involved. For example, it might be more appropriate for the lead role in negotiating and developing regulations to be taken by policy whilst ensuring that delivery organisations are closely involved (see Recommendation 3). On the other hand, the design of schemes that aim to deliver incentives to businesses might fall naturally to delivery organisations. Equally, the extent to which delivery organisations monitor their own performance or are audited by experts on behalf of policy will vary. Other functions relevant to the management of delivery, such as co-ordination, brokering and facilitation are not represented in this diagram.

4.20 A pragmatic separation of the management of these functions, means that the boundary between them must also be carefully managed. The process of converting policy objectives into deliverable schemes should be the work of a dedicated team with a strong input by delivery experts. Similarly, the analysis and evaluation of delivery should be a shared undertaking that enables policy experts to monitor progress and respond appropriately.

4.21 The separation of functions and better management of the relationship between policy and delivery will oblige all concerned to work more closely together within a clearer framework of accountability. Defra must ensure that governance arrangements support this relationship and promote better accountability. These should be underpinned by appropriate controls, sanctions and incentives.

4.22 It would be helpful to develop guidance on maintaining a more transparent relationship between policy and delivery based on the essential functions shown in the above diagram. The fact that boundaries are sometimes complex should not be a pretext for fudge. Pragmatic decisions must be taken on lead roles and accountabilities, and deliverers should have their say from the start. Moreover, clarifying the policy-delivery relationship does not imply a need to expand the numbers of policy staff.

4.23 I would expect these issues to be resolved within the three-year implementation schedule proposed in this report.

Recommendation 3

The separation of policy and delivery functions should oblige Defra to consult delivery organisations at the earliest stages in policy formulation and to ask the latter to put forward proposals for the effective delivery of policy. In this way delivery organisations will be more accountable for effective management of programmes, and there should be less duplication of existing regional and local schemes. Defra will continue to appoint members of the various boards and to hold them accountable for their performance.

Why change is needed

4.24 Delivery organisations have spoken of inadequate consultation by Defra in its development of rural policies. This can lead to policies being developed and translated into schemes without adequate account being taken of the practicalities of delivery.

Illustration 2: Defra's rural Public Service Agreement

A number of delivery organisations have complained about lack of consultation on plans for delivering Defra's rural Public Service Agreement (PSA). They feel that they have insufficient ownership of the objectives and targets involved. Deliverers have been confused about what is expected of them, about how the new obligations fit with their existing agenda and about the role played by other organisations. This confusion could have been avoided if all parties had been involved in the development of the PSA from the start.

4.25 Having established a clear separation between policy and delivery functions, Defra must develop a closer dialogue with its delivery agencies. This should be based on the presumption that delivery experts are better placed than policy generalists to determine what will work and what will not. A more informed approach that empowers deliverers to take a lead from the outset is required.

Making it happen

4.26 The better use of concordats to agree a precise framework for consultation will help to achieve these changes. Defra and its delivery agencies should agree ground rules for consultation on new policies and their delivery. These steps can readily be taken where existing management agreements are due for review. In other cases, new arrangements may be necessary.

4.27 Regulatory Impact Assessments should also take greater account of the deliverability of regulatory initiatives. They could be used to test more rigorously how well the delivery issues have been addressed in policy development.

Recommendation 4

Defra policy officials should develop a good understanding of delivery issues through a programme of training and secondments to delivery organisations. An understanding of delivery issues must be given higher priority in the assessment of individual performance. Secondments and recruitment from delivery organisations should also be encouraged in order to improve mutual understanding.

Why change is needed

4.28 One cannot write a policy without a good understanding of its delivery implications. Policies and objectives relating to rural areas must take account of the realities of service and support to rural businesses and communities. The pragmatic operational skills of a deliverer are very different from the analytical skills of a policy developer.

Making it happen

4.29 Defra is developing its focus on the customer as part of its departmental change programme. This provides an opportunity to ensure that knowledge of delivery is built into the core training of all policy officials. Besides encouraging a more consultative approach to policy development, Defra will make the new policy-delivery relationship work by acquiring the right balance of skills in its staff.

Recommendation 5

Deliverers should agree targets with Defra, working with the Treasury, rather than having unrealistic ones imposed on them by Whitehall. This would include Defra's rural Public Service Agreement. In this way delivery organisations will accept greater ownership of these targets, which will be more achievable and less vulnerable to manipulation. There should be greater emphasis on setting rural targets that are linked to real outcomes rather than outputs (such as the number of grants processed).

Why change is needed

4.30 Defra's commitment to a range of high and low level targets for rural delivery can be, at one extreme, over-ambitious and unrealistic, and at another, too focused on processes rather than results. Problems with the deliverability of central targets have already been noted by Parliament.

*'These failures [problems delivering the Forestry Commission's 1998 PSA targets] illustrate how important it is for the Treasury to work with departments and other Government bodies to devise meaningful and practical targets, rather than simply imposing them first and examining their practicality later. Although the Treasury is right to set challenging targets, the appropriateness of the targets, and certainly their legality, must be fully considered before they are agreed.'*¹⁶

4.31 Defra's rural Public Service Agreement (PSA) target, agreed with the Treasury as part of the 2002 Spending Review settlement¹⁷, sets the Department the challenge of '[reducing] the gap in productivity between the least well performing quartile of rural areas and the English median by 2006, and [improving] the accessibility of services for rural people...'. There are weaknesses in pursuing this objective:

- its aspirational and woolly nature underestimates the complex and variable problems that exist in rural communities and economies;
- generalised aspirations require extensive definition and analysis before they can be turned into practical programmes of action (one year later, Defra is still working to translate its targets into deliverable plans);
- there is doubt as to how much Defra can contribute to an area of activity in which other organisations are already heavily engaged (for example the Office of the Deputy Prime Minister, the Social Exclusion Unit, the Neighbourhood Renewal Unit, the Active Communities Unit, the main Whitehall public service departments, Government Offices for the Regions, Regional Development Agencies, local authorities and a wide range of voluntary and community organisations);
- there was no effective consultation with key organisations before the target was agreed with the Treasury (a senior representative of local government complained, several months after the target was published, that she and her colleagues did not understand the meaning and purpose of the PSA);
- there was no effective consultation with delivery agencies on the detailed plans for delivering the PSAs, and such consultation as there was tended to be limited to statistical elements of targets rather than what needed to be done;
- Defra finds it difficult to influence those who are in a position to deliver on many aspects of the targets (such as other government departments and local authorities).

4.32 It is understandable and desirable that a new rural affairs department should be set demonstrable goals. However it would be better to base these on full prior consultation and analysis.

4.33 Defra's detailed internal targets, by contrast with the rural PSA, are often the very opposite, placing an excessive emphasis on process rather than outcome. This appears to be the result of over-prescriptive rules and procedures and a long-standing culture of top-down delivery in which the need to comply with the rules has greater priority than meeting the needs of the customers (see Chapter 8).

Making it happen

4.34 Defra's approach to policy development will be more geared to understanding and responding to need and adding value to what is already happening. Having consulted and reviewed its available evidence base, Defra should agree local target proposals with delivery organisations that will add value (rather than new layers of bureaucracy) to existing programmes. Low-level targets using a range of indicators that are geared to needs and outcomes will be more useful than targets linked

¹⁶ *Fifth Report – The Work of the Forestry Commission*, HC 229, Agricultural Select Committee (2001).

¹⁷ *Opportunity and security for all: Investing in an enterprising, fairer Britain*, New Public Spending Plans 2003-2006, HM Treasury (2002).

to administrative processes. Defra must actively seek the advice of its delivery agents in determining what is achievable and what is not.

4.35 The next Spending Review process (SR2004) will provide the opportunity to review high and low-level targets in the light of these consultations.

Recommendation 6

Delivery organisations should have the maximum flexibility to allocate resources in the most effective ways, whilst keeping the necessary discipline over administrative costs.

Why change is needed

4.36 Some services and schemes are costly to operate, for example complex agri-environment agreements with land managers and grants to assist the diversification of farm businesses. Costs must be reduced to acceptable but realistic levels.

4.37 The aim of the Rural Development Service is to 'make sustainable development happen in rural areas'. Its main programme of action to achieve this is the England Rural Development Programme (ERDP), which it delivers and manages. The Rural Development Service also delivers other services, including dairy hygiene inspections, wildlife management, heather and grass burning licences and environment impact assessments, as well as services relating to land management and planning, injurious weeds and grazing management.

4.38 Although just over two years old, it is already one of the largest single delivery organisations within Defra, employing almost 1,400 staff and managing an annual administrative budget of £42.3 million for 2002-03 in support of ERDP schemes averaging around £250 million in total expenditure each year.

4.39 There have been difficulties with the delivery of the ERDP programme. I have heard reports of overworked and demoralised staff, unsatisfied customers and significant underspends on some programme budgets. Our research corroborates these difficulties. There are also significant, on-going resource problems relating to Rural Development Service delivery.

'The Policy heads ... have not yet fully grasped that there is a substantial problem and an increasing risk to the delivery of their programmes. I do not believe they are yet engaged in the really serious business of partnering RDS through to what can be achieved in 2003/04 ...'
(internal Defra report, 2002)¹⁸

'... even after allowing for planned efficiency savings, they [the savings] will not allow us to deliver everything asked of us ... and not take on new work without additional funding'.
(Rural Development Service Business Plan, 2003/04)¹⁹

4.40 The Rural Development Service relies on an old-fashioned, manual system of scheme administration. Defra is investing £140 million in an IT system that is expected to achieve substantial reductions in administration costs. Although the project could provide substantial benefits, the risks involved in its development and implementation remain significant.

4.41 A key step in making sure that money is well spent is to concentrate on the customers with whom support will be most effective. Providing sufficient resources for the promotion of schemes and assistance with applications not only leads to better delivery but can also avoid disappointment and failure further down the line.

¹⁸ *Rural Development Service (RDS) – Quick Review*, Internal Report, Department for Environment, Food and Rural Affairs (2002).

¹⁹ *Rural Development Service – 2003/2004 Business Plan*, Department for Environment, Food and Rural Affairs (2003).

Illustration 3: helping people to obtain rural development grants

Under the England Rural Development Programme (ERDP), Defra's Rural Development Service provides advice to facilitate applications in respect of agri-environment schemes. Defra has recently cut back funding for the administration of schemes operated by the Rural Development Service under the ERDP. Our research showed that a large number of delivery staff were unhappy about this. Project officers have had to reduce the time spent advising customers about their application. This leads to a poor understanding of scheme requirements by customers. In respect of 'project-based' schemes, their competitive nature constrains the Rural Development Service's ability to become involved in facilitating applications. More time devoted to increasing the quality of proposals will reduce the amount of time and money spent by customers on pursuing applications that may ultimately fail. More time should also be given to identifying need.

4.42 IT is no substitute for time well spent at the right land manager's kitchen table discussing the most appropriate ways of achieving outcomes. Moreover, if the rules governing the administration of schemes are drawn too tightly, then they can create excessive bureaucracy and further undermine outcomes. The fact that Rural Development Service Regional and Team Managers have limited scope to influence resources (and must refer regularly to the Rural Development Service Business Planning Division and Defra policy developers before expenditure can be approved) leaves them with insufficient flexibility in dealing with customers.

4.43 Finally, I have noted that management of CAP rural development expenditure is complicated by overprescriptive rules. Funds generated by the government's decision to use 'modulation' (which means levying farmers' production subsidies to generate funds for use in rural development schemes managed by the Rural Development Service) can only be used on land management schemes. This means, for example, that an underspend on agri-environment schemes cannot be transferred to fund additional expenditure on the project-based schemes. This situation hampers the effective management of resources.

Making it happen

4.44 Resources should be made available which are realistic and commensurate with targets for delivery. The costs of administering programmes must be identified and controlled. Any proposals for savings on existing resources should be subject to consultation with front line deliverers.

4.45 The government's forthcoming Spending Review will provide Defra with an opportunity to review existing resources and, in particular, whether savings on running costs are being achieved without damage to programme outcomes.

4.46 The government should press the European Commission for changes in EU rules to ensure that funds generated by national modulation decisions can be used across the range of CAP rural development measures. It should consider pressing Brussels to allow regional authorities a wider choice of measures permissible under the Rural Development Regulation.

4.47 Defra should also examine the scope for making greater use of the flexibility that is available under existing EU rules for allowing greater regional discretion in the way rural development money is spent.

Recommendation 7

Defra should agree joint targets with other government departments and their delivery organisations in order to secure better delivery of its rural policy objectives. This will substantially strengthen Defra's ability to influence outcomes.

Why change is needed

4.48 Effective rural delivery is dependent upon partnership undertakings. As I have noted, Defra relies on many other departments and agencies for the delivery of its rural policies. Defra, together with the Countryside Agency, works to influence other parts of Whitehall:

- by spreading the practice of 'rural proofing', by which policy developers consider the rural dimension to their activities (in fact Defra has only recently begun to 'rural proof' its own policies);
- by reviewing the extent to which departments have taken account of rural issues (and by publishing the results);
- by involving other departments and agencies in contacts with rural stakeholders (through Defra's Rural Affairs Forum);
- and by participating in a range of official and Ministerial forums in which rural policies and delivery are co-ordinated (the Cabinet sub-committee on Rural Renewal being the chief example).

4.49 However, these measures alone do not guarantee that the main public service departments of Whitehall will act. They depend too much on discussion, and problems tend to be identified too late.

Making it happen

4.50 A more rigorous system is needed to ensure that government departments work in partnership. This should be based on formal agreements supported by effective monitoring.

4.51 There should be collective discussion during the next Spending Review about the way in which Defra's high-level rural targets can be developed with other departments. The latter must commit themselves to these targets.

Recommendation 8

Defra should improve the quality of its management information in order to take better informed decisions and to control the administrative costs associated with the schemes and services that it funds.

Why change is needed

4.52 The Business Case that supports my recommendations has highlighted the inadequate nature of the financial and performance management information on which Defra relies.

Illustration 4: integrating rural development

The main objective of the England Rural Development Programme (ERDP) is to achieve sustainable development in rural areas. The ERDP seeks to integrate economic and environmental benefits on farms and other land-based businesses through the provision of grants for 1) carrying out environmental improvements and 2) helping businesses to develop in ways that are not dependent on production-related subsidy. The underlying aim is to achieve integrated results by providing both options as a package wherever possible. However, Defra's Rural Development Service, which is responsible for delivering the programme, has been unable to provide readily available data on how many businesses benefit in practice from both types of scheme (such data as could be generated suggests that only a small proportion do so). While the new IT system that will support administration of the ERDP could yield this data, little effort has been made hitherto to gather it. Defra cannot expect to measure progress in promoting sustainable development if its systems do not seek to provide the necessary data.

Illustration 5: harmonising policy and delivery

Defra's Rural Development Service is still working to harmonise its own objectives with those of the policy developers that oversee the England Rural Development Programme. In recognition of the gap, the Rural Development Service's Business Plan for 2003-04 states that 'further efforts will be made to integrate the RDS Business Plan with Land Management and Rural Development [a policy arm of Defra] to ensure common objectives with regard to ERDP delivery, other areas of policy delivery and customer focus'. It is however surprising that discrepancies should have arisen in the first place.

4.53 Policy developers must be able to track progress against their targets and planned outcomes. Our interviews with senior officials revealed that there is insufficient information in Defra to support effective policy development and well targeted delivery.

4.54 Good progress is being reported in developing an IT system to improve the way in which ERDP schemes are delivered and management information is provided, but systems, financial planning and tracking systems are not yet integrated, and very little information is available to managers about projects and programmes to help balance resources and track deliverables. I have for example found it impossible to compile a fully comprehensive list of the multitude of funding streams relevant to Defra's rural objectives (see Recommendation 31 and Annex 3). There is no common language or database to enable policy developers and delivery agents to work together.

4.55 Defra's recent Activity Baseline Review²⁰, undertaken in response the Treasury's requirements set out in the last Spending Review (SR 2002)²¹ settlement, appears to have been a good first step in moving towards a modern system of management that supports cross-cutting working. However, in some respects it has highlighted the confusing array of data from individual projects held within the Department and among its delivery partners.

20 *Activity Baseline Review*, Department for Environment, Food and Rural Affairs (on-going).

21 *Opportunity and security for all: Investing in an enterprising, fairer Britain, New Public Spending Plans 2003-2006*, HM Treasury (2002).

Making it happen

4.56 Defra's IT strategy is clear, but additional effort will be required to improve the quality of existing management information if it is to make a persuasive case for new resources in the next Spending Review.

Recommendation 9

In pursuit of the objectives of separating policy from delivery and of devolving delivery, the functions of the Countryside Agency should be transferred to the appropriate specialist organisations. Thus:

- **policy development (including the commissioning of pilots and demonstration projects), together with the promotion of rural proofing, would pass to Defra and the Government Offices for the Regions;**
- **social and economic programmes would pass to regional and local networks of Regional Development Agencies (RDAs), local authorities and the voluntary and community sector;**
- **environmental, landscape, access and recreational programmes would pass to the new, integrated agency proposed below (see Recommendation 16);**
- **review of rural proofing, challenge and external advice would pass to a reformed Rural Affairs Forum for England (see below).**

In the light of these changes the Countryside Agency would cease to be required as a separate organisation

Why change is needed

4.57 My terms of reference require me to consider the implications for the Countryside Agency of the creation of Defra as the government's appointed 'leader' on rural affairs.

4.58 The Countryside Agency is the latest in a series of organisations that have 'championed' rural interests since the Development Commission was established under the Development and Road Improvement Act of 1909. Since the Agency itself was formed in 1999 from a merger of the Countryside Commission and elements of the Rural Development Commission, it has championed the interests of those who live in, work in or visit the countryside. It has provided a voice within government for rural interests which might otherwise be neglected (although there is also an independent 'Rural Advocate' who currently chairs the Agency's Board). It researches and highlights issues that require attention and develops and tests new methods of addressing them. The Agency's budget allocation in 2002-03 was approximately £108m.

4.59 The Agency's aims are to improve the quality of life for those who live in the countryside and to improve the quality of the countryside for the benefit of all. Its functions are described as:

- to keep under review and advise the government on all matters relating to:
 - the social and economic development of rural areas;
 - the conservation and enhancement of the natural beauty and amenity of the countryside;

- the need to secure public access to the countryside for the purposes of open recreation;
- the provision and improvement of services for the enjoyment of the countryside;
- to carry out, and assist others to carry out, measures likely to further social and economic development (for example by providing national funds to Rural Community Councils);
- to provide financial assistance towards expenditure in the public and private sector which helps achieve the conservation and recreation objectives;
- to undertake or promote experimental schemes, developing or demonstrating new techniques in conservation and recreation management;
- to advise on the designation of National Parks, Areas of Outstanding Natural Beauty, country parks and long distance routes;
- to exercise powers under the Countryside and Rights of Way Act 2000;
- to inform the public about their rights and responsibilities in the countryside.

The Countryside Agency's policy activities

4.60 The Agency's role as rural champion was originally justified by the low priority given to rural affairs by Ministerial Whitehall Departments. The creation of Defra as the lead rural affairs department is intended to address that very problem. It has led to substantial duplication of work: for example an estimated 75% of Defra's rural policy development and research functions overlap with those of the Agency. Defra's policy role calls into question the policy activities of the Countryside Agency.

4.61 I have seen no detailed and up-to-date Management Statement for the Agency that reflects the establishment of Defra. While business and corporate plans have been updated, the constitutional arrangements have not. More than two years on, this seems unsatisfactory.

4.62 While Defra and the Countryside Agency have worked to overcome the rivalry that exists between them, I am not convinced that the relationship will succeed in the longer term. The need for a champion is predicated on the inability of rural stakeholders to secure a fair share of attention within government. It would be a poor reflection on Defra if it were unable to meet that challenge.

4.63 It has been put to me that an independent body is capable of thinking creatively and taking risks to an extent that could not be expected of a Ministerial department. I would challenge that view. It should be a duty of all government departments to recruit people with the skills to find new and imaginative solutions to problems. One must ask serious questions about the cost of funding two centres of expertise on rural policy. There is a need for more streamlined and effective arrangements that provide clearer accountability for policy. While the Countryside Agency has undoubtedly made an important contribution to policy and succeeded in raising the profile of rural affairs in government, Defra must be given the scope to develop its role and credibility as policy leader.

4.64 My assessment is that the Countryside Agency, as a policy-development body, is no longer necessary in government. I accept that there continues to be a need to test the government's ability to stay attuned to the complex and diverse needs of the countryside. I believe that the England Rural Affairs Forum can provide such a basis, as I explain below.

The Countryside Agency's delivery activities

4.65 There is disagreement as to whether the schemes run by the Agency represent delivery. Its management have told me that the Agency is a championing and policy development organisation and not engaged in delivery (contrary to what is said in its published literature). This claim appears to be based on the fact that its larger grant schemes are concerned with time-limited 'demonstration' and 'piloting' rather than with the ongoing provision of services. That perception is not however shared by those who receive the grants administered by the Countryside Agency, most of whom refer to the Agency as a service provider.

4.66 There is an important distinction between mainstream delivery and demonstration and pilot projects. The latter are intended to show where change is needed and how it can be achieved and to test and develop new ideas for securing change through trials (so that, if the tests prove successful, the roll-out of the new policies is the job of the various delivery agencies). In practice these distinctions have become blurred. There appear to be several reasons for this:

- a) demonstration projects, particularly those conducted on a large scale (like the Countryside Agency's Vital Villages scheme, a Rural White Paper²² initiative costing approximately £20 million in 2003-04), tend to stimulate their own demand and become regarded over time as a regular service;
- b) the Countryside Agency is directly involved in certain forms of delivery, notably in relation to countryside access and landscape enhancement;
- c) the Agency's strong emphasis on marketing and branding its products gives the impression in the eyes of prospective grant applicants that it is providing a 'competitive' service that can be measured against others.

4.67 As I have already noted, there are problems of accountability in combining policy development and delivery roles. I have also commented on the shortcomings of administering national schemes to deal with local problems. There is a significant risk that conflicts of interest and lack of accountability will arise if the Agency is responsible for implementing and evaluating the policies that it has played a central role in designing.

Illustration 6: Vital Villages

'Vital Villages' is a case in point. This scheme, a product of the Rural White Paper²², is classified as 'demonstration'. It aims to promote empowered, active and inclusive rural communities through a series of start-up grants. These have the common theme of encouraging small communities to develop their capacity to improve access to services, facilities and the local environment in collaboration with other organisations.

Interim evaluation of the scheme by independent consultants has shown steady improvements in the efficiency with which the scheme has been administered by the Agency. In particular, it reports faster turn around times for grant applications, despite the rising demand for the grants on offer. The total size of the scheme has grown substantially, leading to a total of nearly 2,000 projects being approved or completed in the 12 months to September 2002, compared with a target of 1,795. The overall budget for the scheme in 2003-04 stands close to £20 million.

This progress is commendable. It needs however to be assessed against the fact that most of the consultants' analysis has been confined to processes rather than results. One critical finding by the consultants does however address the latter. This is that, while deprived wards should be the most likely to draw benefit from a successful grant application, 'in general, the more deprived the ward the less likely it is to have an approved or completed project'.

The fact that the most needy communities appear to be the smallest beneficiaries of Vital Villages is consistent with the Countryside Agency's comment that 'evaluation of need is not a principle of Vital Villages' (although Defra has recently pressed for a more needs-based approach as reflected in the Agency's corporate plan). These facts seem to be at odds with the emerging view in Defra and the Countryside Agency that the scheme is performing well (because of popular demand).

²² *Our Countryside: The Future – A Fair Deal for Rural England*, Department for the Environment, Transport and the Regions and the Ministry of Agriculture, Fisheries and Food (2000).

The popularity of this scheme reflects the Agency's intensive commitment to public communication, media, marketing and branding. But one must question the value to the taxpayer of assigning a national agency to distribute grants that, for the most part, have a low average value.

4.68 The above analysis is not intended to be a critique of the Vital Villages scheme. It is however consistent with the problems of tackling rural needs from the national level (and therefore reflects as much on the relevant Whitehall departments as it does on the Agency). A number of the delivery organisations we interviewed spoke about the Agency 'doing its own thing' in the pursuit of national programmes that were not closely linked to local needs and priorities.

4.69 The national statistics on rural issues produced by the Agency bear out the difficulties with this approach, since they give limited insight into problems that are for the most part local. There is little in them to suggest an over-riding need for national intervention. There are dangers in dealing with 'rural' problems on an ad hoc basis without a rigorous, commonly understood set of tests, particularly in relation to issues of social and economic well-being.

Illustration 7: mapping countryside access

The Countryside Agency is responsible for delivering the government's statutory commitments to provide access to open land under the Countryside and Rights of Way Act 2000. The financial allocation for this work was substantially exceeded, in large part because the scale of local negotiation over access rights was underestimated. Money has had to be diverted from other programmes run by the Agency in order to make up the shortfall. While the Agency has been strong in advocating access at the policy level, a more localised approach to mapping by central government (which I understand that the Agency sought) might have resulted in a more realistic understanding of the pitfalls.

4.70 Our research has revealed no shortage of commitment or expertise among the Countryside Agency's front line staff, who have been praised by stakeholders and customers. Nor do I question the value of generic functions (such as piloting) discharged by the Agency. The difficulties I have identified, like those I have commented on in relation to Defra, relate to the new policy and delivery environment.

4.71 In summary I see two main problems with the current arrangements:

- intervention by a national organisation in locally-based initiatives fails to take proper account of local need;
- the delivery of schemes by the same organisation that has developed the policy behind them makes it difficult to evaluate their overall success and to pinpoint accountability for success or failure.

Making it happen

4.72 Defra should eliminate the overlap in policy development functions that exists between itself and the Countryside Agency. Where necessary, expertise currently residing in the Agency (including central research functions) should be transferred to Defra. A number of Agency staff have already moved.

4.73 Regionally based staff involved in policy and research could where appropriate transfer to Government Offices for the Regions.

4.74 Many of the most innovative ideas for tackling rural need come from local authorities and other locally based organisations. Defra should encourage the development of new ideas at local level and, where appropriate, sponsor their testing. Defra should in future arrange for pilots and demonstrations to be developed and run on its behalf (with the appropriate resource transfers) by local authorities, Rural Community Councils and other relevant organisations.

4.75 There is a strong case for an independent challenge on rural affairs policy and delivery, not only within Defra as the lead department but also across the remainder of government. Defra should revise the remit of the Rural Affairs Forum for England to enable the latter to examine rural policy and challenge government and Ministers from the perspective of stakeholders and customers (rather than acting simply as a consultative forum).

4.76 The establishment of a central ‘team’ within the Forum would provide the clout that is necessary to fulfil the new remit. Such a team would co-ordinate views and represent the interests of its members (and of rural customers and stakeholders more generally) at meetings with Ministers. These might be held in public, as is common practice in the case of a number of existing public bodies. The Forum would have its own permanent secretariat. In order to give it the necessary profile and authority, it would be desirable to appoint the government’s Rural Advocate as chair of the Forum.

4.77 The Forum’s central team could become a body comparable to the Sustainable Development Commission or National Consumer Council. It would contain a broad base of relevant experience and expertise and would avoid being restricted by a rigid representation of sectoral interests. (The current membership of the Countryside Agency Board would provide an excellent source of such expertise.)

4.78 To maintain an ‘eyes and ears’ function, the national Forum and its central team will rely upon the reformed Regional Rural Affairs Forums (see Chapter 7) to reflect local perspectives.

4.79 There will continue to be a need for rural proofing of government activity. Relevant review and audit functions of the Countryside Agency in relation to rural proofing should pass to the appropriate expert organisations. Their work would be commissioned by the reformed Rural Affairs Forum for England, which (supported by its regional counterparts) would scrutinise the findings and publish reports on the success of rural proofing activity. Defra will continue to promote rural proofing at the national level.

4.80 Existing schemes operated by the Countryside Agency should be wound down or run their course, probably under the control of regional and local bodies (for example Vital Villages should be administered by selected local authorities and Rural Community Councils). Staff associated with the administration of on-going schemes would transfer to the appropriate regional and local organisations (together with the relevant programme budgets). Countryside Agency staff have important skills and experience that should be used under the new arrangements.

4.81 Other delivery functions, for example national trails, would pass to other national bodies (see Recommendation 16).

4.82 The statutory powers relating to advice on the designation of National Parks and Areas of Outstanding Natural Beauty (AONBs) should be transferred to Defra. Defra should review how these should be distributed in the future, consistent with the principle of separation examined in Recommendation 2. Defra already provides funding for the National Parks, but the recent National Parks Review²³ recommends that, to improve transparency, Defra should directly provide 100% of the funding. This would replace the current arrangements whereby a proportion of funding is made via local authorities. Defra should also assume responsibility for directly funding AONBs.

23 *Review of English National Park Authorities*, Department for Environment, Food and Rural Affairs (2002).

4.83 The government should seek parliamentary time for a Bill to achieve those changes outlined above that would require primary legislation. It should wherever possible seek alternatives to legislation in order to facilitate the transition.

Round-up of Chapter 4

In summary, the above recommendations should bring about a situation in which:

- *Defra's rural policy remit is well understood by all concerned;*
- *it is easier to pinpoint accountability for success or failure;*
- *policy is better attuned to need and takes greater account of delivery issues;*
- *government works collectively to achieve the best outcomes;*
- *Defra has better evidence on rural delivery on which to develop policy;*
- *national leadership on rural policy is clear.*

Chapter 5

Bringing delivery closer to the customer

5.1 This chapter seeks to address the following main findings:²⁴

- Many initiatives are insufficiently tied into the regional agenda.
- Customers are expressing dissatisfaction with the delivery of rural services, which they feel do not address their needs or expectations.
- A lack of rigorous standard setting and accountability in the provision of business advice means that quality is variable.

Recommendation 10

Regional Development Agencies should play a key role in the devolution of Defra's rural economic and social agenda. They must therefore demonstrate, and where necessary develop, their capacity to contribute to sustainable development in addressing rural needs.

Why change is needed

5.2 My earlier recommendations press for greater devolution of centrally run programmes designed to promote the growth and regeneration of rural economies and communities. Regional Development Agencies (RDAs), having the main responsibility for regional regeneration and being the main brokers between central government and local delivery partnerships for economic delivery, are ideally placed to take a central role in this process. Before they can do so, however, they must demonstrate that they are ready to assume new responsibilities.

5.3 The RDAs were established under 1998 legislation with the aim of co-ordinating regional economic development and regeneration, to enable the English regions to improve their relative competitiveness and reduce the imbalance that exists within and between regions. They have the statutory objective of contributing to sustainable development, where it is relevant to do so, as part of their wider economic duties.

5.4 The founding legislation specifies that RDAs' objectives apply to the rural parts of their areas as much as they do to the urban parts. In addition, the following Tier 2 National Target for rural areas, based on Defra's own rural Public Service Agreement target, applies to RDAs:

'Target 4. Rural: Reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2006, and improve the accessibility of services for rural people. Regenerate vulnerable market towns as healthy and attractive centres serving their own population and that of their rural hinterlands'.

24 Chapter 1 lists the main findings in full, and Annex 4 expands on each of them.

5.5 Their programme includes a lead role, working with the Countryside Agency, in the administration of the Market Towns Initiative (instigated by the Rural White Paper)²⁵. They also provide match funding for certain projects designed to regenerate deprived communities under the EU Structural Funds (which Government Offices for the Regions administer).

5.6 RDAs have appointed directors with responsibility for co-ordinating the rural elements of their activity, supported by staff leading on rural issues. (The RDAs' inheritance of staff from the former Rural Development Commission provides them with relevant expertise.)

5.7 Notwithstanding these steps, a number of those engaged in national or regional rural delivery have expressed misgivings about the ability of RDAs to fulfil their sustainable development role effectively. Common criticisms are that they are 'too economic' ('ferociously economic', in the words of one RDA senior executive) and that they are 'too interested in the big wins' (presumably at the expense of the smaller-scale, local initiatives).

5.8 While the RDAs' urban-based economic programmes can benefit surrounding rural communities, many stakeholders have commented to me that too much emphasis is placed on projects that do not benefit remoter rural communities. Stakeholders have also suggested that RDAs should do more to promote environmental benefits arising from their economic programmes.

5.9 The government's commitment to sustainable development means that the entrepreneurial culture in RDAs cannot be allowed to thrive at the expense of their sustainability objective. The RDAs must convince their partners and customers that they have the capacity, commitment and skills to achieve well-balanced outcomes and that they can work closely with others to this end.

Making it happen

5.10 The above criticisms apply to some RDAs more than to others. Moreover, RDAs are relatively new creations that have already undergone significant change (transferring to Department of Trade and Industry from the disbanded Department for the Environment, Transport and the Regions). They are still developing their ideas about stimulating regional regeneration. This means that they have the opportunity to address the above criticisms without having to start afresh.

5.11 RDAs should review whether they have the best balance of skills to meet their sustainable development objective effectively. They should develop closer working relationships with regional and local delivery organisations, in particular through the regional co-ordination arrangements I propose under Recommendation 21.

5.12 Defra should arrange to pass overall control of ongoing grant schemes run by the Countryside Agency (for example Vital Villages) to local partnerships, acting under the aegis of RDAs. RDAs would thus take over the current administrative functions of the Agency in respect of these time-limited programmes.

5.13 These and other recommendations relating to RDAs should be read against the background of government plans to give certain regions of England the choice of electing a regional assembly. In particular, it should be noted that the proposal to give such assemblies the power to develop rural strategies for their regions (and relevant executive powers) would significantly strengthen regional control over rural development. The following recommendations are made with this possibility in mind.

²⁵ *Our Countryside: The Future – A Fair Deal for Rural England*, Department for the Environment, Transport and the Regions and the Ministry of Agriculture, Fisheries and Food (2000).

Recommendation 11

A concordat with Defra must be established as a first step towards making the Regional Development Agencies accountable for their part in achieving Defra's policy objectives on rural sustainable development.

Why change is needed

5.14 Defra lacks the information to be able to assess accurately how and where the Regional Development Agencies (RDAs) are contributing to its rural economic agenda. The suspicions that I have noted in Defra vis-à-vis the RDAs are in part due to a lack of relevant information.

5.15 Arrangements already exist, involving both Ministers and senior officials, for promoting departmental interests within the RDAs. Defra also contributes grant aid to the overall package of RDA funding that is distributed by DTI as the lead, sponsoring department. However, the RDAs direct their rural activities with insufficient reference to Defra's own rural objectives and targets (although it can be argued, as I have suggested elsewhere in this report, that Defra's objectives and targets do not take adequate account of regional variations).

5.16 Co-ordination between RDA programmes and other rural funding streams sponsored by Defra is weak, for example the farm diversification elements of the England Rural Development Programme (ERDP). RDAs are involved in Regional Programming Groups which set the strategic direction of the 'project-based schemes'. But Defra has only recently considered the inclusion of RDA representatives on its ERDP Regional Appraisal Panels (these are groups that decide on applications to the project-based schemes).

5.17 Co-ordination is only part of the story. More is needed to ensure that RDA work is properly aligned with Defra's wider rural agenda.

Making it happen

5.18 Defra should review the targeting statement that governs work carried out by RDAs on behalf of central government departments and consider how the rural elements of this could be reinforced. Defra will require more detailed and effective management information to enable it to track progress by RDAs in meeting its objectives. Defra should find ways of consulting RDA representatives more routinely in its policy development activities. These measures could be documented and monitored by means of a direct concordat (or concordats) between Defra and RDAs.

Recommendation 12

The successors to the existing business and farm diversification schemes (the so-called 'Project-Based Schemes') that are administered by Defra's Rural Development Service under the England Rural Development Programme should become the responsibility of Regional Development Agencies, which will arrange for their delivery.

Why change is needed

5.19 My terms of reference require me to 'have regard to the desirability of strengthening the role of Regional Development Agencies in rural economic development'. I have taken account of this in examining how rural delivery can be devolved.

5.20 Defra, through its Rural Development Service, is responsible for administering the England Rural Development Programme (ERDP). This EU programme (nationally co-funded) comprises 10 different schemes that support the development of rural communities and the rural economy, particularly in areas relevant to agriculture, and that promote more sustainable use of farmland. The total budget for the ERDP is set at £1.6 billion spread over seven years from 2000-2006. Defra is preparing for forthcoming EU negotiations on a successor to the Rural Development Regulation, which will provide the framework for the successor to the ERDP from 2007.

5.21 The 10 ERDP schemes fall into two groups:

- three 'Project-Based Schemes' that enable farming, forestry and other rural businesses, and also rural communities to adapt to changing circumstances by means of grant funding, training and advice (this includes funding of community projects for village renovation and service provision); these are the Rural Enterprise Scheme, the Processing and Marketing Grant and the Vocational Training Scheme;
- seven 'Land-Based Schemes' that make grants available to farmers to conserve and improve the environment; these are the Countryside Stewardship Scheme, the Environmentally Sensitive Areas Scheme, the Organic Farming Scheme, the Hill Farm Allowance Scheme, the Woodland Grant Scheme, the Farm Woodland Premium Scheme and the Energy Crops Scheme.

5.22 The ERDP is described as an integrated programme of measures that enables applicants to make use of both of the above types of scheme to meet their needs.

5.23 As I noted under Recommendation 5, however, the Rural Development Service does not appear to set targets or maintain data on the extent to which the two types of schemes are in reality provided as a package to individual rural businesses.

5.24 I am not convinced that economically based schemes that target rural businesses must be managed by the same organisation that is responsible for agri-environmental schemes. The two are very different in nature and purpose and require different types of expertise. Integration of the delivery of economic and environmental objectives is more likely to be achieved through whole farm planning (see Chapter 8) and well-co-ordinated advice and support services than through a national suite of schemes delivered by one organisation.

5.25 Given the number and variety of organisations providing services to rural businesses there is a need to simplify structures and to apply skills more effectively. The Chief Executive of Cornwall County Council was quoted in a recent parliamentary select committee report²⁶ as saying:

'I think the trouble you have at the moment with the rural programmes is that there are whole seas of agencies actually delivering them, and I do not think the linkages between Defra and some of the other agencies are good enough'.

5.26 As the government's leaders in promoting regional economic regeneration, RDAs should not be limited in their ability to deal with agri-business. For the purposes of diversification and growth, farms must be treated increasingly as businesses, without the need for special treatment that is implicit in subsidy. The recent reform of the Common Agricultural Policy (CAP) underlines this message. The select committee report quoted above observes that:

'Rural economic development needs to be integrated with the economic development of the region as a whole. The number of agencies involved should be reduced and lead responsibility should be given to the RDA (transferring to elected regional assemblies where they are introduced)'.

5.27 I endorse this conclusion. Bringing economic development together creates an opportunity to concentrate relevant skills. It also will also reduce the number of organisations offering comparable products to customers. My recommendations below propose that these steps be taken in relation to regional business advice and support. It makes good sense to do the same in respect of grant aid to businesses.

5.28 The wider agenda of devolution, greater regionalisation and the prospect of successor arrangements for CAP rural development that are more flexible and regionally focused makes it appropriate for rural business diversification schemes to be devolved to the RDAs.

5.29 In line with my recommendations for transferring control over the Vital Villages programme to RDAs and their associated networks, it would be logical to include any measures to improve rural services and regenerate villages in the transfer of the programmes that succeed the 'project-based schemes'.

Making it happen

5.30 A number of steps are needed before this can happen, including those that I have outlined under Recommendation 10. The process of devolving farm diversification will be assisted if Defra:

- a) negotiates in Brussels for changes to the EU audit and accounting rules to provide for greater regional flexibility in the administration of funds for rural development (my discussions with the European Commission have been encouraging in this regard);
- b) develops policies and schemes for rural development, in consultation with RDAs and other organisations, that are more capable of meeting diverse needs and adapting to regional circumstances;
- c) provides RDAs with access to Defra's 'GENESIS' IT programme and database that will support the administration of the current ERDP by the Rural Development Service (and which will also be made available to Government Offices for the Regions) when it is rolled out in 2004-05; better IT and shared data will help to overcome the current problems of integrating delivery between different organisations;

²⁶ *Ninth Report – Reducing Regional Disparities in Prosperity*, HC 492, Office of the Deputy Prime Minister: Housing, Planning, Local Government and the Regions Committee (2003).

- d) takes steps under my other recommendations to further facilitate co-operation between RDAs and the RDS, for example through the development of joint delivery plans (Recommendation 22) and better regional co-ordination (Recommendation 21);
- e) establishes the new integrated agency for sustainable land management (Recommendation 16) in close consultation with RDAs and develops systems (such as whole farm planning – see Recommendation 25) that make joint project planning for individual farm premises much more straightforward than it is at present;
- f) draws on the relevant experience of devolved control over rural development in Scotland, Wales and Northern Ireland to ensure that regional administration of EU money in England can be managed at the minimum acceptable risk of ‘disallowance’;
- g) consults RDAs on the feasibility of managing EU rural development funds within their ‘single pot’ of money, taking account of my earlier suggestions for forging stronger links between Defra and RDAs over time (Defra’s Rural Payments Agency, as guarantor of the regularity of CAP spending, and the European Commission would presumably need to be consulted as well).

5.31 RDAs are already taking steps to address the criticisms (fair or unfair) that have been made of them. In doing so, they will need to:

- a) be provided with sufficient resource and expertise to enable them to handle the work transferred from the Rural Development Service;
- b) arrange for the final delivery of schemes through the networks of agencies and local partnerships acting on their behalf (the RDAs would function as the link with the Rural Payments Agency and be accountable for the meeting of national targets);
- c) make appropriate management changes to enable them to assume the delivery of the future ERDP, working closely with the Rural Development Service;
- d) ensure consistency of approach in the delivery of the future schemes whilst allowing for regional flexibility and decision-taking (for example through a national RDA network in conjunction with Defra and DTI);
- e) consider the creation of an RDA working group with responsibility for national implementation of these changes (such a group could act as a source of best practice and guidance to RDAs on implementation).

5.32 England operates a much more centralised delivery system for rural development than most member states of a similar size, and I would urge Defra to draw upon the experience (negative as well as positive) of those countries. Recognising that there are practical and legal constraints on what can be achieved in the short term, Defra should be bold and pragmatic in pursuing change. I envisage that the above transitional changes would take place over a managed timescale of three years.

Recommendation 13

Regional Development Agencies should have the lead responsibility in co-ordinating public sector rural business support and advice. To that end they should take direct responsibility for Business Links. They should also take steps to improve the quality and consistency of business support and advisory services.

Why change is needed

5.33 Good advice and training is essential in achieving rural business growth and diversification, as well as good environmental performance. As reform of the CAP reduces the links between production and subsidy, and as new opportunities arise for land-based businesses to diversify, so the need for high quality business advice and support will increase.

5.34 The choice of the most appropriate methods and resources to address rural business problems depends on local and regional factors, such as remoteness, levels of demand, availability of existing services and regional economic patterns. Decisions on how best to meet the needs of businesses should thus be taken at the level at which support can be geared most effectively to local circumstances. Our research findings strongly support this (see Annex 4).

5.35 Rural businesses receive advice and training from many different public and private sector organisations that operate at national, regional and local levels. In one region 37 different organisations offer 78 different business advice and training schemes. These range from generic advice available to all business types to sector-specific business advice, such as health and safety training. Funding for these schemes comes from a wide variety of national, regional and local organisations, with little evidence of effective co-ordination. Indeed, the overall picture is so complex that advisory bodies have been set up simply to guide customers through the system.

5.36 The wide range of courses and delivery methods means that a relevant source of advice and training for a rural business is usually available within a region, if not locally. However this does not mean these services are always coherent or consistent. Deliverers themselves are unaware of the full range of options available.

5.37 RDAs are well placed to understand local patterns of rural business, to recognise what is already on offer by way of private advice and to take a view on where there is a need for public sector intervention. They should co-ordinate rural business advisory services and rationalise the current array of schemes and initiatives.

5.38 Land managers feel that training programmes do not meet their needs and are not sufficiently targeted. Many have suggested that they were designed on the basis of what deliverers and policy developers felt was appropriate, rather than what was relevant to them.

5.39 The quality and consistency of advice needs to improve. The Small Business Service (part of DTI) has made progress in this area and is testing the possibility of passing the management of Business Link Operators to RDAs through pilot studies (Business Link Operators form a network of accredited, publicly funded business advisers providing support to small and medium sized enterprises). I would strongly support the argument that advice to these types of business should be brought under regional rather than national control and that RDAs should take responsibility for the management of Business Links.

5.40 Business Link Operators are active at a regional and sub-regional level. As a specialist resource for economic business advice they can, under the guidance of RDAs, provide the framework for co-ordinating economic advice within the region. Business Link could take the lead in guiding customers to appropriate sources of specialist advice. More rigorous accreditation of contracted Business Link Operators by RDAs will improve the quality of business advice.

Making it happen

5.41 Defra is currently carrying out a Learning Skills and Knowledge review. The RDAs should have lead responsibility for co-ordinating business advice within each region, ensuring that it is consistent with the regional framework for economic regeneration. This should be conducted in partnership with the Learning and Skills Councils in the region and Local Strategic Partnerships in whatever form is most appropriate to meet the region's needs.

5.42 RDAs would:

- review the overlap between existing publicly funded business advice and support in their regions with a view to rationalising and simplifying services (in consultation with the relevant funding organisations);
- direct, fund, publicise and provide advisory and support services under the Business Link network and accredit advisers in accordance with agreed national criteria;
- provide information within each region on the availability of publicly funded business advice;
- review the quality of advisory services through audit and customer surveys and publish results on performance. Defra's role under these arrangements would be to work with the DTI and the Small Business Service to agree objectives and targets for the delivery of business training and advice to rural areas.

Recommendation 14

Local authorities and local partnerships should assume the main responsibility for delivery of schemes and services to rural communities. They should be fully consulted by Defra and the Regional Development Agencies about any changes to policy and delivery arrangements and should be given the necessary flexibility to address local needs. The potential of Rural Community Councils as partners in community based delivery is underestimated and should be enhanced.

Why change is needed

'Although rural areas often share the same issues, solutions that are best suited to address them will differ between areas and regions of the country. To ensure that local circumstances are taken into account solutions need to be designed locally, rather than at the national or regional level.'

(stakeholder)

*'The sort of skills needed now include [...] skills around what I call partnership working, working through others, and that is an area again where Defra certainly needs to raise its game because so much of our activity is done through local government, through regional development authorities, through local communities of one sort or another.'*²⁷

(Defra Permanent Secretary)

5.43 The above recommendation assumes that RDAs would be responsible for rural economic and socio-economic programmes at the regional level (see Recommendations 9-13). Managing delivery would for the most part be undertaken by local partnerships (in effect, representing a wholesaler/retailer relationship). In the Local Government White Paper, *Strong Local Leadership and Quality Public Services*²⁸ the government reaffirmed that its public service reform principles should be applied to the work of local government. It emphasises...

'... devolution to local councils to encourage diversity and creativity, giving them the freedom they need to respond to and meet their communities' needs'.

27 *Twelfth Report – The Departmental Annual Report 2003*, HC 832, Environment, Food and Rural Affairs Committee (2001).

28 *Strong Local Leadership Quality Public Services*, Office of the Deputy Prime Minister (2001).

5.44 This White Paper also recognises that, in order to improve people's quality of life, local authorities need greater freedom and wider powers of delivery. The areas in which this is being applied include the setting of spending priorities and other financial freedoms as well as financial planning and strategy. The White Paper states:

'... effective delivery of national standards requires the devolution of real power and responsibility to local leaders and front line staff. We have to increase councils' room for action, giving them the powers and freedom they need to innovate and shape services in ways that respond to and meet local needs'.

5.45 Since October 2000 principal local authorities in England and Wales have had discretionary power to promote or improve the economic, social or environmental well-being of their area. This should encourage innovation and closer joint working between local authorities and their partners to improve communities' quality of life.

5.46 In every region of the country I have been told of the strengths that local authorities can bring to rural delivery, and this is borne out in our research. One of the strongest messages emerging from our written consultation of stakeholder organisations was the need for much greater local decision-taking (see Annex 4). The benefits identified by those who responded to our consultation include:

- better focus on need;
- greater flexibility in dealing with need;
- better understanding of customers;
- better consultation with customers;
- better community engagement;
- a better quality of service;
- improved local accountability.

5.47 I was pleased to see that 'supporting the rural economy' was a theme in the last round of Beacon Council assessment²⁹. Seven³⁰ of the thirty applications have been awarded Beacon Status. The panel found that these authorities had clearly defined visions of how to achieve sustainable improvements for the economies of their areas, and broad and inclusive strategic approaches that integrate economic, environmental and community needs.

5.48 Examples of successful, innovative ways of working included:

- the facilitation work of Lancashire Rural Futures (formerly the 'Bowland Initiative') on business, environment and community development;
- the establishment by Richmondshire District Council of Community Investment Prospectuses that encourage the participation of the community in determining the strategy and needs of the areas that they cover;
- the availability of Broadband access to all libraries in South Holland;
- the provision of premises offering local access points to Business Link services in Tynedale.

5.49 I have also been impressed by the value that Rural Community Councils add to delivery processes as advisers and facilitators. The Rural Community Councils have been experts in local rural issues for longer than any of the other specialist organisations (many of them have existed since the

29 *Report of The Advisory Panel on Beacon Councils – Recommendations to Ministers on Beacon Councils for Round 4*, Office of the Deputy Prime Minister (2003).

30 Caradon, South Holland with Lincolnshire, East Riding of Yorkshire, Tynedale, Lancashire, Waverley, and Richmondshire.

1920s). These county-based charities work to promote the welfare of local communities through voluntary effort and by encouraging people to help themselves. They are actively involved in a wide range of issues including village halls, community centres, transport, shops and post offices, youth projects, housing and training. They work closely with their communities and with networks of voluntary and governmental organisations.

5.50 Our Vital Villages case study exemplified the kind of role that the Rural Community Councils fulfil. They were central to delivery of the programme, establishing relationships, organising and co-ordinating delivery and assisting applicants with general help and advice. Their contribution was valued and praised by all customers and stakeholder organisations. Working more closely with, and through, the Rural Community Councils would be consistent with the government's aim of promoting the voluntary and community sector.

5.51 I have also been similarly impressed by the achievements of individual Groundwork Trusts in England. These are partnerships between the public, private and voluntary sectors that are heavily involved in front line delivery. Their purpose is 'to build sustainable communities through joint environmental action'. Each trust has its own board of trustees and is supported by the national and regional offices of Groundwork UK, which is part-sponsored by the Office of the Deputy Prime Minister (ODPM). I would expect them to play a central role for Defra in community regeneration under the new arrangements.

5.52 Central government officials have suggested to me that devolution of delivery to local authorities leads to inconsistencies of approach and variability of success. The 'freedom and flexibilities' agenda, which protects the right of local authorities to decide on the best way of delivering government objectives in the context of their overall agenda, is seen by Whitehall as a hindrance to good delivery. I would take the opposite view: local flexibility is essential to target and meet need effectively.

5.53 Most of the activity to support the preservation and regeneration of communities in England is already devolved. The government should therefore ensure that rural delivery arrangements are consistent with this.

Making it happen

5.54 Defra must accept some inconsistencies in getting better results across most of the country as a natural corollary of more local delivery. Some degree of inconsistency is a price worth paying if it leads to better accountability. The challenge for Defra and other government departments is to find the right combination of incentives and sanctions to promote consistency where it is desirable to do so.

5.55 The framework for continuous improvement in local authorities is being developed. As part of this, the Comprehensive Performance Assessment (CPA), undertaken by the Audit Commission, is one of several performance management tools available for local government. In the latest assessment³¹ almost 70% of predominantly rural local authorities were classified as excellent or good, compared with 51% overall. This suggests that central government can trust local authorities to deliver its rural policies.

5.56 The Audit Commission is undertaking the CPA for district councils. The programme, due for completion by the summer of 2004, will allow central government greater opportunities for delivering improvements through local government as well as new incentives and flexibilities for the latter.

5.57 Local authorities have to arrange for others to deliver, especially in relation to the voluntary and community sectors. Defra should transfer the Countryside Agency's social and economic scheme responsibilities to partnerships of local authorities, Rural Community Councils and other relevant organisations. RDAs could assign funding to these partnerships, as they do under the Market Towns

a *Scores and analysis of performance for single tier and county councils in England – Comprehensive Performance Assessment*, Audit Commission (2002).

Initiative. The experience of Government Offices for the Regions in dealing with local authorities in managing local regeneration schemes such as the Neighbourhood Renewal Initiative and New Deal for Communities, as well as their existing role on behalf of the Home Office/Active Communities Unit in sponsoring the voluntary and community sector (see Chapter 7), will be invaluable here.

5.58 Local authorities should work together with Defra, ODPM and the National Association of Local Councils towards an enhanced role for Parish and Town Councils in delivering support for the Voluntary and Community Sectors. However, the primary responsibility should rest with the relevant local authority, which would work together with Rural Community Councils and through Local Strategic Partnerships. Where the parish and town councils do not have the capacity to take on this role the local authorities and Rural Community Councils should help them to develop the required capacity. Funding for the Rural Community Councils that is currently provided by the Countryside Agency should be provided via RDAs as part of the new arrangements.

Recommendation 15

As part of the next round of local public service agreements Defra, working with other government departments and the Local Government Association should agree joint Whitehall targets for the delivery of rural policies by local authorities.

Why change is needed

5.59 Local Public Service Agreements (LPSAs) were introduced in the Local Government White Paper *Strong Local Leadership – Quality Public Services*³². They are voluntary agreements negotiated between individual local authorities and the government under which the local authority delivers services against stretching targets. They provided a major key to the delivery of central government policy at the local level by allowing the PSA targets of central government to be linked to the work of local government.

5.60 The overall aim of LPSAs is to improve the delivery of local services by focusing more effectively on outcomes. For achieving the targets of an LPSA over a three-year period, the government offers new freedoms and flexibilities relevant to the targets and also pays a performance grant to the authority.

5.61 Defra was being formed when the first LPSAs were negotiated, and rural matters did not feature strongly in the early discussions. Even so, Shropshire County Council chose to negotiate a 'rural' LPSA with Defra. The target is to 'increase access to electronic services for the people of Shropshire living in rural areas'. This has meant that the county council has focused on rural issues and work on achieving the LPSA target has been prioritised. Recognising the importance of partnership in local delivery, the county council is working with other organisations, including the voluntary sector, to achieve their target.

Making it happen

5.62 There are several mechanisms that allow central government, the Local Government Association and local authorities to work together.

32 *Strong Local Leadership Quality Public Services*, Office of the Deputy Prime Minister (2001).

5.63 Defra is well placed through the Rural Sub-group of the Central Local Partnership (CLP) and its contacts, both directly with some local authorities and with the Local Government Association, to pursue rural LPSAs in the future. The results of the CPA round can also be used to influence individual LPSA negotiations. When negotiating LPSAs, Defra should encourage shire counties to work with the relevant district councils.

5.64 The ODPM has convened the 'Innovation Forum'. The aim of this Forum is to engage with the very best authorities in the development of additional freedoms and flexibilities. It is made up of the 22 councils that achieved an 'excellent' rating in the CPA. Ministers and the Improvement and Development Agency (IDeA) will provide the support for the Forum. It will oversee a work programme between government and councils to pilot new ways of working. The Forum creates the framework to allow radical and ambitious proposals and ideas to be tested in a safe environment. It will provide an ideal means for Defra to develop its relationships with local government.

5.65 As central imposition of rural LPSAs is both inappropriate and unlikely, Defra, together with ODPM and staff in the Government Offices for the Regions, must promote rural LPSAs with relevant local authorities. In reviewing its delivery targets, Defra should make greater use of LPSAs.

Round-up of Chapter 5

In summary, the above recommendations should bring about a situation in which:

- *there is greater regional and local control over rural economic and social outcomes;*
- *Regional Development Agencies have stronger links with other organisations with an interest in the rural agenda;*
- *there are fewer regional players engaged in regenerating rural businesses and communities, and there is better co-ordination of rural business advice;*
- *there are stronger incentives for local authorities to improve rural services.*

Chapter 6

A more integrated approach to sustainable land management

6.1 This chapter seeks to address the following main findings:³³

- Too many organisations are involved in rural delivery, resulting in confusion (delivery of sustainable land management for example is handled by at least six national agencies working with multiple regional and local organisations).
- Customers are confused about the roles and responsibilities of the many organisations involved in rural delivery, above all those dealing with land managers.

Recommendation 16

The government should establish an integrated agency to promote sustainable use of land and the natural environment. This is necessary in order to prepare for the expanding land management agenda and to improve co-ordination and service delivery to customers. This would be achieved through a merger of English Nature, Defra's Rural Development Service and some functions of the Countryside Agency. Its remit should embrace biodiversity, historical landscape, natural landscape, natural resources, access and recreation.

Why change is needed

6.2 The government is committed to a more integrated approach to the development of sustainable policies for the land and the wider environment. As I mention in Chapter 3, this has been brought into sharp focus by the need to prepare for a range of EU Directives on diffuse pollution and natural resource protection, a substantial expansion of agri-environment incentives and new rules on cross-compliance following reform of the Common Agricultural Policy.

6.3 Responsibility for the regeneration of the English countryside is fragmented. Four separate national bodies, working in conjunction with regional and local structures, currently provide advice and incentives to improve wildlife, landscape, and people's access to the countryside. They are:

- English Nature (a Defra-sponsored non-departmental public body (NDPB));
- the Rural Development Service (a part of core-Defra);
- the Forestry Commission (a non-ministerial department that operates across Great Britain as a cross-border public body);
- the Countryside Agency (an NDPB sponsored by Defra).

6.4 A number of other national organisations are involved in the promotion of sustainable management of land, in particular:

33 Chapter 1 lists the main findings in full, and Annex 4 expands on each of them.

- the Environment Agency (an NDPB sponsored by Defra);
- English Heritage (an NDPB sponsored by the Department for Culture, Media and Sport).

6.5 In addition, various regional and local bodies play important roles, such as National Park Authorities, Areas of Outstanding Natural Beauty (AONB) teams, regional and local planning authorities (and local authorities more generally), representative bodies and trade associations and local and voluntary sector delivery agents. The activities of a number of national bodies also have a potential bearing on land management, such as the State Veterinary Service (a part of core Defra), the Small Business Service and Business Links (sponsored by the Department of Trade and Industry) and a range of Defra-funded regulatory authorities, for example the Plant Health and Seeds Inspectorate and the Wildlife Inspectorate.

6.6 Needless to say, this all makes for a confusing picture (a feeling that is widespread amongst the full range of customers included in our research)³⁴. The following is a typical view:

'Too many organisations ... all with a finger in the pie ... and you don't know who's doing what.'
(customer)

6.7 The multiplicity of delivery organisations, particularly at the national level, is most apparent in relation to sustainable land management. The integration of structures would lead to more transparent and efficient arrangements and a better balance of outcomes.

6.8 Sustainable land management is not only about protecting and enhancing the natural environment through careful planning and responsible practices. A well-maintained natural heritage also benefits the tourist industry and the quality of life for those who live in, work in or visit rural England. If managed effectively, tourism can also bring significant benefits for the environment itself (for example visitors to natural heritage sites can provide funds and support; it is false to assume that they are automatically a source of damage and degradation). The present arrangements, being dispersed among several different organisations, do not make the most of the intrinsic links that exist between the different organisations.

Illustration 8: links in delivering sustainable land management

English Nature is responsible for Sites of Special Scientific Interest (SSSIs), a high proportion of which are contained within land that is also classified as Environmentally Sensitive Areas (ESAs) under the England Rural Development Programme (ERDP), which is the responsibility of Defra's Rural Development Service. Many of these sites coincide with other designated areas (including National Nature Reserves, National Parks and AONBs). Because of these overlaps, scheme agreements in ESAs, together with Countryside Stewardship Scheme agreements, are frequently used as tools in preserving and enhancing the quality of SSSIs. Such agreements may also provide for the enhancement of the natural beauty of the landscape (a function of the Countryside Agency, National Parks and AONB teams) or the conservation of historically valuable heritage sites (on which English Heritage leads). National Parks (and other designated areas) in addition give high priority to the promotion and management of public access for recreational purposes: schemes under the ERDP therefore provide for this possibility and are closely related to the access role of the Countryside Agency.

6.9 The closely related agendas of the different agencies are summarised in Table 4, which highlights the areas in which they exercise leading or supporting responsibilities.

34 See Annex 4 for further details of our research.

Table 4: Agencies delivering sustainable land management

	English Nature	Rural Development Service (Defra)	Countryside Agency	Forestry Commission	English Heritage	Environment Agency
Promotion of access and recreation	✓	✓	✓	✓	✓	✓
Landscape protection and enhancement		✓	✓	✓	✓	
Biodiversity and wildlife protection	✓	✓		✓		✓
Natural resource protection	✓	✓		✓		✓

6.10 English Nature is a key player in the delivery of sustainable land management. Its role is to champion the conservation of wildlife, geology and wild places in England with the aim of promoting the conservation of England's wildlife and natural features and to advise government. Its functions are:

- providing advice and information on nature conservation to national, regional and local government;
- identifying the most important areas for wildlife and natural features as Sites of Special Scientific Interest (SSSIs), securing the sustainable management of these sites and establishing and implementing a programme of monitoring;
- implementing the UK Biodiversity Action Plan and assisting in the practical application of sustainable development;
- advising government on the selection of European and international wildlife sites;
- implementing international conventions, EU Directives and national legislation on nature conservation;
- establishing and managing a number of key sites such as National Nature Reserves and Marine Nature Reserves;
- co-ordinating the monitoring of the national state of nature;
- supporting and conducting research relevant to these functions;
- increasing the opportunities for people to experience, wildlife and natural features;
- providing advice and information on nature conservation to other organisations and individuals;
- providing advice about nature conservation to the wider public;
- offering various types of grant to help others carry out nature conservation;
- licensing various activities;
- delivering special functions with the Scottish and Welsh 'countryside agencies' through the Joint Nature Conservation Committee.

6.11 English Nature employs around 900 staff and has an annual budget of approximately £75 million. It works closely with other agencies to secure its objectives in rural areas. For example, Defra's Rural Development Service spends more grant aid in SSSIs (through the agri-environment schemes) than

English Nature. The reliance on schemes delivered by others limits English Nature's ability to control and direct resources in the most cost-effective way.

6.12 Partnership working is desirable where organisational roles complement each other, but it can become a source of unnecessary bureaucracy where they overlap. Overall, the present fragmentation is visible in the following ways:

- the reliance of one agency upon another to deliver its objectives (see Table 4);
- the contribution of different agencies to a single Defra objective (for example the Public Service Agreement target for farm birds and the target for bringing 90% of SSSIs into a favourable condition by 2010, delivered by the Rural Development Service, English Nature and the Environment Agency);
- the range of grant schemes that are administered by different bodies but cover similar matters (for example English Nature's Wildlife Enhancement Scheme and Defra's Countryside Stewardship Scheme);
- the top-down approach to delivery that is associated with inflexible and prescriptive national schemes, and the difficulty of adapting these to regional and local circumstances;
- separate treatment of landscape enhancement (Countryside Agency, English Heritage and the Rural Development Service) and wildlife (English Nature and the Rural Development Service);
- separation of the initiatives of promoting public access through mapping and advocacy on the one hand (Countryside Agency) and providing grants to facilitate access on the other (Rural Development Service);
- multiple and overlapping advisory services with no central co-ordinator;
- the absence of a common vision of sustainable outcomes for the natural environment;
- rivalry and distrust between mutually dependent agencies and the common criticism that each is too narrowly focused and inflexible;
- disagreements over the appropriate balance to be struck between the closely related objectives of protection of natural resources (air, soil and water) on the one hand and protection of biodiversity on the other.

6.13 The key benefits of integrating functions in a single, new organisation would be:

- 1) a strategic, proactive approach rather than a haphazard, reactive one;
- 2) a more efficient approach to delivery;
- 3) better targeting of need and improved use of public funds;
- 4) clearer accountability for the delivery of outcomes;
- 5) a common vision of the desired natural environment;
- 6) a more transparent link between the public's investment in the countryside and its experience of the benefits;
- 7) a greater understanding by land managers of their contribution to, and the incentives available for, providing a more accessible and richer natural environment;
- 8) a single regional point of contact for government advice and incentives available to land managers;
- 9) better access to the countryside and better opportunities for recreation that facilitate protection of natural heritage;
- 10) a stronger voice in the regions for sustainable land management and a clear focus for co-operation with locally determined socio-economic schemes.

Making it happen

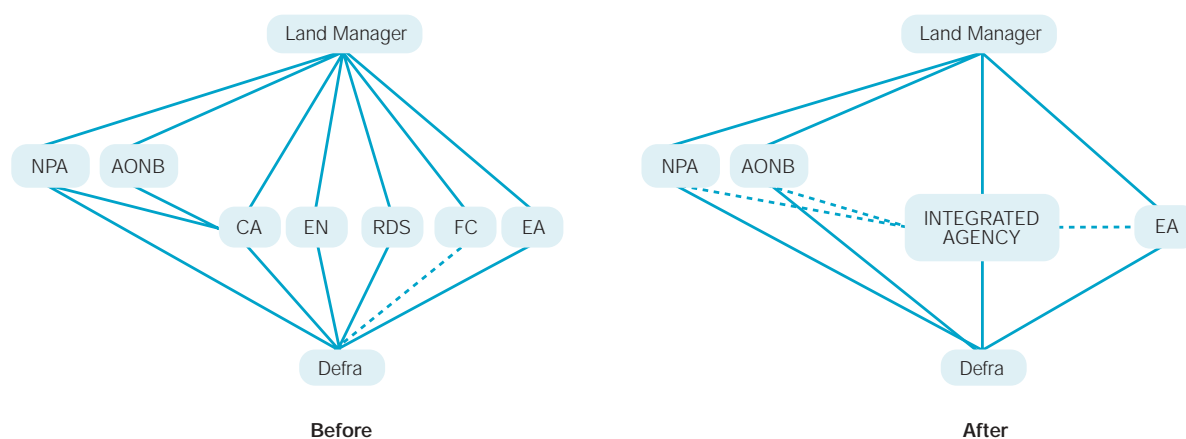
6.14 It is not possible to obtain the full benefits of integration without substantial structural reform. One of my most important recommendations therefore is that the government should create a new integrated agency with particular responsibility for supporting management of the natural landscape.

6.15 Such an agency would assume responsibility for the delivery of agri-environment programmes and incentives, which currently reside with the Rural Development Service (although payment functions would remain with the Rural Payments Agency). With the exception of the Dairy Hygiene Inspectorate (see Recommendation 30) the remaining functions of the RDS should transfer to the new agency.

6.16 The environmental aspects of sustainable land management warrant a national, co-ordinating framework to promote compatibility of approach and (where necessary) to overcome administrative boundaries. Staff of the new agency should, however, be given flexibility to design programmes at the regional and local levels that take full account of local conditions. My recommendations on regional integration in Chapter 7 address this proposal.

6.17 The following diagram (Figure 2) illustrates the simplification that would be achieved by bringing functions together in a single organisation.

Figure 2: How integration of sustainable land management functions could simplify access to services³⁵



6.18 Rationalising the current arrangements in an integrated whole would bring together functions relating to:

1. access and recreation opportunities;
2. natural resource protection;
3. biodiversity and wildlife protection;
4. landscape protection and enhancement.

The new agency would encompass the following detailed activities:

- a) statutory adviser on nature conservation and international designations;
- b) Sites of Special Scientific Interest (SSSIs);

³⁵ For the purposes of illustration, the Forestry Commission in England is represented as integral to the proposed agency, although as Recommendation 19 makes clear, there is more than one way of achieving alignment.

- c) UK Biodiversity Action Plan (BAP) implementation;
- d) National Nature Reserves, Marine Nature Reserves;
- e) research and reporting;
- f) contribution to the work of the Joint Nature Conservation Committee;
- g) public information and advice on the countryside;
- h) increasing opportunities for access/recreation;
- i) functions relating to National Parks, AONBs, Country Parks and long distance routes;
- j) statutory access responsibilities;
- k) Community Forests;
- l) agri-environment schemes;
- m) grant schemes for woodland;
- n) advice to woodland owners;
- o) wildlife management and licensing;
- p) land management advice;
- q) Farm Waste (Nitrate Vulnerable Zones) grant scheme;
- r) Environmental Development Fund;
- s) woodland protection and regulation.

6.19 The agency would also play an important role in cross-cutting initiatives, for example the development of a new rural database for whole farm planning purposes and the development of an agricultural advisory service following CAP reform.

6.20 British Waterways also plays an important role in sustainable management of the landscape, as part of its remit to manage canals, rivers and docks and associated buildings and land. Its specialised activities, combined with its strong economic focus and entrepreneurial culture, argue for keeping it as a separate organisation. It will however need to work closely with the new agency, as well as the Environment Agency, under the proposed arrangements. Recommendations 21 and 22 will be particularly relevant.

6.21 The National Parks (of which there are seven in England) were designated under the National Parks and Access to the Countryside Act 1949. Their twin purposes are:

- to conserve and enhance the natural beauty, wildlife and cultural heritage of their areas;
- to promote opportunities for the public understanding and enjoyment of the special qualities of their areas.

6.22 The Broads Authority was designated under the Norfolk and Suffolk Broads Act 1988 which gives them similar status to the National Parks, but 'to protect the interests of navigation' is added to the general themes of these purposes.

6.23 National Parks also fulfil a valuable role, in effect operating as local authorities for various purposes that include planning and development control. Although the National Parks are funded by Defra (a total grant of £36 million for 2003-04, which includes resources given via local authorities), the Countryside Agency also fulfils a range of duties in relation to them, notably on matters relating to their designation, guidance (for example on management plans) and work on governance issues.

6.24 The Countryside Agency started the process of designating two new National Parks, the New Forest and the South Downs (after reviewing the designation process), in October 1999.

6.25 It is already a statutory requirement for public and government bodies to 'have regard to' the purposes of National Parks, but I feel that this needs to be better observed (Section 62, Environment Act 1995). Looking beyond this, there is a clear need for the National Park Authorities and the relevant Regional Development Agencies (RDAs) to work closely together on the economic and social regeneration of an area (see Chapter 5 on the role of RDAs). National Park Authorities are expert in showing how economic development of a suitable nature can enhance the environment and can show the way forward for sustainable development in the wider countryside.

6.26 The new integrated agency and the National Parks must work closely together on land management, agri-environment and access issues. More co-ordinated delivery, the use of first stop shops (National Park Authorities being in an ideal situation to provide this) and potentially one stop shops, would all help (see Recommendations 29 and 30).

6.27 A review of the 'workings of the National Park Authorities, the framework within which they operate and their relationships with partners and other key stakeholders' was undertaken by Defra in 2001³⁶. The review was published in 2002 with 54 detailed recommendations covering policy, resource, governance and sponsorship issues. These include several that are in line with my own recommendations on issues such as promoting a role for National Park Authorities as 'first stop shops', integrated working, devolution of delivery, clearer accountability and building strong relationships with Defra and other government departments. This review also reinforced their responsibilities for socio-economic issues and tourism.

6.28 AONBs (of which there are 37 in England), like National Parks, were introduced under the National Parks and Access to the Countryside Act 1949. They are also designated by the Countryside Agency (with confirmation by the Secretary of State for Environment, Food and Rural Affairs). Their primary objective is limited to conserving and enhancing the natural beauty of their area. Rather than operating as single authorities, they comprise partnerships of local organisations, including local authorities, supported by a dedicated executive team.

6.29 The Countryside Agency exercises a variety of duties in relation to AONBs, including designation, guidance on management plans and the provision of core funding. Core funding is also provided by the relevant local authorities.

6.30 Under the Countryside and Rights of Way Act 2000 all the local authorities whose areas contain AONBs are required to publish a management plan. The more complex AONBs can apply to become Conservation Boards. Where a Conservation Board is created the AONB will have the additional purpose of 'increasing public understanding and enjoyment of the special qualities of the area'. The Act also strengthens the conservation of AONBs by listing authorities that must have regard to their purpose.

6.31 Within their geographic areas, AONBs represent an ideal opportunity to co-ordinate delivery through first-stop-shops and integrated delivery plans. As with National Parks, it is desirable for RDAs and other organisations to work more closely with AONBs.

6.32 Relevant duties of the Countryside Agency relating to advice to, and working relationships with, National Parks and AONBs should pass to the proposed new agency. This should take account of my suggestion at Recommendation 9 that Defra reviews the precise split between itself and the new agency to ensure that it is consistent with Recommendation 2 on the relationship between policy and delivery.

36 *Review of English National Parks Authorities*, Department for Environment, Food and Rural Affairs (2002).

6.33 It will be necessary to structure the Board of the proposed new agency so that it reflects all the individual interests that contribute to land management and recreation.

6.34 Whilst the proposed organisation will have an important role in relation to the countryside, it will not be an exclusively rural organisation. Biodiversity, for example, extends to urban and marine areas. Provision will therefore be required in the founding statute of the new agency to preserve these elements of its remit and ensure that they receive the necessary attention.

6.35 Operating under the governance of an independent board, the proposed agency should maintain an arms length relationship with Defra (from which it would receive its funding). It would inherit the relevant statutory functions and powers of those organisations that would transfer to it (although Ministers will presumably wish to introduce new statutory responsibilities, such as duties relating to its relationship with the Environment Agency). These requirements would suggest that the new body should have the status of an executive non-departmental public body. I believe that incorporating it in Defra (for example as a 'next steps' agency) would not provide the level of independence that is necessary for such a body to work in the decentralised and devolved delivery landscape to which government is committed.

Recommendation 17

Defra should establish close collaboration between the Environment Agency and the new, integrated agency so that their activities complement each other.

Why change is needed

6.36 Recommendation 16 acknowledges the links that exist between the protection of species (on which English Nature is the government's lead authority) and the protection of natural resources, on which the Environment Agency leads. But whilst these links are recognised in government, they are not always rigorously pursued. With the proposed expansion of agri-environment incentive schemes in England and the creation of new legislation on natural resource protection (in particular the EU Water Framework Directive), it is important that the programmes of the two agencies are complementary and interactive.

Making it happen

6.37 The new agency should address natural resource objectives in its management of advisory and incentive schemes. Diffuse pollution from agriculture will have to be tackled both through these schemes and through regulation, which is the responsibility of the Environment Agency.

6.38 A more integrated approach to delivery of natural resource protection will depend upon the proposed agency agreeing upon a range of interactions with the Environment Agency. These might for example include:

- the sharing of board members (with perhaps three sitting on both);
- joint public meetings to discuss items of mutual interest;
- a concordat setting out arrangements between the new agency, the Environment Agency and Defra;
- shared targets (where appropriate) agreed nationally by Defra;
- participation in the Regional Rural Priority Boards to be established by the Government Offices for the Regions (see Recommendation 21);

- close engagement of the Environment Agency in the development of agri-environmental schemes and in the targeting of sensitive areas;
- joint regional delivery plans and working agreements (see Recommendation 22).

Recommendation 18

Consistent with the principle of clear separation of policy from delivery functions, the policy development role of the Forestry Commission in England should be transferred to Defra.

Why change is needed

6.39 The Forestry Commission's role in England is to implement the England Forestry Strategy. Its aim is to protect and expand England's forests and woodlands and increase their value to society and the environment. Its main functions are the development of policy, the provision of assistance to woodland owners and the forest industry (including incentives and advice), the regulation of tree felling through a system of licences, the management of the public estate (through an agency, Forest Enterprise England) and research (largely through a Great Britain agency of the Forestry Commission, Forest Research). The Commission has a total budget in England of £45 million, most of which is devoted to grants to woodland owners and management of the public estate. Of the Forestry Commission's 150 staff in England, around 30 are responsible for the development of policies and policy advice on forestry (which is a statutory function of the Forestry Commission). This essentially concerns the application of wider government policies on sustainability in a woodland and forestry context.

6.40 I have already explained under Recommendation 2 why policy development and delivery functions should not be managed together. This principle applies to policy development on sustainability in a forestry and woodland context as much as it applies to other elements of Defra's remit. Given that the Forestry Commission functions as both a delivery and policy development organisation, I would see a need for separation of these duties.

6.41 A recent review of how administrative arrangements for forestry can become more devolved in Great Britain has led to closer working between the Forestry Commission's three arms in England, Scotland and Wales and the respective executive authorities in these three parts of the country. This has resulted in the Forestry Commission executive (based in Cambridge) working with Defra staff in developing policy and advising Defra Ministers on forestry matters in England. The above recommendation is therefore concerned with taking this process a step further.

6.42 The move towards closer working reflects not only the trend towards greater devolution of forestry policy to Scotland and Wales but also the need for a more integrated approach to the development of policy on sustainable management of land. Defra's forestry review has highlighted the importance of developing an integrated land-use framework for England, of which forestry would be a part. While such a framework would allow for the pursuit of public intervention in forestry as a distinct activity, it must increasingly be integral to a wider policy of sustainable land use (for which Defra is already largely responsible). This is best achieved if forestry policy functions (and staff) are transferred to Defra.

Making it happen

6.43 Building on the concordat between the Forestry Commission and Defra that was developed under the forestry devolution review, the government should prepare a timetable for transferring forestry policy functions to Defra.

6.44 To ease the transition, Defra and the Forestry Commission should explore the options for strengthening joint working. This could include the secondment of Forestry Commission staff to Defra to develop a stronger policy team within the core department.

Recommendation 19

Following the creation of the new integrated agency, it is logical to integrate or closely align the delivery functions (regulation, incentives, advice) of the Forestry Commission in England with those of the new agency.

Why change is needed

6.45 My terms of reference require me to take account of the parallel review of forestry in England that has been conducted by an interdepartmental steering group. I have accordingly been shown the preliminary conclusions of this group. Their findings and recommendations have a direct bearing on future organisational arrangements for delivery of forestry policy. I have considered those that seem to me to be key to future decisions on this issue, as follows.

- The Forestry Commission is the only remaining Great Britain-wide body with responsibilities for land use and the environment (which are devolved subjects in Scotland and Wales). Following the forestry devolution review³⁷, the Forestry Commission is responsible to Ministers in each country on domestic issues and only acts collectively on GB or UK matters (as directed by all relevant Ministers). But if policy development on forestry and woodland is transferred to Defra, as I suggest in Recommendation 18, the need for a cross-border GB body will be diminished.
- The separate emphasis on forestry and afforestation in the statutory duties of the Forestry Commission is inappropriate when seen against the integrated land management agenda (although the separate treatment of forestry has in part been due to the absence of an overarching framework for integrated land-use planning).
- The Forestry Commissioners lack the necessary powers to operate all relevant forms of partnership with other organisations (for example joint ventures) or to delegate their powers to others where appropriate.
- The independent economic analysis that underpins the work of the forestry review steering group argues strongly that forestry must be treated as one of a range of land assets that can be used to deliver public goods, and that there is consequently no case for a separate Department of Forestry.
- There are potential conflicts of interest in an organisation that is responsible on the one hand for managing the public forestry estate (through Forest Enterprise) and on the other for policy and regulatory functions relating to forestry in general. The reasoning here is that an authority that licenses tree felling in a competitive market should not also be engaged in the supply of timber to that market (even if the latter is done on a modest scale and not on a competitive, commercial basis).

6.46 I have a great deal of sympathy with these findings. It is clear from the analysis conducted by Defra and its partners that the arrangements for delivery of forestry policy have not fully caught up with policy developments. Sensible steps have been taken to address this, for example the closer alignment of the Forestry Commission staff with those in Defra, as recommended by the forestry

37 *Forestry Devolution Review*, Forestry Commission (2002).

devolution review. It would also be logical to pursue a closer alignment of forestry delivery functions with other elements of sustainable land management.

6.47 The Forestry Commission is an 80-year-old organisation with a solid reputation and long-established traditions and allegiances. We have generally found that the customers of its delivery functions value the services they receive. The common view among stakeholder organisations appears to combine recognition of its outdated aspects (the legislation and an operational culture based on tree planting and felling) with an appreciation of its ability to deliver efficiently within the existing constraints.

6.48 The specialist nature of woodland management and research can be used to justify the retention of a separate organisation to deal effectively with the delivery of forestry advice, incentives and regulation. However, careful account must also be taken of the practical factors and policy background that I have outlined above.

6.49 The Forestry Commission, as a single national employer, provides career development opportunities for staff wishing to pursue a career in forestry. However, thought must also be given to the comparative advantages of joining a multidisciplinary agency with broader scope, for the 120 or so staff who would be affected by the option of full integration.

6.50 The decision on whether these issues are better addressed by limiting legislative reform to the modernisation of powers and functions, or by taking the additional step of merging these functions into the proposed new agency, is ultimately a political one.

Making it happen

6.51 There is likely to be a need for primary legislation, whichever changes the government considers are necessary to modernise the powers, functions and organisation of the Forestry Commission.

6.52 Given that practical necessity, Defra must identify what specific legislative changes are appropriate (for example those that would enable greater joint working) and consider the opportunities for securing them. My recommendation for the creation of a new, integrated agency would strengthen the case for seeking parliamentary time for a Bill. Such a Bill could of course provide for full integration of the Forestry Commission into the new agency (for which I believe there is a good case).

6.53 In the meantime it will be essential to facilitate closer working processes based on the integration of regional forestry strategies and delivery plans with those relating to sustainable management of the wider landscape (see Recommendations 21 and 22). The greater interchange of delivery staff between the Forestry Commission and related delivery agencies in England, and opportunities to co-locate staff where possible, will all be material to a more integrated approach.

6.54 If Ministers pursue the option of fully integrating forestry functions in England with the proposed new agency, I would advise against transferring the management of the estate (by Forest Enterprise England) as well. Ministers would therefore need to review the arrangements for managing the forestry estate in England under this approach.

Recommendation 20

Defra should seek opportunities to rationalise the various levy-funded organisations that it sponsors in respect of certain agricultural sectors for marketing, developmental and other purposes. There is scope to share resources (administrative, economic and research) between the various boards and to strengthen support for industry programmes if savings are realised through rationalisation.

Why change is needed

6.55 There are a number of levy boards operating in the United Kingdom. They include:

- the Meat and Livestock Commission;
- the British Potato Council;
- the Milk Development Council;
- the Home Grown Cereals Authority;
- the Horticultural Development Council.

6.56 Levy boards are statutory bodies that collect industry levies to fund research and development and other activities on behalf of the agriculture sector. Their aim is to improve the competitiveness of the sector through better marketing and higher quality standards.

6.57 To my surprise, most farmers have told me that they are generally content to pay the obligatory levies needed to fund these boards but would welcome any steps to reduce operational costs and improve marketing effectiveness.

6.58 There is scope to achieve financial and efficiency gains by partial rationalisation, but with each organisation retaining responsibility for activities directly related to the sectors that they represent. The sharing of common services would provide for significant savings, particularly in reducing overhead costs and enabling a more efficient collection of levies across the sectors.

6.59 Rationalisation would provide the opportunity to combine certain market research, promotional and marketing projects, thus achieving better value for money.

Making it happen

6.60 Defra should consult with representatives of the levy-funded organisations to identify where and how the detailed efficiencies could be achieved. It should be possible as a first step to implement the above recommendation without the need for legislative amendments. This should however be checked as detailed proposals for rationalisation of functions are developed.

Round-up of Chapter 6

In summary, the above recommendations should bring about a situation in which:

- *delivery of sustainable land management is more effective, rational and efficient;*
- *accountability for policy development and delivery relating to forestry is clearer;*
- *delivery of forestry policy in England is better integrated with the government's wider sustainable land management agenda within a modern legal framework;*
- *levy-funded organisations supporting the marketing and development of agriculture are more efficient.*

Chapter 7

Improving co-ordination

7.1 This chapter seeks to address the following main findings:³⁸

- There are far too many regional strategies (more than 70 regional or sub-regional strategies in one region alone).
- Regional co-ordination of delivery is unduly complex, bringing together several organisations with similar or overlapping agendas. Membership of discussion forums is too unwieldy for effective dialogue.
- There are too many initiatives, schemes and services (there are for example over 100 separate streams of rural delivery activity and funding in one sub-regional area, such as a National Park). Poor co-ordination has created a complex and confusing delivery landscape.
- Many initiatives are insufficiently tied into the regional agenda.
- Deliverers have a patchy understanding of the strategic objectives of their work.

Recommendation 21

The Government Offices for the Regions should be given a stronger remit to promote co-ordination of and monitor rural delivery and to promote rural proofing on behalf of Defra. Regional Rural Priority Boards, chaired by Government Offices for the Regions and including key regional and local bodies responsible for rural regeneration and service delivery, should be set up to provide strategic co-ordination and monitoring.

Why change is needed

7.2 Defra has to be satisfied that its policies are being delivered effectively at the local level. Existing regional arrangements for co-ordinating, targeting and accounting for the delivery of policies affecting rural areas are patchy and complicated, often with overlapping structures.

7.3 Co-ordination of rural delivery is inherently complex. Responsibility in the regions for ensuring the delivery of Defra's Public Service Agreement target on access to rural services and boosting the rural economy is shared by a diverse range of bodies. These include local authorities, Government Offices for the Regions (GOs), Regional Development Agencies (RDAs), Primary Care Trusts, Business Links, the Countryside Agency, Defra's Rural Development Service and local Learning and Skills Councils. Not only do the activities of these organisations require regular co-ordination for the purpose of delivering Defra's rural Public Service Agreement (PSA), but there are also many forums in which such co-ordination takes place.

A comprehensive strategic framework for delivery of rural policy in each region would:

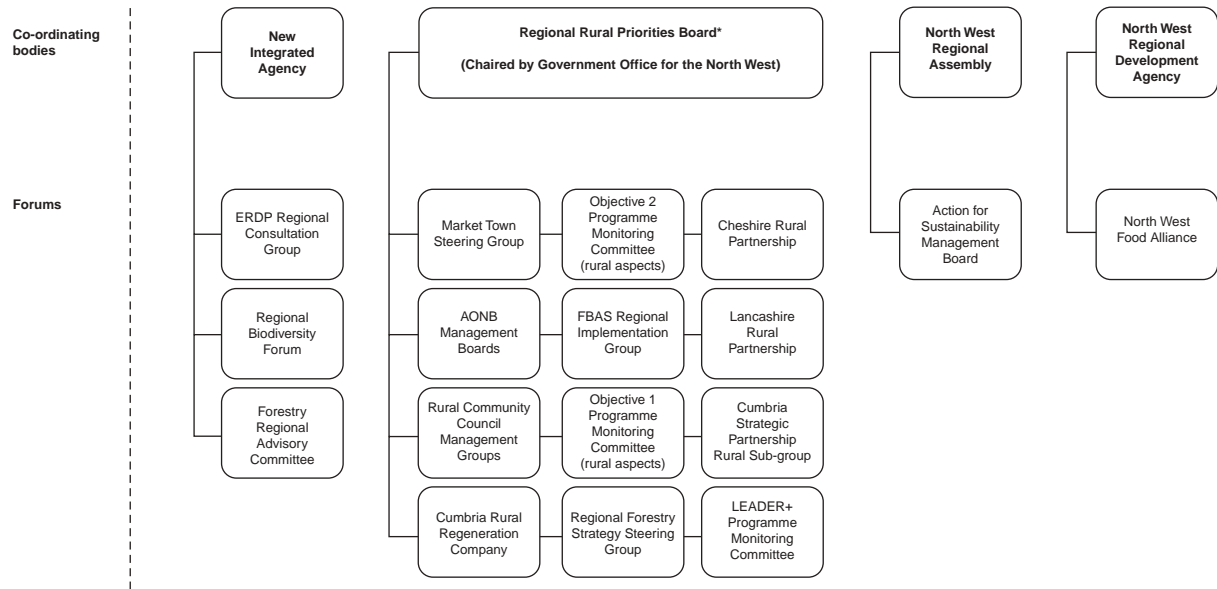
- establish regional priorities;
- achieve better co-ordinated delivery;

³⁸ Chapter 1 lists the main findings in full, and Annex 4 expands on each of them.

- ensure the clear and effective rural proofing of delivery;
- reduce the number of regional committees.

7.4 These changes should be an important part of Defra’s efforts to rationalise and simplify the delivery landscape. The following diagram shows how structures could be simplified.

Figure 3: Simplifying co-ordination in the North West³⁹



*Under the above arrangements four existing forums could be abolished and their functions subsumed by the Regional Rural Priorities Board. These are: Regional Rural Strategy Board, the ERDP Regional Programming Group, the Sustainable Food and Farming Strategy Group and the Regional Rural Proofing Group.

Making it happen

7.5 Following the model illustrated above, I recommend that government establishes ‘Regional Rural Priority Boards’, drawing on the example of Regional Housing Boards already operated by GOs.

7.6 GOs enjoy extensive relationships with regional and local organisations and partnerships that are involved in regeneration and service delivery. They are best placed to chair Regional Rural Priority Boards. The Boards’ functions would be to:

- decide on regional rural policy priorities, objectives and actions;
- co-ordinate and integrate rural funding streams and services more effectively;
- help GOs to ensure effective rural proofing of policies and delivery regionally and locally.

7.7 Membership would reflect regional needs, and would involve the RDA as key strategic partner, the regional chamber and the main statutory agencies responsible for rural development and service delivery. The Board would be chaired by the GO, but this responsibility would transfer to Regional Assemblies in regions where these were elected. Boards would replace several bodies in most regions and provide a broader overview of rural policy delivery, thereby simplifying and strengthening co-ordination arrangements.

39 For the purposes of illustration, the Countryside Agency, the Rural Development Agency, English Nature and the Forestry Commission are represented as integral to the new Agency proposed in Recommendation 16.

7.8 This would enable GOs to play a more proactive role, on behalf of Defra, in ensuring that central policies were being delivered effectively in the regions.

Illustration 9: a regional Rural Priorities Board for the South West

The establishment of a Rural Priorities Board in the South West would strengthen the existing arrangements for deciding priorities and monitoring performance.

A single board could replace three existing groups.

- ERDP Regional Programming Group, which sets priorities for and monitors performance of the ERDP (meets quarterly; membership 10 public sector bodies).
- Market & Coastal Towns Initiative Strategy Board, which sets the strategic direction of the Market and Coastal Towns Programme in the region (meets quarterly; membership 8 public sector bodies).
- Sustainable Farming and Food Strategy steering group, an evolving body, currently working up the regional delivery plan, but likely to move more towards monitoring and driving delivery (on average meets monthly, but likely to drop to quarterly as the delivery plan is put in place; membership 12 from public, private and voluntary sector).

There is some overlap in the membership of these groups, with perhaps 15 different bodies taking part.

A regional Rural Priorities Board in the South West could improve the delivery and priority setting of a number of specific funding streams (especially EU programmes) and specific areas (such as forestry). Several existing groups that promote effective programme delivery (such as the Leader+ Programme Monitoring Committee, required as part of the EU funded programme) would have their work co-ordinated by the Priorities Board. The Board would also support more effective rural representation in other policy areas, such as housing, transport, skills and health.

Recommendation 22

Delivery agencies should strengthen joint working through the development of joint regional delivery plans. These would include designated lead delivery partners, agreed joint targets, shared resources and clear accountability for delivery.

Why change is needed

7.9 The planning of rural delivery should be better co-ordinated in order to achieve the best outcomes. Front line deliverers complained throughout our research about the complicated and fragmented nature of delivery planning. Delivery organisations need to co-ordinate their activities and share resources for the benefit and convenience of their customers and spend less time on the protection of organisational boundaries.

Illustration 10: dealing with three agencies

A delivery agency encouraged a land manager to enter a land management scheme run by a second agency, which the customer duly did. Since the conditions for entering the scheme included a requirement for the land manager to obtain a licence (from a third agency), an application was submitted. It was however refused, and the intended benefits of the process were lost. This might have been avoided if the agencies involved had worked together in the first place.

Illustration 11: raised expectations in seeking a grant

A land manager was encouraged by a delivery agency to invest money in an application for a grant that was available from another agency. The application went ahead, and over £18,000 was spent on the process, including consultancy and accountancy fees and the costs of obtaining planning permission. In the event the application was refused. This might have been avoided if the customer's chances of success had been discussed with the grant provider and licensing authority before money was spent on the application.

7.10 Enhanced co-ordination through shared delivery plans will ensure that services, targets and objectives are coherent and transparent. Customers will benefit from a more seamless service and will not be confused by mixed and sometimes contradictory messages.

7.11 I have noted that, in promoting more effective partnerships, delivery agents could make better use of the voluntary and community sector. Many representatives of this sector feel excluded from the processes of scheme administration and observed that too little was made of their potential.

'The voluntary and community sector have a key role to play in improving the design, delivery and performance of rural products and services. A great deal of time, waste and energy could be saved by improving the links between the sector and government and departments.' (stakeholder)

Making it happen

7.12 Joint working will be more successful and accountability will be clear if those who are engaged in delivery can agree upon shared targets. These should be developed where it is judged that they can promote more efficient working and better outcomes.

7.13 Every effort should be made to co-ordinate resources to achieve the most deserving and worthwhile outcomes, rather than leaving customers to take their chances with a haphazard system. The objectives should be:

- using resources more efficiently and avoiding waste;
- promoting more effective accountability;
- encouraging organisations to think about outcomes instead of processes;
- overcoming organisational divides.

7.14 These plans would be drawn up under the auspices of the Regional Priority Boards (see Recommendation 21). Defra, in reviewing its rural delivery arrangements, must implement the recommendations of the government's cross-cutting review of the voluntary and community sector (VCS). This will enable the VCS to be engaged effectively in meeting the needs of rural communities. Defra and the GOs should also work to ensure that its partners in delivery (NDPBs, agencies and, where they work on behalf of Defra, Regional Development Agencies, local authorities and others) fully implement the recommendations of this Review.

7.15 The Government Offices for the Regions are pivotal in promoting better co-ordination, as my recommendations below make clear.

Recommendation 23

Defra must consult earlier and more closely with the Government Offices for the Regions to ensure more co-ordinated policy development and strategic planning at the national level and reduce the number of strategies that are handed down to the regions.

Why change is needed

7.16 There are far too many regional strategies. This makes it difficult for delivery organisations to make sense of what is required and to reconcile competing priorities. Too much pressure is placed upon deliverers and Government Offices for the Regions to implement strategy documents that are handed down from Whitehall (see Annex 4).

7.17 In the North West region, for example, there are an estimated 70 or more strategies, at a regional or sub-regional level. The majority of these are required by central government or contain elements of national strategies. Many of them have a bearing on rural delivery. This would help to explain the complaints of 'strategy overload' that many of those who are involved in regional rural delivery have made to this review.

7.18 It has to be questioned whether the relationships between 70 strategies can be clearly understood and whether they are delivering public benefit. A significant amount of time is being spent writing and revising strategies rather than driving delivery.

Making it happen

7.19 Effective central co-ordination is a prerequisite of efficient delivery. This must be based on close consultation between Government Offices for the Regions, Defra and its fellow departments. The forthcoming Spending Review (2004) will provide an opportunity to consider how central strategic planning might improve the co-ordination of regional strategies in respect of rural delivery. Recommendation 21 should also help this process.

Recommendation 24

The Government Offices for the Regions should focus on their role as co-ordinators and monitors of programmes affecting rural areas and not be involved in direct delivery. They should disengage from their current role in the administration of EU Structural Funds if and when these are replaced by a national programme of regional regeneration, as the government has proposed.

Why change is needed

7.20 In the light of my recommendations above, Government Offices for the Regions (GOs) should be lead co-ordinators and monitors of rural delivery activity. GOs are responsible for the administration and management of wide range of programmes on behalf of parent departments. Generally, this work does not involve direct delivery to the final customer but care will be needed to ensure that activities undertaken by GOs relating to rural delivery do not compromise the enhanced co-ordination and monitoring role that I foresee for them.

7.21 Currently the GOs are responsible for administering the EU portion of the Structural Funds for regional regeneration. GOs make final decisions on projects recommended by local delivery partnerships, determining eligibility against European or national criteria (including state aid rules).

7.22 The government recognises that the enlargement of the EU is likely to lead in the near future to a substantial redistribution of Structural Funds in favour of new member states. It has consulted on proposals to replace the present funding arrangements with a UK based system of regional regeneration in which the Regional Development Agencies would play a central role. If implemented, these changes would allow GOs to withdraw from their present involvement in funding and administering some forms of delivery.

Making it happen

7.23 GOs, in consultation with the Office of the Deputy Prime Minister and other Whitehall departments, should review the existing activities relating to rural delivery to ensure that there are no potential conflicts of interest with their role as co-ordinators and monitors of rural programmes. This should be developed in the light of the government's plans for the future regional administration of Structural Funds. It should not however be a precondition of implementing Recommendation 21, which must be treated as the priority.

7.24 If the EU decides to retain control over the funding of structural measures, the government should still consider transferring the relevant functions of the GOs to Regional Development Agencies.

Recommendation 25

Regional Rural Affairs Forums (RRAFs), comprising representatives of rural customers and beneficiaries, should become the forums in which national and regional delivery of rural policies is reviewed and reported on. Their key duties would be:

- to highlight important issues and priorities for rural development and service delivery;
- to comment on the effectiveness of rural development and service delivery in their region and identify areas for improvement;
- to comment on the impact and effectiveness of existing policy developments and generate new ideas;
- to provide leadership to help drive rural development at regional and local level.

The RRAFs would receive secretariat services from the proposed Rural Priorities Board secretariat (see Recommendation 21).

Why change is needed

7.25 In strengthening regional co-ordination through the Government Offices for the Regions (GOs), Defra should take the opportunity to consolidate the arrangements for engaging the wider rural stakeholder community in policy and delivery. Discussions about the performance of the various activities of rural delivery organisations should be subject to effective review by these representative groups.

Making it happen

7.26 These changes could be accomplished by building upon the existing Regional Rural Affairs Forums. They should become the regional mouthpiece for the countryside and would have special responsibility for highlighting concerns, providing feedback on policy and delivery from the regional perspective and providing a strong voice in the region for those who are at the receiving end of policy. They should in addition be given a responsibility for managing the performance of delivery agencies and commenting upon the work of the Rural Priority Boards. They would, as now, feed their views and conclusions into the national Forum.

7.27 Illustration 12 shows how, in the South West, there would be scope to rationalise rural stakeholder engagement by strengthening the remit of the Regional Rural Affairs Forum.

Illustration 12: stakeholder engagement in the South West

Currently in the South West there are two main bodies for rural stakeholder engagement – the SW Rural Affairs Forum and the SW Chamber of Rural Enterprise (CORE). The former concentrates on broad strategic rural policy (housing, transport etc), social and service delivery issues in rural areas. The latter focuses on issues concerning land based industries and landscape/agri-environment. Both are reported to be functioning well and working together to avoid duplication and overlap. Other consultative groups could be merged into these bodies, notably:

- ERDP Regional Consultative Group – which gives stakeholder input on the operation of the England Rural Development Programme (merged with CORE, which has already run seminars on the better functioning of ERDP).
- RDA Rural Advisory Group – which advises the RDA on key rural economic and community development priorities (some areas of its work being taken on by both groups).

7.28 Forum membership often amounts to well over a hundred organisations. It is difficult to achieve very much with so many players. I would therefore see scope for simplifying arrangements for consulting stakeholders in all regions and for making Regional Rural Affairs Forums (RRAFs) a more proactive and effective influence on government and its policies and less of a talking shop for the ‘usual suspects’. I recognise that a balance will need to be struck between ensuring that key rural stakeholder organisations are represented on RRAFs and developing more streamlined arrangements to enable more effective working.

7.29 To accommodate the proposed new remit for RRAFs and to maintain efficiency and focus, it would be sensible to develop arrangements consistent with those proposed for the reformed national Forum (see Recommendation 9). This might for example entail the establishment of a central team or committee within regional forums. They would obviously consult the wider membership (and anyone else who wished to contribute) on a regular basis, perhaps through open plenaries, written consultations or by other appropriate means. Individual regions should be left to decide on what arrangements suit them best.

7.30 These Forums, with their essential function of reporting on regional rural proofing in the light of expert audits, should remain distinct from the Rural Priorities Boards proposed above, which will have the separate function of co-ordinating and directing delivery. GOs would continue to promote rural proofing at the regional level (as well as rural proofing their own policies). As with the Rural Priority Boards, responsibility for running the forums would transfer from the GOs to elected regional assemblies in areas where these were established.

Round-up of Chapter 7

In summary, the above recommendations should bring about a situation in which:

- *regional co-ordination of rural delivery is more efficient (and Government Offices for the Regions have a stronger role as co-ordinators and monitors);*
- *front line delivery is more co-ordinated and efficient;*
- *strategic planning is more rational;*
- *there are better arrangements for regional consultation with stakeholders on rural delivery and for reviewing and challenging rural deliverers.*

Chapter 8

Making things better for the customer

8.1 This chapter seeks to address the following main findings:⁴⁰

- Customers lack clear information on relevant products and services. Scheme guidance, qualifying criteria and application processes are complex and off-putting.
- Land managers and rural business owners complain about the bureaucratic approach to regulation and poor co-ordination between regulatory agencies.
- Poor communication during the process of scheme applications has led to false expectations, confusion and in some cases wasted investment on the part of the customer.
- Delays in the processing of grants adds to customer uncertainty and can undermine benefits.
- The prescriptive and inflexible nature of schemes makes it difficult to target need effectively.
- A lack of on-going help and support for projects once the initial grant is received creates unnecessary uncertainty.
- Schemes are not sufficiently targeted at those in greatest need and are not designed to be easily accessible to those groups.

Recommendation 26

The Government Offices for the Regions should work with regional and local organisations to develop a more co-ordinated approach to front line delivery. This should include spreading best practice between regions on integrated delivery and facilitation, recognising what is practical and affordable.

Why change is needed

8.2 A key priority for change is to make service delivery more accessible, transparent and comprehensible for the customer.

'I think it's complex at the minute if you are a farmer to try and easily find somebody that will help you without going through three different organisations before you find the right one. I don't know all of the organisations that are out there. I find it difficult myself to find organisations within their area that can help them.' (deliverer)

8.3 My previous recommendations will help to address this type of concern and should carry significant benefits for customers. But further changes to front line delivery arrangements are also required if they are to become more straightforward and accessible from the customer perspective. A particular challenge will be to find ways of encouraging and spreading good practice, whilst allowing deliverers to decide what regional and local solutions are most likely to benefit their customers.

40 Chapter 1 lists the main findings in full, and Annex 4 expands on each of them.

8.4 Existing networks can achieve a good deal, but they tend to be limited to single types of organisation (such as local authority networks and Regional Development Agency networks). The Government Offices for the Regions (GOs), as overall regional co-ordinators of rural delivery, are best placed to improve the way in which ideas are exchanged between different delivery organisations and between different parts of the country.

8.5 I have encountered numerous local and regional examples of good practice, some of which are listed in Annex 4. These include the following.

- The signposting of customers towards organisations based on a shared knowledge of what is available (called 'first stop shops') is particularly valuable in areas where there are multiple service providers (although I hope that my other recommendations will help to simplify existing arrangements).
- The creation and dissemination of directories of available services and service providers assists choice.
- The use of independent, generalist advisers to help people navigate the system and bring together a package of relevant support and assistance can make life much easier for customers and lead to better results.
- Systems for 'fast-tracking' smaller grant applications remove unnecessary bureaucracy (this received particularly strong support in our research).
- The use where possible of a single, familiar point of contact with individual customers so as to build trust and maintain consistency is helpful (I have noted that National Park Authorities can do this very well).
- The pooling of expertise and research among deliverers avoids unnecessary duplication and promotes team working.
- The elimination of duplicatory schemes simplifies delivery.

Making it happen

8.6 The proposed Rural Priorities Boards (see Recommendation 21) will enable GOs to gather and disseminate examples of best practice from their local authorities, Rural Community Councils, regional and local offices of national agencies and others. Furthermore, the Regional Rural Affairs Forums will also enable the GOs to hear the views of stakeholders and establish good practice initiatives in the region. The GOs should also share best practice with each other.

Recommendation 27

Defra, as the lead body, should accelerate the development of a 'whole farm' approach that will ensure better co-ordination of government regulation and compliance, subsidy, advice and financial incentives linked to farm businesses. This would require:

- the development of an integrated rural database linked to land-based business (to which the Environment Agency would have access), subject to resolution of data privacy constraints;
- Risk-based self-assessment backed up by audit, preferably using such independent bodies as FWAG and LEAF;
- encouraging more rapid uptake of internet use by farmers and rural businesses in general;
- the creation of a farm advisory service in the light of the recent settlement on CAP reform; this would logically fall under the control of the new, integrated agency (see Recommendation 16).

Why change is needed

8.7 Farming is perhaps the most heavily regulated sector of the economy. As I noted in the previous recommendation, it has been subjected to a massive increase in regulatory obligations over the recent years. Inspections include:

- environmental protection and certain types of agricultural waste;
- habitat protection;
- planning and the preservation of heritage sites;
- public health protection and food safety;
- animal health and welfare;
- workplace health and safety.

8.8 These obligations are additional to the production-related inspections carried out by government (for example in relation to CAP subsidy payment and single market rules on produce). In Defra alone, there are 16 separate regulatory inspectorates (see Recommendation 30 below). Retailers also require quality control and product assurance procedures.

8.9 The regulatory burden is set to increase over the next few years as new European directives come into force and as the public demands greater standards of environmental, animal and human protection. Chapter 3 provides an overview of major forthcoming legislative developments.

8.10 Land managers and other rural business owners have complained widely about the bureaucratic approach to regulation and compliance and the apparent poor co-ordination between regulatory agencies (see Annex 4). Those attending our focus groups, particularly land managers, felt very strongly that site visits should be better co-ordinated.

8.11 A further concern I have noted is that, while most land managers and rural business owners are generally aware of the regulations affecting them, many are unclear about their precise obligations.

'One constantly fears that you're probably breaking the law and not quite sure.'
(customer)

'I doubt anyone within the county is abiding by all regulation rules. It's impossible, too confusing, everyone is breaking some rules, most without knowing it.' (customer)

8.12 Land managers and rural business owners feel that regulation is often implemented with no explanation or clear guidance. When customers do not understand the need for new regulation, they tend to view it as an unnecessary burden on their business.

'You hear of these crazy new regulations coming out and you think how crazy, they have no reason, no common sense.' (customer)

'I'm [an] arable [farmer] Regulations and restrictions that were being imposed on us were making it impossible to operate properly, and that was of far greater importance than ever trying to get hold of any grant. It's not that we were against the regulations per se, it was the ones that we could see that by implementing them they were achieving nothing.'
(customer)

8.13 Many of the land managers and rural business owners we spoke to were critical of what they saw as over-interpretation of regulations from Brussels by government resulting in over-zealous inspection and enforcement.

'The trouble is a lot of these stem from Brussels anyway, it seems that our government seems to think that a directive from Brussels is law the day it arrives ... and they have to give it a kind of gold plate.' (customer)

8.14 Farmers also complain that they receive far too many requests for information from Defra and its agencies, sometimes being asked for the same information by different organisations and often being required to provide statistics that no longer appear relevant.

8.15 It has to be said that British businesses are preoccupied with regulatory burdens that other countries, including the US, appear to take in their stride. That does not however alter the fact that more can be done to rationalise the system.

Making it happen

8.16 The report by the government's Better Regulation Task Force on *Environmental Regulations and Farmers*⁴¹ outlined where the principles of better regulation should be applied to regulations affecting farm premises. I note that Defra is carrying out a review of regulation which amongst other things deals with the government's response to this report. I hope it will recommend full implementation.

8.17 As my recommendation above makes clear, I see a need for greater effort to be devoted to the development of an integrated rural database that is linked to land-based business. Such a database would contain information relating not only to regulation and inspection but also to the payment of subsidy and any grants provided for farm diversification and agri-environmental purposes. The Environment Agency should have access to the database, together with the integrated agency that is proposed in Recommendation 16.

8.18 Defra will need to take careful account of data protection laws in the development of this system. For this and other reasons it would be essential for Defra to work as closely as possible with land managers in compiling the appropriate data. By engaging them from the outset in collating up-to-date facts (rather than creating a central database from administrative records that may contain out-of-date,

41 *Environmental Regulations and Farmers*, Better Regulation Task Force, Cabinet Office (2000).

incomplete or irrelevant information), Defra could save both itself and its customers a good deal of costly effort. I very much support the approach that has recently been advocated along these lines by the National Farmers' Union (NFU) to achieve this goal.

8.19 My recommendation also highlights the importance of risk-based self-assessment backed up by audit as a means of reducing burdens. Independent organisations such as FWAG and LEAF are trusted and respected by land managers. Their high credibility and competence in the agri-environment sphere should be built on. They both help farmers to participate in schemes and reassure Defra and the EU that objectives are being met, thereby reducing the need for bureaucratic checks. They are well placed to assist in the design of self-assessment processes, providing guidance and advice and training farmers in their use. They work closely with the relevant delivery and regulatory agencies. To do this they need to be adequately funded.

8.20 Defra, the NFU and other organisations are working hard to encourage more rapid uptake of internet use by farmers and rural businesses in general. For many farmers this is likely to be a relatively straightforward matter. Rolling out Broadband internet access to rural areas is a priority, particularly if internet transactions are to become standard for farm-related government business. The challenge will be to reach remote areas and smaller farms. Shared internet centres are an option here.

8.21 The new database should enable Defra to reduce the demands put upon farmers for information and should also eliminate duplication of data collection.

8.22 The creation of a farm advisory service will be an important step in delivering changes arising from the recent settlement on CAP reform. Defra will decide upon the shape and ownership of this new organisation. It must work closely with the proposed, integrated agency (see Recommendation 16) and local delivery agencies and be readily accessible to customers.

Recommendation 28

In view of the expanding environmental protection agenda, the Environment Agency should agree with local authorities a supplementary role on regulation and compliance. Local authorities should agree standards for delivery with the Agency and call in its support where the extent of a problem or the risks connected with it are beyond the authorities' capacity to manage.

Why change is needed

8.23 Local authorities already exercise a range of regulatory functions on behalf of Defra and other government departments. This includes the enforcement of:

- the health and welfare of farm livestock;
- animal by-product legislation;
- food and animal feed legislation;
- Pollution Prevention and Control Regulations (see below);
- animal movement controls;
- planning restrictions.

8.24 Local authorities regulate 18,000 so-called ‘medium polluting’ industrial and other processes under the Pollution Prevention and Control Regulations, covering 80 different sectors. Under these regulations, permits issued must apply standards that reflect what is known as Best Available Techniques for minimising pollution. Guidance is produced centrally for each sector to ensure consistency, a level playing field, transparency, efficiency and effectiveness in delivering environmental goals. Under the legislation authorities are required to have regard to the guidance, which fulfils the ‘freedom and flexibility’ commitments.

8.25 The guidance is aimed at helping the local authorities to carry out their functions. It does not however envisage absolute uniformity from the 400 or so bodies involved. Defra has secured good levels of delivery. Under this approach, central intervention is by exception.

8.26 The Environment Agency estimates that it will be required in the coming years to arrange for inspections on at least 100,000 farm holdings under a variety of environmental regulations, ranging from agri-waste to implementation of the EU Nitrates Directive. I see a strong case for engaging local authorities to carry out monitoring and checks required by the new range of legislation on behalf of the Environment Agency.

8.27 There is also scope to make use of local authorities’ existing regulatory presence on livestock premises in order to carry out functions under the new EU rules relating to water quality (which is particularly relevant to these types of farm). As many of these farms can be classified as low-risk, it makes sense to use existing inspections for those tasks wherever possible.

8.28 I dispute the view that local authorities cannot be relied upon to regulate effectively on behalf of central government. They already carry out a large number of inspections, and whilst inconsistencies do occur, I believe that on the whole they are doing a good job within the resources available.

8.29 In assigning responsibility for regulatory controls to the appropriate authority, government must assess the nature of the risks that are involved. Health and safety risks connected with major industrial installations or national transport systems require a level of expertise and consistency of approach that is unnecessary in relation to pet shop licensing. Moves in the mid 1990s to centralise the arrangements for inspecting fresh meat plants (in the Meat Hygiene Service) were based in part on the high risks associated with inadequate regulation of a sensitive area of the food supply chain, most notably concerning BSE. The same considerations do not however apply to such a degree in relation to (for example) the inspection of supermarkets.

8.30 A further consideration is the type of regulatory activity that is required. This can range greatly, including the exercise of an ‘eyes and ears’ function (whereby an authority already visiting a premises for other purposes uses its experience to spot a problem and alert the appropriate expert body), monitoring and data collection, the provision of advice and guidance on compliance and the conduct of intensive inspections and enforcement. The need for uniformity of approach (and therefore the case for central regulation) depends upon the nature of the risk. But where problems arise that transcend the geographical mandate of local authorities, national agencies must be in control.

8.31 I recognise that there are past examples of local authorities failing to fulfil their responsibilities to the standard expected. The Local Government Association is working hard with local authorities to improve performance, and the Office of the Deputy Prime Minister (ODPM) is measuring the quality of services provided by local authorities in order to improve outcomes. Incentives, such as the financial rewards that are available to local authorities under the system of local PSA targets agreed with central government (see Recommendation 15) can also play a valuable role in improving delivery.

8.32 Local authorities can play a cost-effective role in the regulation of diffuse pollution from lower-risk farm premises. I believe that with appropriate additional resources, the provision of effective guidance by Defra and ODPM, and with clear roles and standards agreed with the Environment Agency, the problems surrounding consistency, capacity and competence can be addressed satisfactorily.

Making it happen

8.33 The frequency of inspections will vary, but on average farms might expect to receive an inspection no more than once every four years. Some higher-risk farms will be visited more frequently (possibly quarterly for pollution prevention and control purposes). These comprise:

- farms that have, or may need, a bespoke licence to undertake an activity;
- farms that are designated under EU legislation as being at risk;
- farms in catchments that will have to be addressed under the EU Water Framework Directive.

8.34 The table below shows a breakdown of how these figures were estimated. Approximately 35,000 will require some form of licence, and at least 85,000 are in an area that is of environmental concern:

Table 5: Environmental regulations on farms (present and future)

Licence or regime	Sector	Number of farms affected
Pollution Prevention and Control (PPC)	Pigs and Poultry	1,614
Discharges	Agriculture	665
	Waste	2
	Pigs and poultry	6
	Sheep (groundwater)	12,000 to 35,000
Abstraction	General agriculture	13,268
	Horticultural	396
	Orchards	4
	Pigs and poultry	63
Waste management	Non-landfill	60
	Landfill	148
	Farm dumps	8,500
	Exemptions	171,500
Nitrate Vulnerable Zones	General agriculture	c85,000

8.35 The Environment Agency wants to promote responsible farm practice through a partnership approach, with the assistance of organisations administering agri-environment schemes, CAP 'cross-compliance' requirements and capital grants. There are at present no funds for the management of these partnerships. The Agency has indicated that it would require 100 staff to do this at a total cost of £4 million per annum. As 2009 nears it is important that the partnership approach is seen to be delivering. Otherwise more costly and draconian methods will have to be introduced.

8.36 Local authorities can play an important role in dealing with these low-risk farms. There are several functions they could assume, such as:

- carrying out farmyard pollution prevention audits;
- checking the integrity of environmental records;
- acting as the 'eyes and ears' of the Environment Agency.

8.37 New areas of local authority regulatory activity would have to be agreed between the Environment Agency, Defra, ODPM and the local authorities. The decision on whether to assign these roles at the county rather than district level (in respect of two-tier authorities) will require careful consideration.

8.38 The Environment Agency should provide guidance and support to local authorities and carry out targeted audits of local authority performance to ensure minimum standards are being met. The Local Authority Co-ordinating Office on Regulatory Services (LACORS) should have a central role in linking the Agency's work with that of local authorities and ensure that individual local authorities have the appropriate capacity and skills to manage any new work streams.

8.39 Additional funding through the Revenue Support Grant will be necessary to enable local authorities to carry out these duties.

Recommendation 29

Local authorities should take the lead local role in co-ordinating general regulation and compliance advice on farm premises.

Why change is needed

8.40 Perhaps the most persistent criticism I have received from the countryside is about regulation. Customers and stakeholders commented widely in our research on the need for better co-ordination of regulation (see Recommendation 27). Local authorities were frequently suggested as being the best organisations to take this forward.

8.41 Most people understand the need for regulation but argue that enforcement is complex and unco-ordinated and results in far too many inspections, by Defra's own staff, local authorities, the Health and Safety Executive, the Environment Agency, farm assurance accreditation bodies and others.

8.42 Local authorities are in the best position to co-ordinate many of these inspectorates. They are already the most regular public authority contact with farms and rural businesses and have the best understanding of local conditions. They are also best placed to help businesses to understand their obligations and, where necessary, to point them to the right body in the regulatory network. (See Annex 4.)

Making it happen

8.43 Co-ordinating compliance advice to land managers can be achieved through the establishment of first-stop shops. Following this approach local authorities working with Government Offices for the Regions (GOs) could take responsibility for promoting better signposting between regulatory agencies and developing shared sources of guidance and advice, preferably in electronic form.

8.44 They should be the main point of contact on those farms that they visit routinely. They would contribute relevant data into the national database (see Recommendation 27). They would liaise with other regulatory agencies over opportunities for combined inspection visits and assist land managers in developing compliance plans. They would call in the appropriate expertise when serious problems arose, notably the Environment Agency.

8.45 To ensure the overall coherence in the whole farm approach it would be essential for local authorities to work closely with the Environment Agency and the proposed new agency (see Recommendation 16).

Recommendation 30

Defra should rationalise its inspection functions, integrating them wherever possible with existing regulatory authorities to achieve administrative savings and avoid duplication of skills.

Why change is needed

8.46 There are 16 separate inspectorate functions within Defra. Inspectorates relevant to rural areas are set out in Table 6.

8.47 I note that Defra has been conducting an internal review of its inspectorates. This has found that many of these deal with specific sectors of agriculture and that the risk of overlap and confusion is rather less than might be expected. Be that as it may, it does not address the risk of overlap between this multiplicity of inspectorates and the many other regulatory bodies that routinely visit farms.

8.48 Not enough is being done to reduce the numbers of inspections by using the expertise of other organisations operating in related fields. For example, the Drinking Water Inspectorate and the Environment Agency, Defra's Wildlife Unit and English Nature, and the Dairy Hygiene Inspectorate and the Food Standards Agency could work with each other to reduce the number of inspections.

Making it happen

8.49 There are too many inspectorates. I would expect Defra's internal review of regulatory inspectorates to present recommendations for fundamental change. Defra's in-house inspectorate role should be reduced and much of the work transferred to existing inspectorates and agencies.

Recommendation 31

Defra should review all rural funding streams and schemes, to achieve a more rational, transparent and comprehensible approach to the administration of financial incentives and to ensure that all new initiatives are consistent with Defra's delivery strategy, add real value and do not duplicate.

Table 6: Defra inspectorate functions relevant to agencies within the scope of the Rural Delivery Review

Inspectorate	Function	Annual cost	Staff numbers	Number of visits
Drinking Water Inspectorate	Guardians of drinking water quality.	£2.4m	38	426
Egg Marketing Inspectorate	To enforce egg marketing regulations at all points of the food chain up to retail.	£1.1m	34 f/t (4p/t) +2.5 admin	9,300
Horticultural Marketing Inspectorate	To enforce marketing standards to encourage fair competition and facilitate trade, and support consumer choice through reliable labelling.	£3.2m	79 f/t +10 admin	around 20,000
Plant Health and Seeds Inspectorate	To ensure commercially produced plants or those that have an environmental impact are free from plant health diseases and damaging pests.	£8.1m	90	20,000 visits involving inspections
Wildlife Inspectorate	To ensure compliance with certain wildlife protection legislation.	£2.0m	100 p/t	Demand-led
Wildlife Management Team (Defra's Rural Development Service – RDS)	To support policies involving or affecting wildlife.	£1.7m	WMT 42 (overgrazing approx 6) (heather burning approx 3)	WMT up to c4,000
Dairy Hygiene Inspectorate (RDS)	To administer and enforce dairy hygiene regulations.	£1.4m	34 + 13 admin	10,000 routine, 5,000 follow-up
Bee Health Inspectorate (Defra's Central Science Laboratory – CSL)	To protect the honey bee from disease and environmental damage and introduction of exotic pests; contingency support.	£2.2m	23.5 +7.2 admin	4,200 apiaries approx 22-27 colonies
GM Inspectorate (CSL)	Seed audit work in co-operation with seed companies.	£0.25m	16 f/t +1 admin	303
Rural Payments Agency (RPA) Inspectorate	On the spot inspections to meet EU targets for CAP schemes.	£11.4m	418	57,795 inspections
Agricultural Wages Inspectorate (RPA)	To enforce agricultural minimum wage and related conditions set by the Agricultural Wages Board.	£0.2m	5f/t	40

Note: information obtained from the Scoping Study of Defra's Inspectorate and Licensing Functions

Why change is needed

8.50 Throughout our research we identified numerous funding streams and schemes that drive rural delivery (see Annex 3). Customers were often confused by the array of services and products available to them.

'Too many organisations are delivering too many schemes and are competing for the rural agenda.' (deliverer)

8.51 The Parliamentary Select Committee on Housing, Planning, Local Government and the Regions has recently noted these problems:

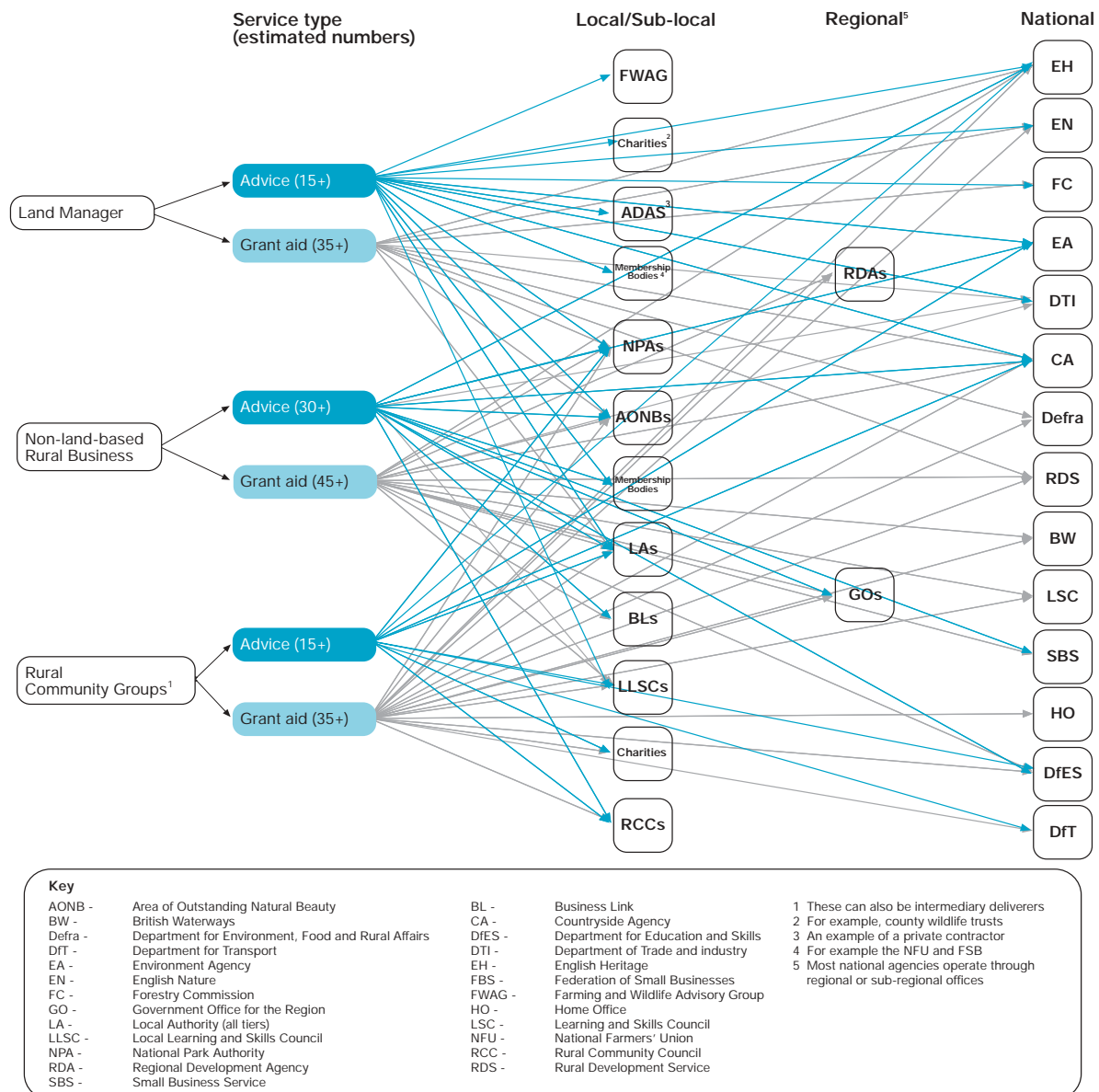
‘For too long there has been a need to streamline the bewildering array of business support schemes which are confusing to small firms in particular. We need not a one stop shop for business support but a first stop shop which can signpost what is most appropriate for different kinds of businesses, rather than a template, one size fits all solution.’⁴²

8.52 Annex 3 lists some of the large number of separate funding streams emanating from Defra and other government departments that are designed to support businesses and communities in rural areas. In one sub-regional area, such as a National Park, we estimate that there can be well over 100 separate rural or part-rural funding streams in operation. Some national schemes are very small, amounting to as little as a £1 million per annum.

8.53 The following table provides a snapshot of what the three rural customer groups we have looked at are faced with in a typical region or in a sub-regional area (such as a National Park).

8.54 The situation outlined above can lead to unnecessary duplication as well as inconsistency.

Figure 4: A snapshot of access to rural services



42 Ninth Report – Reducing Regional Disparities in Prosperity, HC 492, Office of the Deputy Prime Minister: Housing, Planning, Local Government and the Regions Committee (2003).

Illustration 13: overlapping transport schemes

The Department for Transport (DfT)'s 'Rural Bus Challenge' provides £20 million per year to support the development of innovative transport solutions by local authorities and local partnerships. At the same time, the Countryside Agency provides £12 million per year to fund around 80 rural transport partnerships across England. As with the Rural Bus Challenge, this funding is designed for community-based projects. But because the criteria for providing grants for these projects are different, inconsistencies can arise in the way in which need is targeted. In particular, the DfT scheme places a strong emphasis on local decision-taking and flexibility while the Countryside Agency applies centrally-determined criteria that (in the words of the Agency) are not based on the evaluation of need. This can cause confusion where the same local authority is involved in both types of project.

8.55 I have also noted a phenomenon called the 'ring round', whereby prospective grant applicants telephone different delivery agencies to find out which can offer them the most generous grant (for example to support a business venture). While it is desirable to promote customer choice where appropriate, this principle does not apply in the same way when it comes to awarding grants and payments. By enabling customers to shop around, the excessive number of poorly co-ordinated funding streams can undermine the ability of deliverers to target need efficiently.

8.56 Maintaining the necessary discipline is difficult when there are so many agencies handling money or devising new schemes. Too often, as a result, those who qualify for schemes are those who are best able to work the system, rather than those who deserve the most and have the greatest potential to provide public good.

Making it happen

8.57 As the Parliamentary Select Committee on Housing, Planning, Local Government and the Regions report⁴³ (quoted earlier) indicates, it is impossible to provide these services from a single source (a so-called 'one stop shop'). Training staff to direct customers to the most appropriate source of support (a 'first stop shop') is certainly desirable, although it should not be seen as a substitute for a more rationally organised set of services. This calls for greater co-ordination and consultation between service providers. Government Offices for the Regions could fulfil this role under the co-ordination arrangements proposed under Recommendation 26.

8.58 Defra and other central departments also need to introduce their own arrangements for vetting new initiatives. In implementing the above recommendation, Defra should follow the lessons of DTI and investigate the possibility of establishing a panel to review and rationalise existing funding streams and to vet new proposals. I would anticipate significant reductions in the cost of programmes without impairing outcomes.

43 *Ninth Report – Reducing Regional Disparities in Prosperity*, HC 492, Office of the Deputy Prime Minister: Housing, Planning, Local Government and the Regions Committee (2003).

Illustration 14: the DTI's solution to multiple funding streams

The DTI has experienced similar problems of scheme overload, trying to arrange for the delivery of too many (over 180) small, ad hoc business support schemes that in each case have only a modest impact. This, together with the mishmash of contracts, literature, websites and applications forms, is partly the result of a poor understanding of the customer perspective. The DTI response has been to seek ways of improving customer focus, to make more strategic investments in business support in order to improve productivity and to improve the efficiency with which schemes are delivered.

DTI hopes to reduce the plethora of business support schemes dramatically through use of an Investment Committee – with a powerful external voting membership. The burden lies with each individual scheme to demonstrate that it warrants retention. Customers (businesses and intermediaries) will eventually be able to access information and support on schemes and products through one portal (Business Links). There will be an accessible database of support schemes with relevant information for customers. Customer information will be presented in a grouped, themed manner, rather than produced as individual packs of information for every little grant/support scheme.

8.59 This should eventually lead to better alignment of national, regional and local strategies for business support and make life much simpler for deliverers.

8.60 Defra should consult deliverers and stakeholders in taking forward such initiatives.

Recommendation 32

Defra should review and simplify the current procedural rules connected with grants to rural businesses and communities in order to provide greater discretion in the execution and targeting of grants in a user-friendly way, consistent with state aid rules.

Why change is needed

8.61 Customers of rural schemes and services consider the administrative processes connected with them to be far too complex. Most customers in my written consultation exercise felt that they did not understand what was required of them in order to qualify for a particular product or service. If there is a lack of understanding by customers, this can act as a barrier to effective uptake of government support (see Annex 4). The following comments are typical of those gathered in our research.

'It's an extraordinarily complicated process to apply for any of this money.'
(land manager)

'Over-bureaucratic schemes are a major disincentive to those who perhaps could use the scheme most cost effectively. Often existing schemes tend to reward those who are good/practised at bidding rather than necessarily those most deserving of assistance.'
(stakeholder)

8.62 Many customers and deliverers have commented on the complexity of the current guidance and application forms.

'The Vital Villages information that was provided nationally wasn't really suitable for village shops. All they saw was this big pack It was just quite off putting.'

(deliverer)

Illustration 15: application packs for woodland grants

There is a separate application and guidance pack for each England Rural Development Programme (ERDP) scheme. For example, the applicants pack which is provided to all customers enquiring about the Woodland Grant Scheme contains 36 individual leaflets of between one and 23 pages and up to six separate forms for completion. Customers in our focus groups, case studies and written consultation reported finding the forms and guidance too complex and difficult to understand. A number of customers who had received an application pack for the Woodland Grant Scheme told us that they were so put off by the amount of paper work they received that they felt unable to proceed with an application.

8.63 The application process for grants and payments was seen as time-consuming and complex, often requiring specialist help. The forms and their guidance were often incomprehensible.

'You need a degree in form filling.'

(rural business owner)

Illustration 16: obtaining a countryside stewardship agreement

In addition to the general information booklet on the England Rural Development Programme, there is a specific guidance and application pack for those interested in the Countryside Stewardship Scheme (CSS). The pack contains the main guidance book (63 pages), four additional information leaflets and four separate application and amendment forms.

An application to join the CSS can be rejected at three different stages by the Rural Development Service (although the applicant will have the option of reapplying). The Rural Development Service must go through up to 18 administrative and technical steps in the processing of any application as well as any pre-application contact. This means that the processing of an application can take several months to complete from its submission by the land manager to the finalisation of the agreement. A similar process must be undertaken should the landowner wish to reapply to the Scheme on completion of an existing agreement.

8.64 In the case of some schemes professional support is required in order to complete applications. One example of this is the Rural Enterprise Scheme (also an ERDP scheme), under which work from architects, accountants and consultants may have to be commissioned, often paid for by the customer. Despite significant investments of time and money, a lack of understanding of the scheme and its competitive nature (on the part of the customer) can result in applications being turned down at the last minute.

8.65 It is right that scheme rules should be designed to limit the risks associated with project failure (including the risks of falling foul of EU accounting and single market rules if it is European money). If however they are drawn too tightly, they can exclude riskier projects that may carry the biggest potential gains. The complicated nature of many of the schemes we examined can also act as a barrier to access.

8.66 Finally, the bureaucratic nature of many schemes can mean unwelcome delay and inconvenience for the customer.

Illustration 17: applying for a Rural Enterprise Scheme grant

For a number of the grants we examined, for example under the Rural Enterprise Scheme, applicants are required to provide three appropriate quotes from contractors for each item that is to be purchased or for each piece of work to be undertaken. In some instances we found that a decision on the award of a grant had taken up to six months to be made. This meant that the quotes obtained were out of date, leaving applicants without a supplier or contractor: *'You have to have a timescale in your application as to where you're going to spend money, and you have to get a builder to agree to that ... six months to a year in advance, and then you get the grant, and by that time the builder's gone and got another job.'*

8.67 Such delays appear to be common, and the intended benefits of the grant are in many cases likely to be diminished as a result.

Making it happen

8.68 I have frequently referred to the need to make accountability clear by separating policy and delivery functions (see Recommendation 2). Because deliverers understand the target customer and the best methods of communicating with them, they should generally have the lead responsibility for the practical design of schemes and initiatives in consultation with policy developers. This will make it easier to identify whether any failure to meet objectives is the result of policy or the delivery framework.

8.69 Literature accompanying schemes should be as short and easy to use as practicable. The delivery agent, working with Defra, should be responsible for ensuring that scheme literature, including application forms and guidance notes, is written in a style that is clear and comprehensible to the customer. It should not be the responsibility of policy developers to lead on the production of scheme literature.

8.70 It would be good practice to trial draft scheme publicity, rules and other relevant literature by seeking the views of potential customers (rather than trade associations and stakeholder groups alone).

8.71 Defra and its delivery agencies should seek to maximise flexibilities that are allowed in determining scheme rules, so that a greater tolerance of risk is built into the applications and approvals process.

8.72 Defra is already piloting the fast-tracking of decisions on applications for 'project-based' schemes under the England Rural Development Programme where these are for grants of less than £10,000. Whilst encouraging this approach I would also like to see much faster progress in the simplification of forms and the application process itself for these smaller grants.

8.73 Regular communication with customers to keep them informed of the progress of an application is essential to avoid disappointment if a rejection is possible or likely.

Round-up of Chapter 8

In summary, the above recommendations should bring about a situation in which:

- *best practice in delivery is spread more effectively within and between regions;*
- *land managers receive more co-ordinated services with the minimum of burdens;*
- *regulation of farms takes more account of local knowledge and is more locally accountable;*
- *it is easier to monitor the flow of money supporting rural delivery, and services are more rational and transparent;*
- *rural development schemes are much more effective in targeting the most deserving needs.*

PART 3

Preparing for change

Chapter 9

The plan

Summary

- The changing rural agenda will increase costs significantly.
- Essential improvements to Defra's rural delivery system will require investment.
- The recommendations I have made are substantially interdependent and need to be considered as such.
- The estimated costs of implementing my recommendations, which I estimate to total £107 million, are conservatively high, in particular in respect of property exit costs.
- I have also taken a cautious view of the potential benefits that my changes will bring.
- Implementation should occur over three years beginning April 2004.
- The above investment will be recouped within four years of implementation getting underway, through annual efficiency savings of £29 million.
- The intangible benefits (optimisation of public good, customer satisfaction, system flexibility and credibility) are in my view at least as important as the tangible benefits (savings) to be gained from implementing my recommendations.

9.1 My analysis of the current rural delivery framework, based on evidence from policy-makers, deliverers, stakeholders and customers, has led me to make a wide-ranging series of recommendations. I believe that these reforms are necessary to secure an efficient, fit-for-purpose delivery system for the future.

9.2 Some of my recommendations are more costly than others, and some seek outcomes that will be more straightforward to achieve than others. But, crucially, most of the recommendations are interdependent. My analysis assumes that it would be a mistake to select only the least costly or burdensome solutions in order to rectify the present weaknesses in delivery arrangements. In particular, those recommendations that address administrative processes and behaviours rather than organisational and systemic failures, though important, will not in themselves provide a lasting solution.

Business case

9.3 My terms of reference require me to develop a high level, costed business case. I have separately submitted such a business case and supporting model to Defra. The following key features of the case should be noted.

- i. The business case calculates the financial cost of implementing the recommendations, and the impact upon the on-going running costs, of the Defra rural delivery system (as defined within my terms of reference).
- ii. In addition, the contribution that each recommendation would make to the achievement of *intangible* benefits (meaning those benefits to which it is not possible to attach a financial value) is assessed.

I believe the intangible benefits to be very significant. They include more appropriate allocation of public money (including better application of skills and improved motivation of staff), leading to optimum delivery within available resources, improved customer satisfaction and credibility of the system as a whole. Delivery arrangements will also be more flexible and capable of adapting to change. Intangible benefits will in time lead to further cost savings. For example, a rationalisation of funding schemes to improve targeting of money and increase up-take ought eventually to lead to a reduction in overall programme expenditure.

Four specific intangible benefits were considered to be key to the successful delivery of rural services during the data gathering phase of my review. They were recognised by rural stakeholders as being priority areas for improvement. The four intangible benefits as applied to my recommendations are as follows:

- Customer satisfaction: to what extent does the recommendation add value to and improve the delivery of rural services from the customers' perspective?
 - Optimisation of public good: to what extent does the recommendation optimise the use of public money, to advance the public good?
 - Greater flexibility: to what extent does the recommendation ensure future-proofing of the system and allow for efficient modifications to the way in which policies are delivered (from the deliverers', rather than the customers', perspective)?
 - Credibility: to what extent does the recommendation improve the overall credibility of the rural delivery system?
- iii. Detailed consideration has been given to the consequences of less ambitious change. Our analysis shows that the implementation of selective recommendations would be less cost effective, and would deliver substantially fewer intangible benefits, than if all recommendations were implemented.
- iv. We have developed the business case using a detailed set of cost assumptions, and with available data of varying quality and accuracy. (I have separately provided Defra with a paper that explains in detail the assumptions that we have made in the business model.) At this stage the results need to be considered as provisional.
- It should be noted that every attempt has been made to avoid underestimating the cost of implementing the recommendations, and conservative assumptions have been made of the likely savings to be made. The savings relate purely to delivery and administration costs. I have taken no account of savings that will undoubtedly arise if my recommendation to rationalise funding streams is accepted (see Recommendation 31).
- v. The most significant cost element is property exit (accounting for 27% of the total implementation costs). At this stage, high assumptions on property exit costs (costs associated with withdrawal from favourable contracts and penalty payments where contracts are terminated early) have been made, in the absence of detailed information about the particular leasehold arrangements across the wider Defra estate. Once such data has been considered, it may well be possible to adapt the implementation timetable to get maximum benefit from the natural end of leasehold contracts, and thus reduce the total implementation costs. I include suggestions on this in the sub-section under 'Managing the Defra Estate'.
- vi. Taking into account the costs of implementation, the likely cost savings to be made, and the contribution to intangible benefits, I believe that my recommendations are well substantiated.

The cost of implementing them needs to be considered alongside the cost of doing nothing (the no-action case). Defra and its agencies must be able to deliver successfully against an expanding agenda, which will increase demands on, and thus the cost of, the current delivery system. For example, the regulatory activity necessitated by new EU environmental regulations and the increased facilities that will be necessary to run new agri-environment programmes alongside the existing England Rural Development Programme schemes will all push up current costs of delivery. Our research amongst policy makers and deliverers suggests that the cost of running the current system to meet the forthcoming demands will be £243 million in five years time.

Table 7: Comparison of delivery costs with and without implementation of the report's recommendations

	2003-04	No action in five yrs	Haskins model
Delivery costs of total system *	£180 m	£243 m	£213 m
Discounted to today's money **		£204 m	£180 m
Savings in first year after implementation ***			£29 m
Intangible benefits score		0%	100%

* Delivery costs do not include the programme spend for grants and schemes etc that are not within the scope of the business case. These costs reflect the costs of delivery and administration only.

** Discounted to 2003-04 at 3.5%.

*** Savings will begin to arise during the implementation phase. It is predicted that during 2005-06 and 2006-07 total savings would be in the order of £31 million.

9.4 The business case calculates that the Haskins model would cost £107 million to implement over three years. Of this figure, three elements should be highlighted: £29.3 million, which relates to property exit costs, £18.1 million, which relates to voluntary early retirement, and £21.3 million, representing IT costs for the new, integrated agency. With cost savings of around £29 million per annum once implemented, this suggests that the investment will have been recouped by late 2008-09. Savings will however begin to accrue during the three-year implementation period. During this time approximately £31 million will be saved. After the point of payback the on-going savings (net of £107 million investment) are estimated to be in the order of £158 million to 2014 and £334 million to 2020.

Implementation

9.5 The following points summarise the outcomes I would expect to be achieved through the implementation of my recommendations:

- **Better accountability**, whereby:
 - Defra’s rural policy remit is well understood by all concerned;
 - it is easier to pinpoint accountability for success or failure;
 - policy is better attuned to need and takes greater account of delivery issues;
 - government works collectively to achieve the best outcomes;
 - Defra has better information on rural delivery on which to develop policy;
 - national leadership on rural policy is clear.

- **Delivery brought closer to the customer**, whereby:
 - there is greater regional and local control over rural economic and social outcomes;
 - Regional Development Agencies have stronger links with other organisations with an interest in the rural agenda;
 - there are fewer regional players engaged in regenerating rural businesses and communities, and there is better co-ordination of rural business advice;
 - there are stronger incentives for local authorities to improve rural services.

- **A more integrated approach to sustainable land management**, whereby:
 - delivery of sustainable land management is more effective, rational and efficient;
 - accountability for policy development and delivery relating to forestry is clearer;
 - delivery of forestry policy in England is better integrated with the government’s wider sustainable land management agenda within a modern legal framework;
 - levy-funded organisations supporting the marketing and development of agriculture are more rational and efficient.

- **Improved co-ordination**, whereby:
 - regional co-ordination of rural delivery is more efficient (and Government Offices for the Regions have a stronger role as co-ordinators and monitors);
 - front line delivery is more co-ordinated and efficient;
 - strategic planning is more rational;
 - there are better arrangements for regional consultation with stakeholders on rural delivery and for reviewing and challenging rural deliveries.

- **Delivery made better for the customer**, whereby:
 - best practice in delivery is spread more effectively within and between regions;
 - land managers receive more co-ordinated services with the minimum of burdens;
 - regulation of farms takes more account of local knowledge and is more locally accountable;
 - it is easier to monitor the flow of money supporting rural delivery, and services are more rational and transparent;
 - rural development schemes are much more effective in targeting areas and customers with the most deserving needs.

9.6 My terms of reference require me to produce a timetable of implementation, which is overleaf.

Table 8: Implementation timetable

Timeline	2004	2005	2006	2007
Key development→	SR 2004	ERDP IT system→ CAP reform commences	General Election Window CSR 2006?	Successor to ERDP
Implementation Phase→	Window for Bill to pass through Parliament and come into effect			
Accountability	Rec. 33 Rec. 1 Rec. 2,5,6,7 Rec. 3,4	Rec. 33 Rec. 8 Rec. 18 Rec. 25	Rec. 33	Rec. 33
a. Defra reporting annually				
b. Defra's policy remit clarified				
c. Mgmt of policy/delivery separated				
d. Defra consulting deliverers				
e. Mgmt information improved				
f. Forestry policy moved to Defra				
g. RAFs enhanced				
Agency rationalisation				
h. EN, CA, RDS shadow agency		Rec. 16		
i. EA collaborates with agency		Rec. 17		
j. FC integrated or aligned with agency		Rec. 17		
k. CA dissolved		Rec. 9		
l. Lew Boards rationalised		Rec. 20		
m. Inspectorates rationalised		Rec. 30		
Government Offices				
n. GO enhanced co-ordination	Rec. 21,26			
o. Joint regional delivery plans				Rec. 24
p. Defra to consult GOs	Rec. 23			
q. GOs withdraw from delivery				
Regional Development Agencies				
r. RDAs develop skills/capacity		Rec. 10		
s. Concordat & prep. for ERDP 2 delivery		Rec. 12		
t. RDAs adopt CA schemes	Rec. 11			
u. RDAs resp. for Business Links	Rec. 9 Rec. 13			
Local authorities				
v. Local PSA agreed	Rec. 15			
w. LAs resp. for local schemes	Rec. 14			
x. LAs adopt CA scheme delivery	Rec. 9			
y. LAs co-ordinate regulation	Rec. 29			
z. EA-agreed reg. role for LAs	Rec. 28			
Whole farm approach				
aa. WFA substantially implemented		Rec. 27		
Funding streams and schemes				
ab. Funding streams rationalised		Rec. 31		
ac. Schemes rules simplified		Rec. 32		
Key:	CA – Countryside Agency CSR – Comprehensive Spending Review EA – Environment Agency EN – English Nature	ERDP – England Rural Development Programme FC – Forestry Commission GO – Government Office for the Regions LA – Local authority	PSA – Public Service Agreement RAF – Rural Affairs Forum RDA – Regional Development Agency RDS – Rural Development Service (Defra)	SR – Spending Review WFA – Whole Farm Approach

Implications for Defra

The Defra Change Programme

9.7 I have developed my recommendations so that they can help to advance the objectives of Defra's internal programme of change. The Defra change programme is directed in part towards improving the capacity of the Department to deliver. Defra has embarked on a range of initiatives to gain a better understanding of its customers, to review the range of products that it offers them and to promote sharper focus on the needs of the customer in policy development. This work has been helpful to my review. The proposals in this report are in my view consistent with these fundamental goals.

People

9.8 The scale of my proposals, involving complex organisational change, requires sensitive management of people. This is a major programme of transformation. The Defra change programme is developing new ways of working, improving leadership, strengthening key areas of capacity and rationalising and reforming its human resources services. The success of these initiatives will directly influence the effectiveness of the implementation of this report.

9.9 A range of issues arise when people are faced with the possibility of moving from one organisation into another, and possibly from one part of the country to another. These include transfers under TUPE⁴⁴ principles, potential redundancy, possibilities of secondments and interchange, re-settlement arrangements and a host of terms and conditions matters – notably pay (where equal pay legislation could be significant) and different pensions arrangements.

9.10 Changes of this sort create opportunities for those who want to grasp them. Secondments within the new 'Defra family' can provide the front line delivery knowledge that policy developers need. Defra is already developing an interchange strategy on these lines. The extensive local and regional delivery arrangements that I am proposing should provide better and more diverse career opportunities for staff working outside London. Defra must address the need for additional capacity to tackle workforce planning and organisational development issues raised by this review. I understand that its recent workforce delivery plan includes actions to meet my recommendations on training and development of staff. The Defra change programme objective of focusing on delivery and customer service, reinforced by my proposals, will need to be supported by an effective staff development programme.

9.11 This agenda requires a strong central lead. The rationalisation of Defra's human resources function may assist, and a core team is being established. Close and sensitive working with established bodies, for example English Nature and the Regional Development Agencies (RDAs), will also be essential, so that all the people who participate in these changes are equipped to meet the challenges ahead.

Defra IT

9.12 Defra is outsourcing its IT, with contract signature planned in June 2004. It also has an IT strategy at the centre of which is the better sharing of essential data on customers, land and livestock, and the creation of a common IT environment. My recommendation for the development of an integrated rural database linked to land-based businesses is consistent with this vision. I expect Defra's future IT supplier to play a critical role in supporting the 'whole farm' approach, developing the rural database and creating a common IT environment in which information can be shared between Defra and the delivery bodies working with it. I also expect the new supplier to help Defra to improve its management information (see Recommendation 8).

44 Transfer of Undertakings (Protection of Employment) Regulations 1981 (As amended).

Managing the Defra estate

9.13 Defra and its agencies occupy an extensive estate, which is spread across the country. My proposals would require significant transfers of roles and responsibilities between existing and new organisations and the disbandment of some existing organisations. I estimate that more than 3,000 staff are directly affected, occupying an estate comprising around 60 properties currently managed by Defra and its agencies (as well as RDAs and Government Offices for the Regions (GOs)).

9.14 Defra's Rural Development Service occupies Defra-managed properties throughout England, about which Defra has a good understanding. Defra has been in the process of defining the English Nature and Countryside Agency estates as part of the Lyons Review⁴⁵. This was instigated by the Chancellor of the Exchequer's decision to review the potential for moving work away from London and the South East. The process of rationalising the various estates so that they meet the business needs of the new integrated agency (Recommendation 16), Defra, RDAs and GOs (under various recommendations), will be a matter for negotiation during the establishment of the new agency.

9.15 A recently completed review of Defra's estate proposed:

- making more efficient use of Defra's buildings through more flexible working (including desk sharing and remote working);
- rationalisation into fewer buildings that are better suited to Defra's needs in London;
- some movement of work out of London.

9.16 The strategy for London has been agreed and is in now the process of being implemented. It has been reinforced by the Lyons Review⁴⁵. In anticipation of my review, the review of Defra estates has held back from making specific proposals for the estate in the regions, although options for rationalising regional management locations have been evaluated. The review also improved the estates management information available to Defra and recommended an improved strategic capability. This is being addressed.

9.17 The cost implications of my proposals (in terms of, for example, moving quickly out of some buildings and into others, where lease arrangements could be a complicating factor) will need to be more fully addressed as details of the new organisational structures are decided upon. Many of those who deliver Defra's rural policies and who will be affected by reorganisation under my proposals are already located close to customers or other stakeholders. The extent of staff relocation may not therefore be as great as I have assumed. This, together with the speed with which the new and enhanced organisations are ready to consolidate, will be important factors in determining the cost of implementing my proposals in property terms. Defra's estates strategy nonetheless appears capable of accommodating the change that I am proposing.

9.18 It is beyond the scope of the business case for my review to make detailed assessments of the extent to which surplus property would be released as a result of the recommendations being implemented. I have therefore included within the overall analysis of the implementation of this review the cost of the proportion of the estate assumed to be declared surplus. There are however several options for mitigating these costs:

- use the experience from elsewhere in central government in the disposal of surplus property portfolios, including an element of risk transfer in the management of those portfolios and realisation of receipts;
- examine the potential role of English Partnerships in offering expertise and as a vehicle for the disposal of the Defra estate, given their cross-departmental advisory and implementation role in tackling issues of surplus land and property provision in the public sector;
- dovetail with outcomes from the Lyons Review⁴⁵.

⁴⁵ *Independent Review of Public Sector Relocation*, Sir Michael Lyons (2003).

9.19 Therefore, whilst the business case for the implementation of my review includes the non-mitigated costs of surplus property, I believe that there are routes for disposal of Defra's property interests on a portfolio basis that will:

- significantly reduce the exposure to long-term property lease obligations;
- cut continuing costs to the Department;
- return the property interests to the market;
- realise an acceptable financial return for government combined with an element of risk transfer.

Risk management

9.20 We have looked extensively at the risks that are associated with implementing changes of the magnitude of those recommended in this report. Annex 7 gives an overview of the processes that Defra should follow in managing implementation risks effectively.

Recommendation 33

Defra should publish progress reports on the implementation of my recommendations in the spring or summer of 2004, 2005, 2006 and 2007.

Why change is needed

9.21 Defra should be inclusive and transparent in implementing changes arising from this report. It would be helpful to all concerned if it published regular progress reports throughout the implementation process.

Making it happen

9.22 This could be done as part of Defra's annual departmental reporting cycle, possibly with more detailed accounts being posted in parallel on Defra's website.

ANNEXES

Annex 1

List of main recommendations

Improve accountability through a clearer separation of responsibility for policy and delivery functions (see Chapter 4).

- 1) Defra should review and clarify its rural policy remit in order to ensure that it is consistently understood by all concerned, including those who deliver its policies.
- 2) Defra's prime responsibility should be the development of policy, and it should arrange for the delivery of its policies through national, regional and local agencies. Policy and delivery functions should be managed separately so that accountability for policy and delivery is clearly defined.
- 3) The separation of policy and delivery functions should oblige Defra to consult delivery organisations at the earliest stages in policy formulation and to ask the latter to put forward proposals for the effective delivery of policy. In this way delivery organisations will be more accountable for effective management of programmes, and there should be less duplication of existing regional and local schemes. Defra will continue to appoint members of the various boards and to hold them accountable for their performance.
- 4) Defra policy officials should develop a good understanding of delivery issues through a programme of training and secondments to delivery organisations. An understanding of delivery issues must be given higher priority in the assessment of individual performance. Secondments and recruitment from delivery organisations should also be encouraged in order to improve mutual understanding.
- 5) Deliverers should agree targets with Defra, working with the Treasury, rather than having unrealistic ones imposed on them by Whitehall. This would include Defra's rural Public Service Agreement. In this way delivery organisations will accept greater ownership of these targets, which will be more achievable and less vulnerable to manipulation. There should be greater emphasis on setting rural targets that are linked to real outcomes rather than outputs (such as the number of grants processed).
- 6) Delivery organisations should have the maximum flexibility to allocate resources in the most effective ways, whilst keeping the necessary discipline over administrative costs.
- 7) Defra should agree shared targets with other government departments and their delivery organisations in order to secure better delivery of its rural policy objectives. This will substantially strengthen Defra's ability to influence outcomes.
- 8) Defra should improve the quality of its management information in order to take better informed decisions and to control the administrative costs associated with the schemes and services that it funds.
- 9) In pursuit of the objectives of separating policy from delivery and of devolving delivery, the functions of the Countryside Agency should be transferred to the appropriate specialist organisations. Thus:
 - policy development (including the commissioning of pilots and demonstration projects), together with the promotion of rural proofing, would pass to Defra and the Government Offices for the Regions;
 - social and economic programmes would pass to regional and local networks of Regional Development Agencies (RDAs), local authorities and the voluntary and community sector;
 - environmental, landscape, access and recreational programmes would pass to the new, integrated agency proposed below (see Recommendation 16);
 - review of rural proofing, challenge and external advice would pass to a reformed Rural Affairs Forum for England.

In the light of these changes the Countryside Agency would cease to be required as a separate organisation.

Bring delivery closer to the customer by devolving greater power to regional and local organisations to deliver economic and social policy (see Chapter 5).

- 10) Regional Development Agencies should play a key role in the devolution of Defra's rural economic and social agenda. They must therefore demonstrate, and where necessary develop, their capacity to contribute to sustainable development in addressing rural needs.
- 11) A concordat with Defra must be established as a first step towards making the Regional Development Agencies accountable for their part in achieving Defra's policy objectives on rural sustainable development.
- 12) The successors to the existing business and farm diversification schemes (the so-called 'Project-Based Schemes') that are administered by Defra's Rural Development Service under the England Rural Development Programme should become the responsibility of Regional Development Agencies, which will arrange for their delivery.
- 13) Regional Development Agencies should have the lead responsibility in co-ordinating public sector rural business support and advice. To that end they should take direct responsibility for Business Links. They should also take steps to improve the quality and consistency of business support and advisory services.
- 14) Local authorities and local partnerships should assume the main responsibility for delivery of schemes and services to rural communities. They should be fully consulted by Defra and the Regional Development Agencies about any changes to policy and delivery arrangements and should be given the necessary flexibility to address local needs. The potential of Rural Community Councils as partners in community based delivery is underestimated and should be enhanced.
- 15) As part of the next round of local public service agreements Defra, working with other government departments and the Local Government Association should agree joint Whitehall targets for the delivery of rural policies by local authorities.

Develop a more integrated approach to sustainable land management by rationalising agencies with overlapping agendas (see Chapter 6).

- 16) The government should establish an integrated agency to promote sustainable use of land and the natural environment. This is necessary in order to prepare for the expanding land management agenda and to improve co-ordination and service delivery to customers. This would be achieved through a merger of English Nature, Defra's Rural Development Service and some functions of the Countryside Agency. Its remit should embrace biodiversity, historical landscape, natural landscape, natural resources, access and recreation.
- 17) Defra should establish close collaboration between the Environment Agency and the new, integrated agency so that their activities complement each other.
- 18) Consistent with the principle of clear separation of policy from delivery functions, the policy development role of the Forestry Commission in England should be transferred to Defra.
- 19) Following the creation of the new integrated agency, it is logical to integrate or closely align the delivery functions (regulation, incentives, advice) of the Forestry Commission in England with those of the new agency.
- 20) Defra should seek opportunities to rationalise the various levy-funded organisations that it sponsors in respect of certain agricultural sectors for marketing, developmental and other purposes. There is scope to share resources (administrative, economic and research) between the various boards and to strengthen support for industry programmes if savings are realised through rationalisation.

Improve the co-ordination of delivery by enhancing the role of Government Offices for the Regions as co-ordinators and monitors (see Chapter 7).

- 21) The Government Offices for the Regions should be given a stronger remit to promote co-ordination of and monitor rural delivery and to promote rural proofing on behalf of Defra. Regional Rural Priority Boards, chaired by Government Offices for the Regions and including key regional and local bodies responsible for rural regeneration and service delivery, should be set up to provide strategic co-ordination and monitoring.

- 22) Delivery agencies should strengthen joint working through the development of joint regional delivery plans. These would include designated lead delivery partners, agreed joint targets, shared resources and clear accountability for delivery.
- 23) Defra must consult earlier and more closely with the Government Offices for the Regions to ensure more co-ordinated policy development and strategic planning at the national level and reduce the number of strategies that are handed down to the regions.
- 24) The Government Offices for the Regions should focus on their role as co-ordinators and monitors of programmes affecting rural areas and not be involved in direct delivery. They should disengage from their current role in the administration of EU Structural Funds if and when these are replaced by a national programme of regional regeneration, as the government has proposed.
- 25) Regional Rural Affairs Forums (RRAFs), comprising representatives of rural customers and beneficiaries, should become the forums in which national and regional delivery of rural policies is reviewed and reported on. Their key duties would be:
- to highlight important issues and priorities for rural development and service delivery;
 - to comment on the effectiveness of rural development and service delivery in their region and identify areas for improvement;
 - to comment on the impact and effectiveness of existing policy developments and generate new ideas;
 - to provide leadership to help drive rural development at regional and local level.
- The RRAFs would receive secretariat services from the proposed Rural Priorities Board secretariat (see Recommendation 21).

Make things better for the customer and get greater value for money for the taxpayer through a more integrated approach to regulation and through simpler services (see Chapter 8).

- 26) The Government Offices for the Regions should work with regional and local organisations to develop a more co-ordinated approach to front line delivery. This should include spreading best practice between regions on integrated delivery and facilitation, recognising what is practical and affordable.
- 27) Defra, as the lead body, should accelerate the development of a ‘whole farm’ approach that will ensure better co-ordination of government regulation and compliance, subsidy, advice and financial incentives linked to farm businesses. This would require:
- the development of an integrated rural database linked to land-based business (to which the Environment Agency would have access), subject to resolution of data privacy constraints;
 - Risk-based self-assessment backed up by audit, preferably using such independent bodies as FWAG and LEAF;
 - encouraging more rapid uptake of internet use by farmers and rural businesses in general;
 - the creation of a farm advisory service in the light of the recent settlement on CAP reform; this would logically fall under the control of the new, integrated agency (see Recommendation 16).
- 28) In view of the expanding environmental protection agenda, the Environment Agency should agree with local authorities a supplementary role on regulation and compliance. Local authorities should agree standards for delivery with the Agency and call in its support where the extent of a problem or the risks connected with it are beyond the authorities’ capacity to manage.
- 29) Local authorities should take the lead local role in co-ordinating general regulation and compliance advice on farm premises.
- 30) Defra should rationalise its inspection functions, integrating them wherever possible with existing regulatory authorities to achieve administrative savings and avoid duplication of skills.

- 31) Defra should review all rural funding streams and schemes, to achieve a more rational, transparent and comprehensible approach to the administration of financial incentives and to ensure that all new initiatives are consistent with Defra's delivery strategy, add real value and do not duplicate.
- 32) Defra should review and simplify the current procedural rules connected with grants to rural businesses and communities in order to provide greater discretion in the execution and targeting of grants in a user-friendly way, consistent with state aid rules.

Report on progress (see Chapter 9)

- 33) Defra should publish progress reports on the implementation of my recommendations in the spring or summer of 2004, 2005, 2006 and 2007.

Annex 2

Information on key organisations involved in rural delivery

Table 9: National agencies covered by the Review

Organisation	Role and aims	Functions and powers	Defra objective & PSA *	Services & principal sectors	Relationships **	Annual budget and Staff ***	Structure
British Waterways [Public Corporation sponsored by Defra]	Role To manage and care for 3,317km of canals, rivers and docks, buildings, structures and landscapes Aim <ul style="list-style-type: none"> To make sure that everyone in society has the chance to enjoy waterways that are attractive, safe and accessible To see the waterways used as an asset and resource by groups and organisations working to overcome the difficult barriers that lead to social exclusion 	Functions <ul style="list-style-type: none"> Maintain and develop Britain's inland waterways in a sustainable manner, so that they fulfill their economic, social and environmental potential Fulfill statutory navigation functions Conserve waterways heritage and environment for the future Promote and enable rural and urban regeneration Maintain and enhance leisure, recreation, tourism and educational opportunities for the general public Facilitate waterway transport Play a lead role in co-ordinating other UK navigation authorities 	Objective 1, 2, 5 PSA 1, 3, 4	Services A, R Sectors S, Ec, En	Customers Leisure <ul style="list-style-type: none"> boaters walkers & joggers anglers cyclists Commercial <ul style="list-style-type: none"> property water telecoms freight Delivery partners <ul style="list-style-type: none"> EA CA RDAs local authorities NGOs private sector 	For 2002/03 Income Trading – £81.7m 3rd party funding – £27.9m GIA – £82m Total: £191.6m Expenditure Repairs & renovations – £83.6m Non-staff operating costs – £70.3m Staff – £57.2m Total: £211.1m Operating loss: £19.5m Staff 2198 (c. 250 involved in rural delivery)	Head office – Watford 10 Waterway units <ul style="list-style-type: none"> London Scotland 8 in England & Wales
Countryside Agency [NDPB]	Role To conserve and enhance England's countryside; to spread social and economic opportunity for the people who live there; and to help everyone, wherever they live and whatever their background, to enjoy the countryside and share in this priceless national asset Aim To make the quality of life better for people in the countryside and the quality of the countryside better for everyone.	Functions <ul style="list-style-type: none"> Keep under review and advise the Government on all matters relating to <ul style="list-style-type: none"> the social and economic development of rural areas the conservation and enhancement of the natural beauty and amenity of the countryside the need to secure public access to the countryside for the purposes of open recreation the provision and improvement of services for the enjoyment of the countryside Carry out, or assist others to carry out, measures likely to further social and economic development Provide financial assistance towards expenditure in the public and private sector which helps achieve any of the conservation and recreation objectives Undertake or promote experimental schemes, developing or demonstrating new techniques in conservation and recreation management To designate National Parks, Areas of Outstanding Natural Beauty, country parks and long distance routes Powers under the Countryside and Rights of Way Act 2000 To inform the public about their rights and responsibilities in the countryside 	Objective 1, 2, 4, 5 PSA 1, 3, 4	Services G, A, R Sectors S, Ec	Customers <ul style="list-style-type: none"> policy makers policy deliverers beneficiary groups people who access open land Delivery partners <ul style="list-style-type: none"> EN RCCs AONBs NPAs Sport England local authorities NGOs 	For 2002/03 Income GIA – £98.5m Grants – £8.8m Other – £0.9m Total: £108.2m Expenditure Grants – £54.9m Research* – £17.7m Staff – £17.1m Other – £18.7m *incl investigations, inquiries, research and experiments Total: £108.2m Staff 620	Head office – London – Cheltenham Regional offices – 8 regions based on Government Office regional boundaries

Organisation	Role and aims	Functions and powers	Defra objective & PSA *	Services & principal sectors	Relationships **	Annual budget and Staff ***	Structure
English Nature [NDPB]	<p>Role To champion the conservation of wildlife, geology and wild places in England</p> <p>Aim: To promote the conservation of England's wildlife and natural features and to advise Government in so doing</p>	<p>Functions</p> <ul style="list-style-type: none"> ● Providing advice and information on nature conservation to national, regional and local government ● Notifying the most important areas for wildlife and natural features as Sites of Special Scientific Interest, securing the sustainable management of these sites and establishing and implementing a programme of monitoring condition ● Implementing the UK Biodiversity Action Plan and assisting in the practical application of sustainable development ● Advising Government on the selection of European and international wildlife sites. ● Implementing international conventions, EC Directives and national legislation on nature conservation ● Establishing and managing a key series of sites as National Nature Reserves and Marine Nature Reserves ● Co-ordinating the monitoring of the national state of nature ● Supporting and conducting research relevant to these functions ● Increasing the opportunities for people to take action for, and to experience, wildlife and natural features. ● Providing advice and information on nature conservation to other organisations and individuals. ● Providing advice about nature conservation to the wider public ● Offering various types of grants to help others carry out nature conservation ● Licensing various activities ● Delivering special functions with the Scottish and Welsh country agencies through the Joint Nature Conservation Committee ● Providing advice and information on nature conservation to other organisations and individuals. ● Providing advice about nature conservation to the wider public ● Offering various types of grants to help others carry out nature conservation ● Licensing various activities ● Delivering special functions with the Scottish and Welsh country agencies through the Joint Nature Conservation Committee 	<p>Objective 1</p> <p>PSA 1, 3</p>	<p>Services G, A, R</p> <p>Sectors En</p>	<p>Customers</p> <ul style="list-style-type: none"> - Defra - EA - owners & occupiers of SSSIs - licensees - grant recipients - land managers - recipients of advice - visitors to NNRS - businesses & utilities <p>Delivery partners</p> <ul style="list-style-type: none"> - EA - FC - RDAs - local authorities - NGOs - academic institutions - private sector 	<p>For 2002/03</p> <p>Income</p> <ul style="list-style-type: none"> GIA – £63.1m Activities – £3.1m Shared Conservation Income – £3.4m Aggregates Levy – £2.7m Other – £2.8m Total: £75.1m <p>Note in 2002/03 an additional £91m was made available for a 1 off pensions correction and is not included in the above figures</p> <p>Expenditure</p> <ul style="list-style-type: none"> Staff – £23.7m Conservation programmes – £11.9m Management agreements – £8.8m National Nature Reserves – £9.5m Grants – £5.3m Other – £18.4m Total: £77.6m <p>Staff 906 (350 involved in local delivery)</p>	<p>Head office - Peterborough</p> <p>Regional offices - 22 sub-regional offices grouped by Government Office regional boundary</p>
Environment Agency [NDPB]	<p>Role To protect and improve the environment of England and Wales</p> <p>Aim A rich, healthy and diverse environment for present and future generations</p>	<p>Functions</p> <ul style="list-style-type: none"> ● To help conserve and enhance the diversity of native wildlife and habitats ● To maintain, improve and develop salmon and freshwater fisheries ● To control pollution from industry by means of the Pollution Prevention and Control Regulations ● To help protect, enhance and restore the environmental quality of water and ensure that the relevant quality standards are attained ● To maximise the use of inland and coastal waterways for which the Agency is the navigation authority and to work with other navigation authorities and others to create an integrated inland waterway system ● To promote greater recreational use of the waterways by all sectors of society and provide improved facilities for users ● To help identify and deal with unacceptable risks to human health and the environment from contaminated land ● To contribute to the successful implementation of the national waste strategy ● To regulate aerial and liquid radioactive discharges and solid radioactive waste disposal 	<p>Objective 1, 5, 6</p> <p>PSA 1, 2, 3, 4, 5, 6, 8</p>	<p>Services R, A, O</p> <p>Sectors En</p>	<p>Customers Those it</p> <ul style="list-style-type: none"> - regulates - sells services to - provides services to <p>Delivery partners</p> <ul style="list-style-type: none"> - HSE - EN - RDS - MoD - BW - Met Office - local authorities - NGOs - private companies - RDAs 	<p>For 2002/03</p> <p>Income</p> <ul style="list-style-type: none"> GIA – and capital grants – £204m Charges, levies and other income – £548m Total: £752m <p>Expenditure</p> <ul style="list-style-type: none"> Staff – £337m Non staff costs – £414m Unfunded pensions – £13m Total: £764m <p>Staff 10 700</p>	<p>Head office - London - Bristol</p> <p>Regional offices - 8 Regional offices based on river catchment boundaries - 26 sub-regional area offices</p>

Organisation	Role and aims	Functions and powers	Defra objective & PSA *	Services & principal sectors	Relationships **	Annual budget and Staff ***	Structure
Environment Agency <i>continued</i>		<ul style="list-style-type: none"> To plan and secure the proper use of water resources by using strategic planning and effective resource management To plan for the likely impacts of climate change To reduce the risks to people and to the developed and natural environment from flooding 					
[NDPB]							
Forestry Commission (England) [non-ministerial department] (Note that there are equivalent organisations in Scotland and Wales)	<p>Role To lead the implementation of the England Forestry Strategy</p> <p>Aim Protect and expand England's forests and woodlands and increase their value to society and the environment</p>	<p>Functions</p> <ul style="list-style-type: none"> Policy and promotion Give assistance (incl grants such as Woodland Grant Scheme under the ERDP) and advice to forest industry Regulate tree felling 	<p>Objective 1, 2, 5</p> <p>PSA 1, 2, 3, 4</p>	<p>Services G, A</p> <p>Sectors S, Ec, En</p>	<p>Customers - woodland owners, managers and contractors</p>	<p>For 2002/03</p> <p>Income Parliamentary cash provision – £19.3m Other parliamentary Resource provision – £0.2m EU co-financing – £6.8m Total: £26.3m</p> <p>Expenditure Incentives – £18.5m Policy, regulation and admin – £7.9m Total: £26.3m</p> <p>Staff 150 (120 involved in rural delivery) (Figures are dependent upon definitions used)</p>	<p>Head office - Cambridge</p> <p>Regional offices - 9 Conser-vancies (for England) based on Government Office regional boundaries</p>
Rural Development Service [Internal Defra unit]	<p>Role To promote, deliver and manage the England Rural Development Programme on behalf of Defra</p> <p>Aim Making sustainable development happen in rural areas</p>	<p>Functions</p> <p>ERDP Schemes</p> <ul style="list-style-type: none"> Countryside Stewardship Environmentally Sensitive Areas Energy Crops Farm Woodland Premium Organic Farming Scheme Vocational Training Processing and Marketing Grant Rural Enterprise Scheme <p>Other Schemes</p> <ul style="list-style-type: none"> EU Structural Funds Farm Waste Grants Habitat Management Nitrate Sensitive Areas Countryside Access Moorland <p>Also</p> <ul style="list-style-type: none"> Dairy Hygiene Inspections Wildlife Management Land Management Advisory Service <ul style="list-style-type: none"> - minerals and waste planning - agricultural land classification - land planning - environmental impact assessment - Weeds Act duties - heather and grass burning applications Technical Assistance and Geographic Information Units Support for the Agricultural Wages Committees, Agricultural Land Tribunal and Agricultural Dwelling House Advisory Committee 	<p>Objective 1, 2, 3, 4, 5, 6</p> <p>PSA 1, 3, 4, 5,</p>	<p>Services G, A, R</p> <p>Sectors Ec, En</p>	<p>Customers - farmers - land owner - users of the countryside - EA - local authorities - GOs</p> <p>Delivery partners - RPA - CA - EN - EA - FC - EH - RDAs - local authorities - NGOs</p>	<p>For 2002/03</p> <p>Expenditure Staff – £34.8m Other – £7.5m ERDP programme money – £1.6b over 7 years to 2006</p> <p>Staff 1372</p>	<p>Head office - London</p> <p>Regional offices - 8 based on Government Office regional boundaries - 15 sub-regional offices Dairy hygiene advisers also operate in Wales but have no offices there</p>

Key:

A – advice
 BW – British Waterways
 CA – Countryside Agency
 EA – Environment Agency
 Ec – economic
 EH – English Heritage
 EN – English Nature
 En – environment
 ERDP – England Rural Development Plan
 FC – Forestry Commission

G – grant
 GO – Government Offices for the Regions
 HSE – Health & Safety Executive
 MoD – Ministry of Defence
 NDPB – Non-departmental public body
 NPA – National Park Authority
 NT – National Trust
 O – other
 R – regulation
 RCC – Rural Community Council

RDA – Regional Development Agency
 RDS – Rural Development Service
 RPA – Rural Payments Agency
 S – social

* Data from Defra Landscape Review, October 2002. Full list of objectives and PSAs are provided in Chapter 2.

** Not a comprehensive or standardised list, but indicative of the types organisations

*** All figures rounded so totals may not add up

Table 10: Other organisations covered by the review (selected)

Organisation	Role and aims	Objectives and functions	Annual budget and Staff	Structure
Defra	<p>Role Central government department responsible for environment, food and rural affairs</p> <p>Aim Sustainable development, which means a better quality of life for everyone, now and for generations to come, including:</p> <ul style="list-style-type: none"> • a better environment at home and internationally, and sustainable use of natural resources • economic prosperity through sustainable farming, fishing, food, water and other industries that meet consumers' requirements • thriving economies and communities in rural areas and a countryside for all to enjoy 	<p>Objectives</p> <ul style="list-style-type: none"> • Protect and improve the rural, urban, marine and global environment, and to lead integration of these with other policies across Government and internationally • Enhance opportunity and tackle social exclusion in rural areas • To promote a sustainable, competitive and safe food supply chain which meets consumers' requirements • Promote sustainable, diverse, modern and adaptable farming through domestic and international actions • Promote sustainable management and prudent use of natural resources domestically and internationally • Protect the public's interest in relation to environmental impacts and health and ensure high standards of animal health and welfare 	<p>For 2002/03 Total*: £4,537m * this includes all of the money it makes available to other organisations such as those listed in this annex Staff*: 10 749 *includes PSD, RDS and RPA staff</p>	
Small Business Service (an executive agency of DTI)	<p>Purpose To build an enterprise society in which all small businesses thrive and achieve their potential</p> <p>Aim Their aims are:</p> <ul style="list-style-type: none"> • To help small businesses realise their potential; • To promote first class business support services to enhance the performance of small firms with growth potential; • To help promote enterprise across society and particularly in under-represented groups and disadvantaged; and • To achieve the highest standards of service delivery and provide value for money. 	<p>Objectives</p> <ul style="list-style-type: none"> • Be a strong voice for a small business at the heart of government, ensuring that government is aware of the needs of business. • Minimise the burden of regulation. • Develop and maintain a world class business support service to enhance competitiveness and profitability of small businesses. • Champion entrepreneurship across society, particularly in under-represented and disadvantaged groups. <p>Strategic Themes</p> <ul style="list-style-type: none"> • Building an enterprise culture • Encouraging a more dynamic start-up culture • Building the capability for small business growth • Improving access to finance for small businesses • Encouraging more enterprise in disadvantaged communities and under represented groups • Improving small businesses' experience of government services • Developing better regulation and policy 	<p>For 2003/03 Total*: £354m *includes £336m programme expenditure. Staff: 200</p>	<p>Head office – London, with some other central functions based in Sheffield</p> <p>Regional Offices 8 regions based on Government Office regional boundaries</p> <p>Advice services to small businesses are largely delivered via local Business Link Operators who are independent.</p>
Government Offices for the Regions	<p>Role Bring together the activities and interests of different government departments within a single organisation</p> <p>Aim Ensuring effective delivery of government programmes regionally and locally Key agents of government for the English Regions</p>	<p>Functions Directly manage significant spending programmes on behalf of departments, various regulatory functions and sponsor of RDAs.</p>	<p>For 2002/03 Defra – £4.3m Total: £96.7m Responsible for approximately £6b of regional investment Defra staff: c100 Total staff: c2800 (indicative)</p>	There are 9 GOs in England
Regional Development Agencies [NDPBs – sponsored by DTI]	<p>Role</p> <ul style="list-style-type: none"> • To further economic development and regeneration • To promote business efficiency, investment and competitiveness • To promote employment • To enhance development and application of skill relevant to employment • To contribute to sustainable development <p>Aim RDAs aim to co-ordinate regional economic development and regeneration, enable the English regions to improve their relative competitiveness and reduce the imbalance that exists within and between regions</p>	<p>Functions Regional regeneration, taking forward regional competitiveness, taking the lead on regional inward investment and, working with regional partners, ensuring the development of a regional skills action plan to ensure that skills training matches the needs of the labour market</p>	<p>For 2002/03 RDAs are financed through a Single Programme from the contributing Departments (DTI, ODPM, DfES, Defra and DCMS) Defra – £41.5m Total: £1,752.5m*</p> <p>*inc. receipts</p>	There are 9 RDAs in England

Organisation	Role and aims	Objectives and functions	Annual budget and Staff	Structure
Areas of Outstanding Natural Beauty	<p>Role</p> <p>The purpose of AONB designation is to conserve and enhance the natural beauty of the landscape</p> <p>Any CROW Act 2000 Conservation Boards will have the additional purpose of increasing the understanding and enjoyment by the public of the special qualities of the AONB.</p>	<p>Functions</p> <ul style="list-style-type: none"> Currently managed by local authorities individually or collectively, apart from the Sussex Downs which has a more broadly-based statutory committee. Plans for Conservation Boards to exercise specific local authority functions Required to produce a management plan 	<p>For 2002/03</p> <p>AONBs receive 75% of their core-funding via the Countryside Agency, with local authorities providing the remaining 25% (or more)</p> <p>Countryside Agency – c£7m</p> <p>Total collective AONB local authority grant aid and spending figures are not available</p>	<p>There are 37 Areas of Outstanding Natural Beauty in England, including the Wye Valley</p>
National Park Authorities	<p>Role</p> <p>Twin purpose local authorities to conserve and enhance the natural beauty, wildlife and cultural heritage and to provide opportunities for the understanding and enjoyment of the special qualities of the Park by the public</p>	<p>Functions</p> <ul style="list-style-type: none"> Local planning authority Relevant authorities for access to open country under CROW Act Facilitate environmental programmes Provide public information and education 	<p>For 2002/03</p> <p>Defra: £25m (75%) (inc. the Sustainable Development Fund plus accommodation payments for the NYMNPA)</p> <p>Local authorities: £7.9m (paid via ODPM to local authorities from who it was levied by the NPAs and the Broads Authority)</p> <p>Total: £33m</p>	<p>There are 7 National Parks in England, plus the Broads Authority which has similar status. 2 more National Parks may be designated – New Forest & South Downs</p>

Key:

AONB – Area of Outstanding Natural Beauty
CROW – Countryside and Rights of Way
DCMS – Department for Culture, Media and Sport
Defra – Department for Environment, Food and Rural Affairs
DFES – Department for Education and Skills

GO – Government Office for the Regions
DTI – Department of Trade and Industry
NDPB – Non-departmental public body
NPA – National Park Authority
NYMNPA – North York Moors National Park Authority

ODPM – Office of the Deputy Prime Minister
PSD – Pesticides Safety Directorate
RDA – Regional Development Agency
RDS – Rural Development Service
RPA – Rural Payments Agency

Annex 3

Rural funding streams

This Annex expands on the analysis provided in Chapter 8 (Recommendation 31). Central government uses a variety of instruments to implement its policies. These include schemes for grant aid and advice. Some of these schemes are targeted at members of the public (individuals and groups) whilst others support intermediary deliverers. Government objectives have led to the existence of schemes that are applied universally across England, in addition to sectoral schemes, schemes targeted at either urban or rural customers and 'area-based initiatives'. At least eight central departments and a variety of government-sponsored delivery bodies design and run schemes. This has led to a profusion of conflicting or overlapping activities.

The schemes themselves can be run in a variety of ways. There are national schemes that are delivered by Whitehall departments (for example Defra's Environmental Action Fund). Other national schemes are delivered through regional or local structures (for example the Regional Development Agencies' (RDA) Regional Selective Assistance schemes). There are also schemes that apply only to a certain locality, for example a National Park or an Environmentally Sensitive Area. Many different organisations are involved.

'... at least seven different organisations that you could go to for some sort of farm advice. And there is the potential....for that to get a bit messy.'

(customer, agri-environment case study)

The European Union also has policy objectives that have led to the creation of new funding schemes. These include Structural Funds (Objective 1, Objective 2 and Objective 3), LEADER+ and INTERREG III. All of these, apart from Objective 1, operate in each English region and are administered by the Government Offices for the Regions (GOs).

*'A snapshot identified 178 grant schemes available from the UK government.'*⁴⁶

This review has been shown limited evidence of past co-ordination or agreed delivery strategies for these schemes.

'If I was a member of the public looking for a grant scheme I wouldn't know where to go.'

(deliverer, agri-environment advice case study)

I was pleased to see the work that the Regional Co-ordination Unit (RCU) and the GOs are doing to rationalise and co-ordinate the government's Area Based Initiatives (ABIs). We have also seen how the Department of Trade and Industry (DTI) is addressing a similar problem within its policy areas. It has undertaken a Strategic Delivery Review that has led to the following aims:

- to make strategic investments in business support to drive up productivity (the how and why of spending money);
- focus on customers and their relationships with DTI (customer-focused delivery);
- improve the delivery of business support (business-process re-design (including IT support systems), for improved outcomes and efficiency gains, etc.

As a consequence DTI has radically reduced the number of funding schemes that it sponsors (see Illustration 14). What were sometimes small and ad hoc business support schemes have fallen in number from 183 to below 20 (although it should be noted that some of this was achieved through the merging of schemes).

46 *Local Delivery of Central Policy*, Better Regulation Task Force, Cabinet Office (2002)

To ensure the future co-ordination of schemes the DTI has also set up an Investment Committee, which has a powerful external voting membership (no officials have voting rights on the committee). The committee then makes recommendations to ministers and the department as to whether a scheme should go ahead.

The complexity of schemes has also been noted by several recent studies that have tried to map and list sources of funding and advice for particular policy areas.

*'When we asked Departments to help complete the map, they could not be sure we had identified all the players. And not surprisingly stakeholders who operated within the territory mapped did not have a complete overview.'*⁴⁷

The landscape is so complex that several commercial companies exist with the sole purpose of acting as 'grant finding' services, with some offering facilitation as well. Several GOs for the Regions have acted on the need to produce guides to the sources of funding within their regions that are targeted specifically at rural development. We have for example identified 37 predominantly rural schemes in the North West and 40 schemes in the South West.

Even allowing for the large number of sources of funding and advice that are not sponsored by central government, the landscape is too complicated for customers.

There appear to be overlaps in the targets and objectives of different schemes, for example between Defra's agri-environment schemes and English Nature's Wildlife Enhancement Scheme. Here there are overlaps in what is eligible for payment, but there are also marked differences in the payment rates. Other examples of overlaps include schemes run by local authorities and charities' schemes.

'In many cases English Nature has paid for bracken control and scrub clearance before Defra's Rural Development Service, through the Countryside Stewardship Scheme, pays for annual revenue payments. This has happened on a number of cases that involve Sites of Special Scientific Interest simply because English Nature are able to offer higher capital payment rates, especially for items such as fencing and gates.'

(project officer, Rural Development Service)

The Rural Development Service and English Nature have recently had to undertake detailed research to establish if there have been any cases of duplicate or inappropriate payments. They concluded that there has not, although the risk must remain.

Another example concerns grant aid for transport, with schemes being offered by both the Department for Transport and the Countryside Agency.

'One of the key concerns from local transport authorities about the Countryside Agency's Rural Transport Partnership programme (£12 million per annum) is its lack of integration and duplication with Department of Transport funding programmes to them, such as:

- *Local Transport Plan capital allocations (approx. £1.6 billion per annum to all authorities covering highway maintenance, major schemes and small-scale improvements);*
- *Rural Bus Subsidy Grant (£50 million per annum to authorities based on their rural population);*
- *Rural Bus Challenge (£20 million competition open to all authorities)*

In many cases, the Rural Transport Partnership programme has contributed to projects funded by local transport authorities using these funding streams (or their own revenue resources from the Revenue Support Grant and council tax). The Department of Transport would normally expect these funding streams available to authorities to be the normal source of funding of such projects. The Countryside Agency has also provided direct funding to the local transport authority itself for some projects rather than allocating resource through rural transport partnerships.'

(senior official, Department of Transport)

47 *Local Delivery of Central Policy*, Better Regulation Task Force, Cabinet Office (2002).

Even though customers may identify a suitable scheme for them, many contributors have criticised the way in which the schemes in general are delivered. Comments include the following:

- the process is not ‘customer focused’;
- the process does not encourage innovation as technical appraisers prefer ‘safe’ projects;
- the process is very prescriptive – e.g. individual costs (postage, stationery, telephone, leaflets, etc) have to be estimated for several years ahead, preferably supported by quotes or similar evidence; this is often difficult to do if the project is developmental; costs would be better grouped;
- the evidence required for interim claims is excessive and expensive;
- the rules of the scheme are not always clear in the guidelines – often appraisers have to refer to more senior staff or the policy division before an answer can be provided
- the process can be slow;
- there are no on-line application or claim forms currently; while this would not be appropriate for all applicants it would be helpful for some.

The problems and confusion that many are faced with as a result of too many schemes and too many providers are multiplied by the many different requirements placed upon both the customer and the deliverer. These include:

- differing financial years;
- conflicting criteria;
- limiting criteria;
- varying grant rates;
- differing match funding rules;
- differing administrative demands especially with regards to reporting and claims.

The following lists are not exhaustive, as this has proved to be beyond the time and capacity of the Review. It is also recognised that some of the schemes listed have closed, but they are included to show what the landscape previously looked like. The lists provide an illustration of the problem that faces both deliverers in the system and government’s direct customers. They have been compiled with the aid of deliverers and customers, both from face-to-face contacts and through literature (including internet) searches. One of the main sources of information was a survey of Business Link Operators undertaken by Defra’s Learning, Skills and Knowledge Programme⁴⁸. It is also noted that with schemes such as the Aggregates Levy Sustainability Fund and the Community Energy Programme, different organisations are involved in delivering different parts of the same scheme. This type of scheme has been included more than once in order to convey the customer’s perception.

Table 11: Defra grant aid schemes run by the core-Department

Aggregates Levy Sustainability Fund	Structural Operations in Fisheries & Aquaculture	Organic Farming Scheme
Agricultural Development Scheme	Countryside Stewardship Scheme	Planning Consultancy Advice Scheme (linked to RES)
Community Energy Programme	Energy Crops Scheme	Processing and Marketing Grant
Environmental Action Fund	Environmentally Sensitive Areas	Rural Enterprise Scheme (RES)
Farm Waste Grant Scheme	Farm Woodland Premium Scheme	Vocational Training Scheme
Producer Organisation (Fresh Fruit and Vegetables) Aid Scheme	Hill Farm Allowance	Woodland Grant Scheme

48 *Learning Skills and Knowledge Programme*, Department for Environment, Food and Rural Affairs (on-going).

Table 12: Other Defra-sponsored schemes and services

Lead organisation	Scheme/ service	Lead organisation	Scheme/ service
Countryside Agency	Community Renewables Initiative	Countryside Agency	Vital Villages – Parish Transport Grant
Countryside Agency	Discovering Lost Ways	Countryside Agency	Vital Villages – Rural Transport Partnership Grant
Countryside Agency	Doorstep Greens	Countryside Agency	Walking the Way to Health Initiative
Countryside Agency	Eat the View	Countryside Agency	Wheels to Work
Countryside Agency	Forest of Dean Local Grant Scheme	Countryside Agency	Aggregates Levy Sustainability Fund
Countryside Agency	Greenways	English Nature	Land Purchase Grants
Countryside Agency	Land Management Initiatives	English Nature	Local Biodiversity Grants
Countryside Agency	Local Heritage Initiative	English Nature	Local Nature Reserves Grant Scheme
Countryside Agency	Market Towns Initiative	English Nature	Management Agreements – The Wildlife Enhancement Scheme
Countryside Agency	Millennium Greens	English Nature	Reserves Enhancement Scheme
Countryside Agency	New Entrant's Training Scheme	English Nature	Section 35 National Nature Reserves Capital Grant Scheme
Countryside Agency	Public House Development Scheme	English Nature	Tomorrow's Heathland Heritage
Countryside Agency	Quiet Lanes	English Nature	WILDSPACE
Countryside Agency	Village Design Statement support	English Nature	Woodland Grant Scheme
Countryside Agency	Village Hall Loan Fund	Forestry Commission	
Countryside Agency	Vital Villages – Community Services Grant		
Countryside Agency	Vital Villages – Parish Plan Grant		
The Countryside Agency also provides funding and support through and for the following bodies and initiatives:			
Areas of Outstanding Natural Beauty		National Trails	
Coastal Heritage Forum		Rural Community Council support	
Community Forests		Rural Housing Enablers	
Countryside Character Network		Support for Rights of Way Officers	
National Council for Voluntary Organisation support			

The seven National Park Authorities and the Norfolk Broads Authority are funded by central government. Defra pays 75% of their net expenditure to the Authorities as the National Park Grant. The remaining 25%, also met by Defra, is allocated to the local authorities in the Parks via the Revenue Support Grant. In addition, National Park Authorities and the Broads Authority take advantage, where possible, of Lottery and European grants and take part in collaborative projects, considerably enhancing the level of funding available. These other sources of funding can also include income from the RDAs, English Heritage and the Countryside Agency. As part of the National Park Grant, £1.6 million is ring-fenced and divided equally between the National Parks and Broads Authority for the Sustainable Development Fund.

Listed below is an example of the sources of funding that National Parks provide, in this case operated by the North York Moors National Park Authority:

Alternative Land Use	Staithe Town Heritage Initiative (THI)
Bransdale Conservation Scheme	Sustainable Development Fund
Developing the Assets of Protected Areas (DAPA)	The North York Moors Farm Scheme
Farm and Rural Community Scheme (F&RCS)/North York Moors Land Management Initiative	Upland Management Scheme
Historic Building repair scheme	Village Improvement Scheme
Moorland Wildlife	Wildlife Conservation Scheme
Moors and Coast Sustainable Tourism Project	Woodland Management Scheme (and Native Woodland project)
Reaching Out Project	

Other government departments run or sponsor delivery organisations to deliver schemes that might either be targeted at ‘rural customers’ or be available on a nationwide basis to rural customers. These include the three Department for Transport grant schemes that are specifically aimed at rural transport services (see above). Table 13 highlights some of the schemes sponsored by other government departments that are available to rural customers. Schemes run by Business Link are only shown for the Yorkshire and the Humber Business Link as an example of those schemes available elsewhere in the country.

Table 13: Schemes sponsored by other government departments

Lead organisation	Scheme/ service	Lead organisation	Scheme/ service
Department for Transport	Bus Service Operators Grant for community transport	Jobcentre Plus	Workstep
Department for Transport	Rural Bus Challenge	New Opportunities Fund	Green Spaces and Sustainable Communities Fund
Department for Transport	Rural Bus Subsidy Grant	Small Business Service	Business Incubation Fund
Department for Education and Skills	Advanced Modern Apprenticeships	Small Business Service	Business Volunteer Mentoring Association
Department for Education and Skills	Centres of Vocational Excellence (CoVEs)	Small Business Service	Community Development Finance Institutions
Department for Education and Skills	DWP: New Deal – Young Unemployed	Small Business Service	Community Development Venture Fund
Department for Education and Skills	Foundation Modern Apprenticeships	Small Business Service	Community Investment Tax Credit
Department for Education and Skills/ Knowledge Base UK	LearnDirect	Small Business Service	CONNECT
Department for Education and Skills	Union Learning Fund	Small Business Service	Development Fund (part of the Phoenix Fund)
Department of Trade and Industry (Post Office Limited)	Rural Post Office Network fund	Small Business Service	Early Growth Funding
Department of Trade and Industry	Bio-energy Capital Grant Scheme	Small Business Service	Enhanced Farm Business Advice Service
Department of Trade and Industry	Community and Household	Small Business Service	Farm Business Advice Service
English Heritage	Aggregates Levy Sustainability Fund	Small Business Service	IUKE
English Heritage	Heritage Economic Regeneration Scheme	Small Business Service	National Business Debtline
English Heritage	Historic Buildings and Monuments, Parks and Gardens Grants	Small Business Service	Regional Venture Capital Funds
English Heritage	Section 17 Management Agreements	Small Business Service	Small Firms Loan Guarantee Scheme
ENTRUST	Landfill Tax Credit Scheme	Y&H Business Links & Business Solutions	SMART
Heritage Lottery Memorial Fund	Heritage Lottery Fund	Y&H Business Links & Business Solutions	Technology Enterprise programme (STEP)
Home Office	Rural Grant for Police Forces	Y&H Business Links & Business Solutions	The Benchmark Index
Inland Revenue	One to One Visit – Inland Revenue	Y&H Business Links & Business Solutions	UK High Technology Fund
Inland Revenue – Business Support Service	Inland Revenue – Business Support Service	Y&H Business Links & Business Solutions	Fit for Business
Inland Revenue – Main Enquiry Line	Employers Helpline – Inland Revenue	Y&H Business Links & Business Solutions	Level 2 Diagnosis
Jobcentre Plus	Regional Disability Service – Access to Work	Y&H Business Links & Business Solutions	Pre Start Action Plan Review
			Pre Start Diagnosis
			Structured Mentoring
			Fit for Business
			Business Reviews with a Sectoral Focus

Schemes that are available regionally are mainly those that are delivered by the RDAs. When they were set-up these organisations inherited several small schemes from the Rural Development Commission. The following is an indicative list:

Accessing finance for SMEs	Physical renewal
Addressing skills shortages	Promoting innovation
Building on opportunity	Redundant building grant and farmer's redundant building grant
Building regeneration capacity	Regional Selective Assistance
Developing enterprise hubs	Rural renaissance
Developing the social economy	Support for key sectors and clusters
Investing in communities	Support for manufacturing
Linking with higher education	Urban renaissance
Market Town Initiative	

It is only recently with the introduction of their 'single pot' that, as past schemes have wound down, the RDAs have been able to rationalise the overall number that they run. The South West Regional Development Agency now operates just six grant aid schemes:

Civic Pride	New Millennium Workspace
inspire SW	Rural Renaissance Initiative
Market and Coastal Town Initiative	SW TASC (Tourism, Arts, Sports and Culture).

There are many other sources of grant aid and advice that it has not been possible to list. These include those run by all tiers of rural or part-rural local authorities (unitary, county and district). They range from biodiversity grants, to trading standards schemes, to rate subsidy schemes. There are also numerous 'private' sources that include charitable trusts and bodies, professional and membership organisations.

Annex 4

Digest of evidence

Our information and data collection began with several scoping visits to regions across England. Valuable lessons and insights were gained through these visits. We also collected appropriate literature and documentation. Findings from the scoping visits provided direction for the review and were used to guide the development of our more intensive and focused research strategy using a range of methods. Overall, 630 organisations and individuals contributed to the review (details are provided at Annex 6). Our research was designed to gain maximum coverage of rural areas within England and used complementary qualitative and quantitative techniques. Findings from the separate strands of the research were triangulated and provided consistent results. A majority of the country was covered by the data collection (see Figure 5). The research strategy was endorsed by an independent research consultant.

The separate strands of the research strategy included:

- **Written consultation for both stakeholders and customers** – two separate questionnaires were developed to gather the views, experiences and opinions from all organisations and individuals with an interest in rural delivery arrangements who wanted to contribute to the review. The consultation was launched on 27th February 2003 and was open for 12 weeks. Copies of the consultation questionnaires were distributed to a substantial number of stakeholders from a database of stakeholder organisations held by Defra. Stakeholders were asked to draw the attention of those they represent to the customer consultation and to distribute copies where possible. Advertisements were placed in regional newspapers and copies of both questionnaires were placed on the internet. The customer consultation generated 122 responses from a variety of customers and the stakeholder consultation generated 124 responses from a wide range of organisations. The size of the customer response was too small to enable us to form a detailed, fully representative picture based on those views alone. It did however help us to identify key issues.
- **Literature search and review of relevant documents** – key documents and research conducted by external organisations was collated and drawn upon to inform the review in accordance with the Terms of Reference. We also worked closely with members of other review teams to gather relevant information (see below).
- **A baseline survey of main rural service delivery bodies** was conducted. A short questionnaire requesting details of services currently delivered by these bodies and seeking key documentation of their operation was distributed to 48 relevant delivery organisations. This baseline information fed into the review and was particularly drawn upon to support the production of our business case. Responses were received by all organisations contacted.
- **Case studies of various rural service delivery arrangements within England** – six case studies were conducted to provide a detailed account of the delivery of specific services to customers in rural areas. The services and schemes used for a case study were selected to ensure we were able to focus on a range of service types and delivery organisations. Areas for the case studies were selected to ensure a complementary mixture of very rural and more urban/rural areas and to ensure that we gained maximum coverage of the country. Each case study considered delivery from the customer interface to the policy funder, highlighting customer, stakeholder, deliverer and policy maker perspectives, joint working arrangements and examples of good and bad practice. Findings from the case studies informed the review. Case studies were conducted focusing on the following services:
 - Rural Enterprise Scheme;
 - Vital Villages programme;
 - Market Towns Initiative;
 - Agri-environment advice;
 - Business advice and training;
 - Woodland grants.

- **Focus groups of customers and beneficiaries of rural services** – we conducted eight focus groups with four customer types to provide detailed information on specific aspects of rural delivery arrangements, drawing directly from customers' experience. Customers' views and suggestions for change in the way services are currently delivered were collated through these focus groups. The focus groups were conducted in two phases. Each phase involved four groups, as follows:
 - rural business owners;
 - land managers (focusing on diversification);
 - land managers (focusing on agri-environment issues);
 - voluntary and community representatives.
- **Structured interviews with key policy makers and service deliverers** – to explore in depth the views and opinions of policy makers and service deliverers. This provided an opportunity for respondents to give their views and opinions on current rural policy delivery arrangements, and for the review to gain a picture of their understanding of delivery.
- **UK and European Union comparisons** – to identify how other countries deliver rural policies. Lord Haskins visited France, Germany, Ireland, Belgium (Brussels), Wales and Scotland to investigate how, in particular, they delivered the European Rural Development Regulation. A separate literature review of all member states was also carried out (see Annex 5).
- **Study of other reviews/activities relevant to our review** – working closely with those involved in related studies has ensured coherence and the best use of resources. Other reviews have provided us with relevant findings.
- **Views to Chris Haskins** – we set up a separate email account to enable interested organisations and individuals to provide any information, views, ideas or suggestions to feed into the review. We received 142 responses, which have been taken into account in the review.

This range of methods has strengthened the data and information collection and ensured robust findings. Our qualitative research has provided detailed information on current delivery arrangements on the ground, complemented by the literature and documentation reviewed and the results of the written consultation.

Findings from all strands of the data collection outlined above are incorporated in this Annex, as well as being distributed throughout the report where relevant.

Figure 5: Our fieldwork and visits



Ways in which delivery is functioning well

In all strands of our research we asked respondents (rural service deliverers, policy developers, stakeholders and customers) what in their view and experience currently worked well in the delivery of rural services. Findings are summarised below.

a) Where they exist, facilitation services (especially those dealing with complex grant schemes) are highly valued.

Throughout our evidence gathering, customers, stakeholders and deliverers reported examples of good practice relating to facilitation services. Many of these services were highly regarded by their users.

They offered the necessary support to allow the customer to progress through the complex delivery landscape and the often complicated and time consuming application process for a scheme, but without necessarily doing all the work for them. During the business advice case study in particular we found that customers showed a preference for facilitation schemes that did not do it all for them but helped them to help themselves.

In the customer consultation Rural Community Councils were particularly valued by all customers and praised by deliverers and stakeholder organisations in the stakeholder consultation and case studies. For example, they were praised for assisting in applicants' claims for Parish Plan grants and providing general help and advice, when required, to specific villages and parish councils.

'We're a hard sector to hit but things like the Rural Community Councils that exist are very good, very good.....it's got its rural community officer base so it hears everything that's going on, it knows what to do and it's got a very broad view of where it can fall down and help match things up.'

(customer, Market Town Initiative case study)

The types of facilitation services varied from specific projects set up to fulfil this role, to additional services offered by particular local staff. For example, in the Rural Enterprise Scheme (RES) case study the District Councils' development officers were frequently responsible for making the applicants aware of the scheme and helping them through their application. These services are viewed very highly by the customers.

'It was only the development officer that encouraged us to do it to be honest with you. He was really good, first class.'

(customer, RES case study)

In the Woodland Case Study, focusing on the Woodland Grant Scheme and the Farm Woodland Premium Scheme, we found that woodland officers typically saw that their mission was to help customers produce successful applications while also gaining the highest public benefit from an application. During the case study one deliverer told us of a 'satisfied' customer who had telephoned that day to thank him for the time one woodland officer had spent with him (until after 9pm the previous evening).

b) Signposting services, organised to point people towards the right source of help, are widely seen as crucial to negotiating the complex delivery arrangements.

All of the strands of research highlighted the complexity of the current delivery landscape. Customers in the customer consultation, focus groups and case studies repeatedly reported finding it far too complex to negotiate with ease. One customer made the following comment which was echoed by many others throughout the research:

'[It's not clear] who's doing what. It's a real sort of mishmash, and unless you work full-time on it, it just beggars belief how anybody understands it'.

(customer, focus group)

During the course of the research we encountered numerous examples of signposting services, such as the Somerset Agricultural Advisory Service, that had been established to meet this need, often at a local level.

In the stakeholder consultation, when we asked respondents what changes they would make to improve rural delivery, one of the most frequent responses we received was the need for a greater co-ordination of the vast amount of information available. ‘One stop shops’ or ‘first stop shops’ were often referred to as example of how this could be done. This was also suggested by many of the customers in the focus groups and the customer consultation.

c) Many local staff operating in delivery organisations were dedicated, expert and experienced.

The scoping visits, case studies, focus groups and written consultation all highlighted the importance of the work of local staff in achieving valuable results, often despite the system they found themselves working within.

Customers in the written consultation were asked what they felt was working well in current rural service delivery arrangements. The most frequent response referred to the high quality of the advisers or local staff working in their area. The person a customer dealt with appeared far more important than the organisation to which they belonged. The adviser’s ability to relate to the customer and understand that their needs was crucial to the value the customer placed on the service they had received. Stakeholders and customers may have criticised the schemes that were being delivered, but they recognised the hard work and dedication of the staff involved when they encountered it. Typical views included:

‘It’s down to the quality of the actual people that are actually delivering the schemes’
(customer, focus group)

‘The strengths are the good people we’ve got, and the weaknesses are the bad’.
(customer, focus group)

In the Vital Villages case study we found that the Countryside Agency staff operating at the local level were valued by customers and viewed as proactive and helpful.

‘She [Countryside Agency Officer] came to our workshop that we were running at this conference, and joined in and was fantastic and then said afterwards ‘you should apply to [Vital Villages]’
(customer, Vital Villages case study)

Regional Countryside Agency staff spoke of inappropriate guidance and information they received to promote the programme from their HQ. Staff at the local level explained that they rewrote literature to ensure it met customers’ needs. Their work was valued by customers who had experience of working with them. Customers found local staff to be particularly helpful in the application process for Parish Plans and the Community Service Grant:

‘They need to have experienced the work on the ground to be able to talk about it in the right jargon for the people that they’re working with’.
(customer, Vital Villages case study)

In the Woodland Grant Scheme and Farm Woodland Premium Scheme case study we also found local staff to be highly valued by customers. Respondents unanimously agreed that woodland officers were...

‘...the most highly valued asset of the Forestry Commission’.
(customer, forestry case study)

The extent of the local staff’s knowledge, both generally and on practical matters, was acknowledged and highly valued. Their direct intervention with customers was clearly a factor in the quality and number of applications being independently assessed and approved for woodland grants.

We found that external research supports our research findings. For example surveys conducted by English Nature and the Environment Agency highlighted general customer satisfaction with front line staff.

d) Where they exist, initiatives that target local needs flexibly are highly valued.

In our stakeholder consultation local delivery was consistently referred to as the preferred tier of delivery. Stakeholders' preferred delivery mechanisms with devolved responsibility whereby local knowledge is used to target customers and those in greatest needs. Several stakeholders referred to LEADER+ as a scheme that was locally delivered, and therefore seen as responsive to the needs of the community. We were told on several occasions by deliverers and customers alike that the positive lessons of the Objective 5b programme had not been learned in subsequent scheme design.

'In general the most effective organisations are those which are under local, sub-regional or regional leadership (at whatever is the most appropriate geographical level for cost effective delivery of a programme or activity) and are utilising national resources to achieve national objectives.'

(stakeholder, written consultation)

All of the customer focus groups felt that services should be delivered at a more local level by people that understood their needs and requirements.

'Deliver the range of services, grants and opportunities by people who actually deal with us on an individual basis, who have an understanding of what we are trying to achieve, and what the schemes are trying to achieve.'

(customer, focus groups)

Throughout our research there was general criticism of schemes that were seen as too inflexible and were designed and delivered without consideration of the wider delivery landscape. These schemes were perceived to be those that were developed nationally.

'What works less well is where products and services are devised nationally and delivered without reference to other activities and other publicly funded schemes. This is mainly because there is little flexibility and an assumption that other bodies have no appropriate role to play or fall behind in some way.'

(stakeholder, written consultation)

e) Effective engagement of voluntary and community groups in delivery has often helped to build local capacity and to identify and address local needs.

Several strands of the research provided evidence to support this finding. In particular, in the written consultation several stakeholders highlighted partnership working with a wide range of organisations as good practice. Local voluntary and community groups in some of the focus groups were highlighted as particularly valuable in addressing local need (see also Recommendation 22).

'The voluntary and community sector have a key role to play in improving the design, delivery and performance of rural products and services. A great deal of time, waste and energy could be saved by improving the links between the sector and government agencies and departments.'

(stakeholder, written consultation)

In the Market Town Initiative case study we found customers and stakeholders agreed that one of the strengths of the scheme was the creation of local partnerships to deliver it. The fact that, as part of the initiative, such partnerships were developed, establishing action plans for the towns based on the needs of the community, was seen as a real advantage for the local area. The strength and capacity of the partnerships was seen as crucial to the success of the initiative in delivering practical results for the communities concerned.

The Vital Villages case study also highlighted the benefits of involving local groups. Volunteers who had helped produce a Parish Plan felt that they had been very good for their community in terms of getting people involved, giving them ownership and identifying the real needs of the community.

f) Long running schemes with sound reputations and clear rules are attractive to customers, in whom they generate confidence.

Many stakeholders in the consultation expressed a preference for schemes that were focused on the long term. This related both to the duration of grant funding that reduced uncertainty for projects and to the duration of

schemes themselves (stakeholders tended to regard schemes that had existed for longer periods as being more reliable, with a stronger reputation). The Countryside Stewardship Scheme was given as an example of a scheme that was long term and generally reliable. Customers in the consultation and focus groups were also most likely to favour long-standing, reputable schemes that had familiar and clear rules.

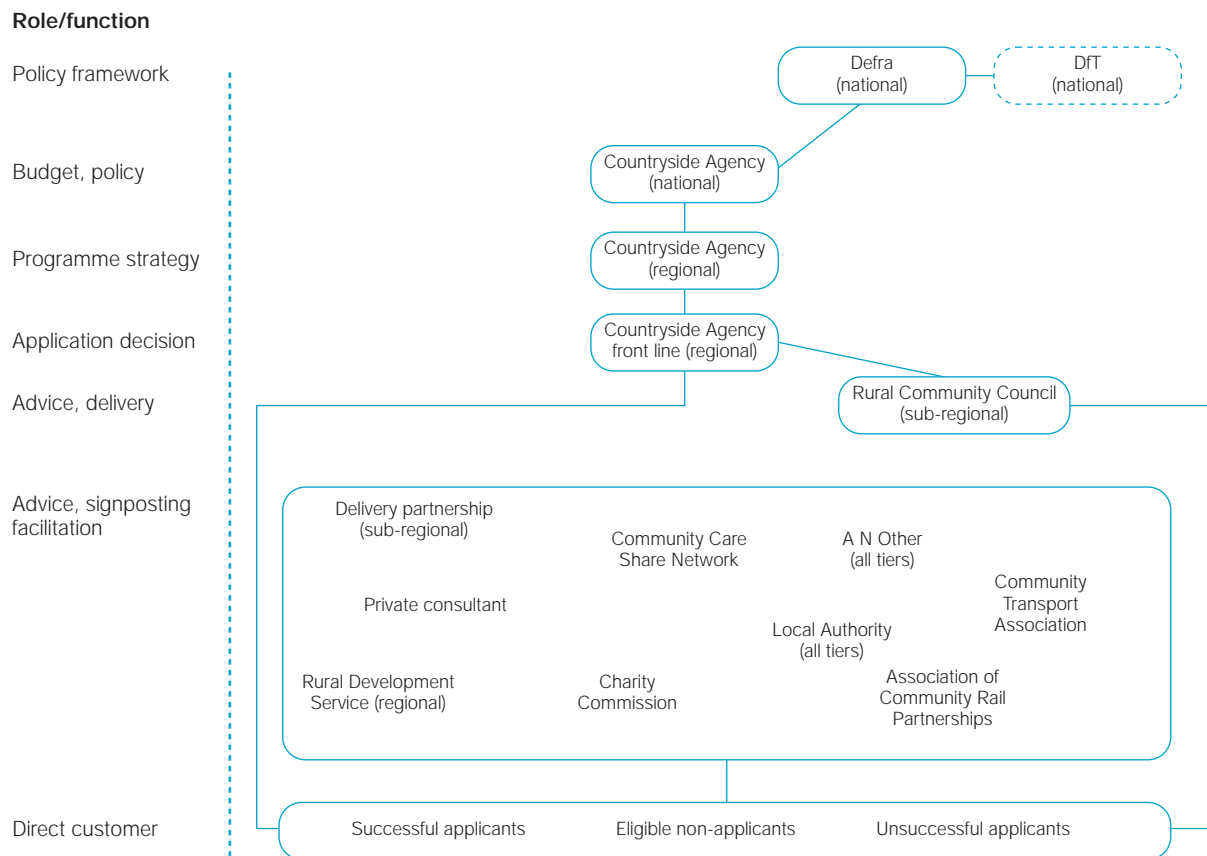
External research in our literature review supported this. For example customers in one area of the country were questioned about the Environmentally Sensitive Area (ESA) Scheme. Three quarters of those who responded considered that they would recommend the Scheme to their neighbours. This was despite criticism of bureaucracy and inflexibility. The scheme is long running, and has a sound reputation.

g) Effective co-ordination of delivery and joint planning have helped to overcome structural boundaries and help to deliver value for money.

Throughout our research we encountered examples of joint working where the hard work of the people on the ground had overcome the lack of an overall strategy or formal mechanism for coherent rural delivery. Many delivery staff were proactive in establishing relationships and effective in how they organised and co-ordinated the delivery of a programme.

Our Vital Villages case study highlighted an example of local delivery agents working to co-ordinate delivery and improve access for the customer despite the absence of a formal mechanism. There was evidence of good working relationships in the region studied between the local Countryside Agency staff, the Rural Community Council and the Local Authority's Local Partnership Unit. The Rural Community Council and Local Partnership Unit played a large role in the delivery of the Vital Villages programme. The Rural Community Council and Local Partnership Unit would advise customers on the programme and application process, often taking on a very hands on approach and working closely with individual parishes. They also appeared to have good links with various other organisations at the local level, including the Village Retail Services Association (ViRSA) and Rural Development Service. Figure 6 illustrates joint working to deliver Vital Villages, as seen in our case study.

Figure 6: Vital Villages scheme – roles and relationships



The Woodland Grants case study highlighted examples of good practice in joint working. Overall collaboration in a general sense was described by respondents as 'good' in areas of common interest. Successful examples of partnership working were evident, showing what the Forestry Commission has achieved.

'One area where [Forestry Commission] is at the forefront is the development of partnerships with county councils and AONB teams: 'New money for Coppice Woods'. This is very much as you describe a partnership. It was first initiated in West Sussex where the county council put forward a small amount of funds to support restoring coppicing in native woods. Targeting and promotion was carried out jointly and the Forestry Commission provided a delivery mechanism. This approach is now being taken up by other councils and AONB teams.'

(stakeholder, woodland case study)

Several stakeholders in our consultation highlighted partnership working as good practice. Preferences were expressed for schemes that involved a wide range of partners, including those from the private sector and community and voluntary groups. Due to the high number of organisations involved in rural delivery, stakeholders appreciated efforts to co-ordinate delivery and run joint schemes. The Regional Development Agency (RDA) and Countryside Agency's joint delivery of the Market Town Initiative was given as a good example.

Our review of relevant literature also supported the findings from our research. The *Reforming our public services – Principles into Practice 2002* report highlighted the importance of joint working in delivery, stating:

'There is now an acceptance of the benefits of partnerships, reflected in the extensive network of effective working relationships between public, voluntary and private sectors'.⁴⁹

h) Where it takes place, consultation of local communities and other customer groups is strongly appreciated (especially where expectation is well-managed).

The stakeholders that we interviewed as part of the Market Town Initiative case study felt that, as well as the creation and development of local partnerships, the community consultation involved in the scheme was another of the initiative's main strengths. However, it is essential that the possible outcomes of the programme are communicated clearly to the community to avoid false expectations. It is also crucial to communicate progress and timescales to the community to avoid disappointment.

A large majority of stakeholders in our written consultation felt that they should be consulted on rural delivery issues. Stakeholders felt that it currently varied as to how well they were consulted on new rural products, services and relevant developments, but very few felt that they were never consulted. The majority felt that this should be the responsibility of both central and regional government.

Where there is room for improvement

In all strands of our research we asked respondents (rural service deliverers, policy makers, stakeholders and customers) what in their view and experience worked less well and where improvements could be made. Our findings are summarised below.

Poor accountability

a) Defra's rural policy remit is not widely understood.

This review was commissioned to ensure that Defra's delivery mechanisms were efficient and effective in the delivery of Defra's rural policy objectives. However, it was evident from our research that confusion exists as to the role that Defra should fulfil and therefore how it should best utilise its delivery agents. Our findings were in line with those in the Joint Strategic Review of Defra⁵⁰, which found that *'the impact of the absence of clarity around the policy making process is felt [...] in relation to customers, as it entails a lack of clarity about what is being*

49 *Reforming our Public Services – Principles into Practice*, Prime Minister's Office of Public Services Reform, Cabinet Office (2002).

50 *Making It Happen – The Joint Strategic Review of Department for Environment, Food and Rural Affairs*, Department for Environment, Food and Rural Affairs and the Prime Minister's Office of Public Services Reform (2002).

achieved and for whom. This perpetuates confusion and insufficient understandings of who customers are and the lack of services properly tailored to their needs’.

It also argued that:

‘Developing a more focused strategy which is clearly prioritised will help to ensure that the entire department works with an awareness of what Defra’s strategic priorities are and organises its efforts around them.’⁵¹

Defra is carrying out work to clarify its role. In our structured interviews some policy makers acknowledged and highlighted the change in the nature of their jobs since the formation of Defra, moving from ‘running things’ to ‘influencing people’, but few noted that this shift required a very different set of skills and competencies. However, some did acknowledge the fact that the current arrangements cannot continue to deliver in the future without change.

The absence of a generally agreed definition of rural has hampered Defra’s efforts to address these issues (‘You know ‘rural’ when you see it’ was one comment that well illustrated the difficulty). (See Section c)

b) Rural policy and delivery functions are confused and overlapping, blurring accountability.

Our structured interviews with key policy makers and national deliverers highlighted the lack of clarity about where responsibility lay across the Defra family. National deliverers in our structured interviews mainly agreed that there was ‘lack of clarity about where responsibilities start and finish’. There was also concern that Defra considered itself accountable for activities that were effectively contracted out to delivery bodies external to the Department. There was evidence of policy developers becoming involved in the detail of what delivery agents did, thereby confusing accountability and responsibility for policy and delivery roles. We saw evidence within Defra of Ministers and senior officials becoming involved in detailed decisions on certain aspects of scheme delivery. Several deliverers also felt that Defra did not always hold them accountable for the right things.

Findings of the government’s Better Regulation Task Force supported our findings. It found that a common complaint from business stakeholders, local authorities, Government Offices for the Regions, Regional Development Agencies, Business Links and Learning Skills Councils was Whitehall micro-managing from the centre⁵². Many policy developers felt that they carried out a considerable amount of work that brought them into the detail of delivery. Several referred to their role as ‘running their schemes’ rather than developing objectives or contributing to a desired outcome. However, the Defra Landscape Review stated:

‘No single, all encompassing list of delivery bodies exists in Defra’ [and] ‘no central register of service providers, whether they are formally outsourced and provided by the private sector on contract on Defra’s behalf or, if they are, when such contracts terminate or come up for renewal’.⁵³

Throughout our research we also found no evidence of an agreed methodology for managing the Department’s relationships with its various delivery bodies. There was therefore little consistency in how this was done and no evidence of sharing of best practice in Defra’s dealings.

Stakeholders in the written consultation were asked to identify the roles of different bodies involved in policy development and in delivery of rural services. There was confusion amongst several stakeholders as to the role individual organisations played in the development and delivery of services. Customers in the focus groups, case studies and written consultation were also frequently unsure or confused about the policy and delivery functions of organisations.

51 *Making it Happen. The Joint Strategic Review of Department for Environment, Food and Rural Affairs*, Department for Environment, Food and Rural Affairs and the Prime Minister’s Office of Public Services Reform (2002).

52 *Local Delivery of Central Policy*, Better Regulation Task Force, Cabinet Office (2002).

53 *Department for Environment, Food and Rural Affairs – Landscape Review*, Internal Report, Department for Environment, Food and Rural Affairs and the Prime Minister’s Office of Public Services Reform (2002).

Our review of literature also supported the findings from our research. The Landscape Review identified delivery bodies, either part of or separate from Defra, as having differing degrees of responsibility for, or input into, policy development. It also argued that:

'it is difficult to identify clear accountability for specific [Defra PSA] targets ... or where there is multiple accountability for targets, but without clearly articulated knowledge of the respective contributions, or relative accountability of the different agents involved'.⁵⁴

c) Rural policy development fails to take proper account of customer needs and the realities of delivery, a situation exacerbated by the lack of a shared, reliable evidence base and confusing definitions of 'rural'.

The second report of the Environment, Food and Rural Affairs Committee⁵⁵ noted that the Countryside Agency were recommended to *'make its highest priority to define what is a 'rural' area and to seek to ensure that other Departments and Agencies and other public bodies adopt the same definition ... final definitions should be available by Summer 2002'*. We understand that this has not yet been achieved and that work is still being carried out.

In the written consultation of both stakeholders and customers there were numerous criticisms of the current rural delivery arrangements. A significant number of those criticisms focused on the lack of understanding shown by policy developers as to the realities of delivery and the needs of customers on the ground.

Policy developers in our structured interviews did not acknowledge a personal responsibility for having a keen understanding of their customer base. Several interviewees mentioned that customers were not their 'area of expertise', and few spoke confidently about their knowledge of the recipients or beneficiaries of the government's policies. Almost all interviewees acknowledged that the department had a great deal of work to do to understand their customers' expectations and needs might be.

Some interviewees differentiated helpfully between two groups of customers – direct customers (those who were in direct receipt of the Department's money, advice or regulatory functions) and end customers or beneficiaries (those that are intended to benefit from the outcomes of schemes and services). But there was confusion as to whether and how the customers ought to be consulted, and none of the policy developers seemed to have considered that the perceived needs of these two groups might come into conflict. In addition, policy developers were unsure as to who would consider themselves to be a customer of the Department.

In turn, stakeholders in our research felt that there was a lack of consultation by policy developers and those designing schemes, reflecting a general lack of consideration of the customer and their needs. Several stakeholders commented that policy was developed with the incorrect view that 'one size fits all' and that greater flexibility should be permitted in delivery arrangements. It was felt that policy makers had difficulty seeing the delivery landscape as a whole, resulting in a lack of co-ordination and sustainability in policy development making and complex policies that could not be delivered on the ground. There was a frequent criticism of the 'gold plating' of regulations, EU legislation in particular.

Respondents reported that the commitment of central government to accommodate the needs of rural delivery customers or beneficiaries was variable. Stakeholders mentioned the problems of central government being remote from those living or working in rural areas and felt that 'policies need to be more targeted'. This message was confirmed in the customer consultation and focus groups: customers felt that Defra did not appreciate their needs, and they were very critical of staff in 'London' who they felt did not understand rural life or the needs of rural communities and businesses.

There was a strong message from our consultations that the targeting of the needs of rural areas needed to be improved if rural delivery was to become more effective. Throughout the research deliverers, stakeholders and customers supported the view that, to target rural needs effectively, one must act at a regional or local level, not nationally.

54 *The Department for Environment, Food and Rural Affairs – Landscape Review*, Internal Report, Department for Environment, Food and Rural Affairs and the Prime Minister's Office of Public Services Reform (2002).

55 *Second Report – The Countryside Agency*, HC 386, Environment, Food and Rural Affairs Select Committee (2002).

'...increased delegation of resources and responsibility for development and appraisal of schemes at a more local level. Although rural areas often share the same issues, solutions that are best suited to address them will differ between areas and regions of the country. To ensure that local circumstances are taken into account, solutions need to be designed locally, rather than at the national or regional level.'

(stakeholder, written consultation)

There was a strong sense among all groups in our research that delivery should be devolved away from the 'centre' where ever possible. Therefore, as part of the research we also explored and tried to establish what role respondents felt that Defra should play. Stakeholders and customers felt that Defra should focus on policy development by setting the direction for rural delivery but that it should work with and influence others to meet those needs. It was felt that Defra itself could not meet rural needs through direct delivery mechanisms as it could not offer the flexibility that was required. This view was particularly powerful in the business advice and training case study:

'My experience of Defra is that they're spending a lot of money, but from where I sit it is very poorly directed ... I don't think the government's role is necessarily to take control of the delivery mechanisms ... Get it local, get it delivered locally and get local accountability for it and expect people to tell what they're doing but not too bureaucratically.'

(stakeholder, business advice case study)

Our review of literature found significant support for our findings highlighted above.

*'Devolution and delegation to local providers can help tailor services to meet local needs. More decisions need to be taken by people who understand the regional and local impact of policies.'*⁵⁶

*'Efficient delivery in practice depends on many things ... [including] policy design that has taken account of implementation issues and knowledge of what works ... sufficient freedom for those on the ground to innovate and adapt policy to local conditions ...[and] clear lines of accountability.'*⁵⁷

*'Defra has a higher than average proportion of delivery retained internally than any other Government Department.'*⁵⁸

d) There is a shortage of management information on rural delivery, which restricts Defra's ability to make policy and to track progress against its objectives.

In conducting our research it proved on the whole very difficult to obtain financial data that distinguished between an organisation's programme costs and its delivery costs. In many cases assumptions needed to be made to come up with meaningful estimates of delivery costs. In our structured interviews several policy developers and national deliverers commented on the lack of management information collated or available within their organisation/s. For example two people commented:

'We're quite bad, and have been quite bad, at getting real useful management information from the schemes. That's partly an IT problem.'

(policy maker)

'Certainly whatever the arrangements are, the policy bits of the department need to have sufficient information, including good information.'

(deliverer)

56 *Reforming our Public Services – Principles into Practice*, Prime Minister's Office of Public Services Reform, Cabinet Office (2002).

57 *Better Policy Delivery and Design: a Discussion Paper*, Performance and Innovation Unit, Cabinet Office (2001).

58 *Department for Environment, Food and Rural Affairs – Landscape Review*, Internal Report, Department for Environment, Food and Rural Affairs and the Prime Minister's Office of Public Services Reform (2002).

When asked about how well they believed Defra was at collating management information, deliverers noted:

'I think the answer is not very ... nor do we have terribly structured or reliable evidence And while we do have some information, I think it is often quite skewed or difficult to interpret.'

'I think we could do with, you know, a very clear programme management structure'.

External reports also supported these findings:

'Problems with Defra's policy making included 'Clearly defined outcomes and targets, or links to improve delivery, were not always articulated. Measures of success and standards of delivery were not clearly assessed'.⁵⁹

'...it is clear that the uncertainty in present data continues to have an impact on the Environment Agency's business plan. Poor quality information can only hinder the Agency and its sponsors in making realistic assessments about the costs of future objectives and accurate forecasts of the resources necessary to achieve them'.⁶⁰

e) Targets for rural delivery too often assess administrative processes rather than outcomes and public benefits.

Our literature review supported our research finding that internal targets are too often concerned with processes rather than outcomes. The Rural Development Service Business Plan 2003-04 shows that performance measures from England Rural Development Programme (ERDP) schemes are frequently concerned with outputs from processes such as numbers of applications received, numbers of applications agreed, and scheme expenditure.

Whilst targets based on processes such as the timeliness of processing applications and making payments are valuable, the balance of 'process' based targets as opposed to 'outcome' based targets was found to be inappropriate. Relevant outcomes of expenditure such as business survival rates, income generation or increase in species numbers should be central to both internal and external targets used to monitor success of specific schemes and services.

We identified a few schemes (mainly the land-based schemes) in which outcomes had begun to feature prominently within targets. However, the overall emphasis remains on process outputs and does not go far enough in monitoring crucial outcomes of expenditure. This is reflected in the fact that many of those who administer the schemes appear to have only an indirect grasp of outcomes.

As part of our Business Advice case study we looked at the monitoring and targeting arrangements for the schemes. In the region in which the case study took place there were many different organisations and types of bodies involved in the delivery of business training and advice, ranging from membership organisations like the Country Land and Business Association (CLA), to colleges and Business Links. They were funded from a variety of sources, including the RDA, DTI, Defra, and the EU. The application, monitoring and reporting arrangements for these funds vary greatly. Some funds require monthly reporting, others yearly. All those interviewed felt that there was some degree of in-year flexibility in the targets that they were set, as long as it was justified and that the annual targets were met. Targets set for each project mainly focused on hard outputs such as number of course attendees. However most of those deliverers we interviewed felt that targets based on outcomes and the benefits achieved by the schemes, such as the number of farms engaging in successful further diversification, were far more important.

Another significant complaint was in relation to the lack of flexibility in scheme funding arrangements. Over the course of a three year agreement funding is awarded on an annual basis for a scheme (rather than being provided on a flexible basis across the life of the project). Deliverers felt that this was too prescriptive and offered them too little flexibility if demand from the training or advice did not follow the predetermined pattern.

59 *Making it Happen – The Joint Strategic Review of Department for Environment, Food and Rural Affairs*, Department for Environment, Food and Rural Affairs and the Prime Minister's Office of Public Services Reform (2002).

60 *Environment Agency Financial, Management and Policy Review – Stage 2 Report*, Department for Environment, Food and Rural Affairs (2002).

The Woodland Grant Scheme and Farm Woodland Premium Scheme in our case study were found to be complex schemes with an apparently simple purpose. The administration process appeared time-consuming and cumbersome. Administrative staff reported:

'There are bottlenecks in the system. Some are due to the nature and extent of the bureaucracy itself, requiring excessive checks, passing files back and forth for signature and inputting details of applications into a database, which is a task for the woodland officers'.

(deliverer, woodland case study)

The need to consult with other bodies was the main source of delay. The target for completing application checks is 28 days. Staff acknowledged however that 'in some cases there can be a delay of 2 months, or more'.

In a survey of the Vital Villages programme, interviews were held with individuals from the Countryside Agency and Rural Community Councils. One comment made was that:

*'Currently, the programme puts considerable emphasis on meeting immediate financial targets, and there is not enough scope for investing time with some more deprived communities in order to develop ideas and then take them forward.'*⁶¹

Failure to satisfy regional and local priorities

f) Customers are expressing dissatisfaction with the delivery of rural services, which they feel do not address their needs or expectations.

Findings throughout our research, many of which are summarised above highlight customers' views of rural service delivery. Customers as well as deliverers and stakeholders often feel that services are not targeted efficiently and do not meet their needs or expectations. As a result of this we found wide spread disillusionment among customers.

Customers felt on the whole that current service provision was not targeted to meet their needs and failed to do so.

In our focus groups respondents felt that training or advisory services did not always address real need.

'I think there is a tendency to slant the kind of training that's offered towards things that a higher authority would deem to be improving for us rather than directed to the kinds of things that we actually... on the ground would help us.'

(customer, focus group)

'There seems to be an obsession with training farmers to operate computer packages.'

(customer, focus group)

'I could have gone and learnt how to operate Word and Excel oh, a hundred times by now I should think.'

(customer, focus group)

'They need to be a little bit more imaginative about what kind of training is offered.'

(customer, focus group)

When training courses were identified as being relevant, respondents, particularly land managers, felt they did not have the finances or the time to attend, or else that the course was held at an inconvenient time.

'We actually can't afford the time to go on these courses, or sometimes the cost of them – you know, as an individual.'

(customer, focus group)

61 Internal Report on the Vital Villages Programme, Countryside Agency (2002)

Stakeholders disliked grant schemes that were not targeted and did not meet customer needs and were delivered inflexibly. They also saw as a weakness schemes that were bureaucratic both in the application process and the ensuing monitoring arrangements. There was also a general disapproval of grant schemes that were not transparent. This criticism was directed in particular at the Rural Enterprise Scheme, partly due to the costs and time involved in application.

'Over bureaucratic schemes are a major disincentive to those who perhaps could use the scheme most effectively. Often existing schemes tend to reward those who are good/practised at bidding rather than necessarily those most deserving of assistance.'

(stakeholder, written consultation)

Customers in our written consultation were asked to make suggestions for change to the current delivery arrangements that would benefit them. These suggestions included:

- deliverers need to understand the needs of local people and the area;
- make service delivery more locally based;
- services should be needs focused;
- recognise different needs of individual parishes and towns;
- recognise community groups are led by volunteers who do not have time to fill in long complicated forms;
- employ a dedicated officer;
- develop longer-term planning and a clearer vision for the future;
- deploy more staff to provide local support;
- listen and respond to feedback from customers;
- make more use of voluntary organisations;
- make access to decision makers easier.

The Market Towns Initiative was on the whole valued by those that engaged with the scheme. Its key strength was often seen as consultation with the community. There were also drawbacks identified with the scheme, particularly the problem of insufficient funding being available and the raising of expectations that could not subsequently be met.

'We look at what we're going to receive and then we try and match what we need to do to where the funds are going to come from, what their objectives are. There's always a mismatch of that. And although government policy talks about grass roots led initiatives there is in fact a grass ceiling in that you cannot go beyond limits ... there is no flexibility in it.'

(customer, Market Town Initiative case study)

'My worry is that in fact, will the funding be available to match up to the implementation? And have we in fact raised the level of expectation in local partnerships which might not be delivered?'

(stakeholder, Market Town Initiative case study)

g) A lack of rigorous standard setting and accountability in the provision of business advice means that quality is variable.

We found that some rural businesses use independent consultants to help them with complex grant applications. Others rely on them for advice on restructuring and growth. In our research we encountered very mixed views of the services that were on offer, both from independent consultants and from Business Link. Some opinions were negative:

'The quality of advice that was on offer was abysmal.'

(customer, focus group)

'Cynically you might wonder if they were looking for commission rather than helping.'

(customer, focus group)

Some were more positive:

'advice was quite practical really ... So to be perfectly honest I can't fault it. I felt very pleased. And I'm sure if ... things weren't adding up I think they'd be realistic on that as well, what budgets would be feasible.'

(customer, business advice case study)

The customers we interviewed were most satisfied with the service that they had received when it was provided by an adviser whom they trusted and who they felt had the relevant experience. The relationship between customers and advisers was crucial to the quality of the service they felt they received, more so than the organisation from which they received it.

Deliverers in our business advice and training case study explained that when organising conferences the most effective speakers were those that had practical experience or were engaged in the activity at the time, an example being farmers who had expanded into tourism and who spoke at a farm diversification workshop. The same applied to advisers, customers reacting most positively to those who they felt understood their circumstances.

'Just having somebody coming in who's been in that line of work as well so possibly knew far more than I do and it felt, I don't know, sort of supportive and inspiring really.'

(customer, business advice case study)

We found that when customers were confused as to what was available they tended to rely on the initial contact that they had made for all further advice. This could be Business Links, a network (for example Women in Rural Enterprise) or their bank manager. One customer said of Business Links:

'If I'd made an enquiry and it wasn't quite their department they would always pass you on to somebody else which they suggest you could contact. I think it's the fact that it's a pool for advice really. So they're the lifeline in a way of pointing you into the direction.'

(customer, business advice case study)

Several customers in our focus groups reported finding independent advisers or consultants quite aggressive in approach and not particularly helpful or knowledgeable. Customers felt there was not adequate monitoring or regulation of advisers, who they often found to be inexperienced and unqualified. The credibility of the service was also important to customers: they wanted to know that what they received was something that they could rely on, such as a robust business plan to follow and take to their bank manager.

Too many players

h) Too many organisations are involved in rural delivery, resulting in confusion (delivery of sustainable land management for example is handled by at least six national agencies working with multiple regional and local organisations).

Throughout our research there was a strong feeling amongst all groups that there were too many organisations involved in rural delivery. We found this to result in rural delivery appearing over-complex and resource-intensive (in terms of potential duplication of effort, overlaps between the roles of organisations and the need for additional co-ordination and discussion in delivery). The number of organisations involved in delivery caused confusion for customers trying to access rural services.

Delivery of sustainable land management for example is dispersed across at least six national agencies working with multiple regional and local organisations. The Defra Landscape Review⁶² found there were 12 in-house delivery agents within Defra. It also identified 40 bodies with an executive function delivering for Defra. If this also included advisory functions, the figure rose to nearly 80 discrete organisations acting as delivery agents for Defra.

62 *The Department for Environment, Food and Rural Affairs – Landscape Review*, Internal Report, Department for Environment, Food and Rural Affairs and the Prime Minister's Office of Public Services Reform (2002).

Customers in our focus groups all expressed confusion over where they should go in the first instance to access particular services. Typical views included:

'Too many organisations All with a finger in the pie and you don't know who's doing what'.

(customer, focus group)

'The fact is, I'm absolutely sure that DEFRA doesn't know how their money's being spent, how many agencies are handling it ... It's bureaucracy gone mad'.

(customer, focus group)

This view was confirmed in our stakeholder consultation, with some stakeholders making recommendations on how change could take place:

'Merger of, reformulation or increased co-ordination between key agencies, e.g. Countryside Agency, English Nature, Forestry Commission and Environment Agency'

(stakeholder, written consultation)

In our focus groups customers criticised some organisations which they felt were obliged to justify their existence, for example:

'There is a feeling that people in some of the organisations, the English Natures and English Heritages, because they have a particular remit, they also feel the need to comment on everything in order to justify this remit'.

(customer, focus group)

In the Woodland Grant Scheme and Farm Woodland Premium Scheme case study the number of organisations involved was viewed as being *'unnecessary', 'wasteful', 'confusing' and 'bureaucratic'*.

i) Customers are confused about the roles of the many organisations involved in rural delivery, above all these dealing with land managers.

'It is not easy for the customer to identify his appropriate market. This may resolved by better communication between support agencies or a single point of initial contact.'

(stakeholder)

We found that, for rural delivery to be effective, customers need to be clear as to where they should turn for the services that they require. To do this they need to understand the roles and responsibilities of the organisations in the delivery landscape.

All of the focus groups commented on the confusing roles of the organisations and individuals involved in the delivery of services, specifically grants and payments and training and advice. Many felt that the number of organisations involved led to this confusion and complexity. Customers, particularly land managers and rural business owners, also found it difficult to recall the names of organisations they had dealt with when enquiring about or accessing services. In particular they had difficulty distinguishing between organisations, notably core Defra and the Rural Development Service.

'[It's not clear] who's doing what. It's a real sort of mishmash, and unless you work full-time on it it just beggars belief how anybody understands it.'

(rural business owner, focus group)

'All the names and phrases are so confusing.'

(rural business owner, focus group)

Lack of co-ordination

j) There are far too many regional strategies (more than 70 regional or sub-regional strategies in one region alone).

The Government Office for the North West guide to regional strategies identified more than 70 regional or sub-regional strategies in the North West region alone. Many have a direct or indirect bearing on rural delivery. Local deliverers complained of *'strategy overload'*.

A stakeholder commented on the problems of working with numerous strategies and frameworks. Particularly the number of schemes and services that did not appear to fit into one overall strategy:

'There is an urgent need to create a common framework for addressing rural issues in county areas, that integrates the approaches taken by a number of organisations. I refer to community planning and community strategies, the Market Towns Initiative, Rural Renaissance, LEADER+, AONBs, Vital Villages, Rural Enterprise Scheme, local partnerships, etc.'

(stakeholder, views to Chris Haskins)

Our review of relevant literature also supported this. The Better Regulation Task Force's Local Delivery of Central Policy⁶³ report found that:

*'There are conflicting targets. For example, local Business Links operators are not given a target for local business start-ups, as it is believed this might adversely influence the advice given to potential entrepreneurs. A business adviser chasing a target for start-ups might not give the best advice to each client. Yet the DTI, which is responsible for both Business Links and RDAs, does set up start-up targets for the RDA. There is no logic in this.'*²⁸

k) Regional co-ordination of delivery is unduly complex, bringing together several organisations with similar or overlapping agendas. Membership of discussion forums is too unwieldy for effective dialogue.

Our stakeholder written consultation asked respondents to provide details of forums or groups they attend for the purposes of co-ordinating the delivery of services in rural areas. The responses produced a list of over 200 different forums and groups involved in work within England at either a local, county, regional or national basis.

Several appear to have similar roles in the same parts of the country. For instance, in one county there is a Rural Recovery Board, a Rural Recovery Panel, a Rural Recovery Task Force and a Rural Renaissance Board all with similar membership.

Respondents were also asked about what they thought about the forums and groups they were involved in. Generally, the comments were positive. For instance, a Business Support Partnership was said to play a 'crucial role'. A county-wide partnership 'makes a significant contribution to the delivery of rural priorities', while a Rural Forum was 'excellent'.

However, drawbacks and problems were also mentioned. A forum of local parish councils was seen to be a 'talking shop', as were a number of Regional Rural Affairs Forums. A Community Planning Forum had 'little purpose or advantage'. The Rural Affairs Forum for England (RAFE) received mixed comments. While one respondent felt that RAFE provided a *'valuable opportunity which takes account of needs and interests'*, another said that the Forum:

'Claims to be the fountainhead of innovation and participation but it has evolved into something that embeds bureaucratic stagnation.'

(stakeholder, written consultation)

63 *Local Delivery of Central Policy*, Better Regulation Task Force, Cabinet Office (2002).

The Stakeholder Consultation also highlighted the large number of organisations involved in rural service delivery that sat on these groups. One particular county based group had representatives from 60 different organisations from the public, private, voluntary and community sectors, all involved in delivery in the area.

I) There are too many initiatives, schemes and services (there are for example over 100 separate streams of rural delivery activity and funding in one sub-regional area, such as a National Park). Poor co-ordination has created a complex and confusing delivery landscape.

Our research identified a significant number of initiatives and services available in rural delivery. The customer consultation highlighted how highly recipients appreciated the existence of any rurally orientated delivery. However the lack of co-ordination between schemes and their frequently overlapping nature serves to add to the confusion and raise barriers to access for the customer.

The review found for example that there may be over 100 separate streams of delivery activity and funding in one sub-regional rural area, such as a National Park. We also identified that Defra funds around 75 separate streams of rural delivery activity.

'The grant thing is becoming, or has become, a racket. A racket employing a hell of a lot of people and a hell of a lot of other people giving their time to committees who do absolutely nothing.'

(rural business owner, focus group)

We found that delivery agents were also confused by the array of rural services available, despite their best efforts to co-ordinate on the ground. When asked, most deliverers in the business advice and training case study were engaged in some form of joint working, particularly between the localised, specific outreach schemes and those run by the colleges. Some deliverers saw themselves as a stepping stone, a means of engaging with customers and directing them to the colleges for more in-depth business courses. However, despite this assertion of joint working most deliverers interviewed felt that there was an overall lack of co-ordination. Deliverers agreed that this and a lack of awareness of what available stood as a barrier to customers. We found that there is so much available to customers that they do not always know where to turn. This was confirmed by customers who felt ill-informed and would return to their initial point of access to business advice for guidance.

Even in a scheme that is jointly delivered, such as the Market Town Initiative (Countryside Agency and RDAs) there appeared to be a lack of consistency in the administrative burden that they each placed on their customers.

'I don't know actually, I don't know whether the RDA actually ask for a quarterly report or not. We certainly do.'

(deliverer, Market Town Initiative case study)

'People are so confused! There's Market Town Initiatives, there's Vital Villages, there's parish plans. There's this, there's that and the other and in the end they're thinking what? In the end they just switch off because it's so jolly confusing.'

(customer, Market Town Initiative case study)

In the case of other schemes that were felt to be broadly beneficial, a lack of co-ordination with other initiatives in the delivery landscape meant that they appeared less effective than they could be.

'Vital Village appraisals don't fit into anything else on their own. They don't interlink with anything. Now what we have made them do in [the county] is all village appraisals in one area fit into the CIP, the CIP fits into the community plan Each district council has got to do a community plan and set up its local strategic partnership.'

(stakeholder, Vital Villages case study)

This lack of co-ordination was widely perceived by customers. Several respondents to the written customer consultation made one or more suggestions for reducing the complexity in the current system. These included the need to create 'one stop' or 'first stop shops' and to ensure more joined-up delivery.

m) Many initiatives are insufficiently tied into the regional agenda.

During the course of our research we encountered initiatives that were considered to work in isolation from, and not take account of, the wider working of the delivery landscape. This was sometimes found to result in an incoherence in delivery to the customer.

Parish councils are the most local tier of government. It was suggested that funds could be channelled to parish councils through higher tier local authorities. It was felt that this would have the advantage of encouraging the two tiers to engage. However it was also recognised that it would be important to ensure funds were dedicated to meet this objective.

Connecting with the local authority was seen to add legitimacy, ensuring plans fed into a higher tier. It was felt that it would reduce the confusion as to where and who to go to in order to access grants, as customers were generally found to see local authorities as their first port of call to find out information about available schemes and services. It would also mean that those delivering the scheme would find it easier to visit the communities they were working with and perhaps maintain a higher level of contact with them.

'The Countryside Agency presents a very user friendly image. However, they haven't really subscribed to the rural support sector and can be seen as too far removed from the needs of communities.'

(stakeholder, written consultation)

In the Vital Villages case study and our focus groups with voluntary and community representatives, respondents mentioned the need for Parish Plans to become established and used by the community. Some felt that they should be designed to influence the wider rural agenda and feed into wider strategies; matters would improve if ...

'...you could write a parish plan, and that had the clout to be incorporated, or ... you submit it to [a local authority] and they had to take account of it and use it to devise their strategies rather than read it and go 'Oh we're not going to bother with that....'

(customer, Vital Villages case study)

n) Deliverers have a patchy understanding of the strategic objectives of their work.

We found that for delivery to be co-ordinated and effectively delivered, organisations need to be aware of the workings of the other players in the delivery landscape. Part of the role of strategies is to determine the direction for delivery and allow delivery agents to be aware of and work towards that common goal. However, where delivery agents were not aware of an overall strategy this co-ordination did not take place.

In the business advice case study, for example, the deliverers interviewed were not aware of any overall strategy of which their business advice scheme was a part. They were however aware of a number of organisations involved at a regional level in organising the delivery of advice and training for a region.

Confused customers

o) Customers lack clear information on relevant products and services. Scheme guidance, qualifying criteria and application processes are complex and off-putting.

We found that services that offer clear information and provide an application process that is transparent, with well-communicated application procedures, present lower barriers to access for the customers than those that do not. In our research we received numerous complaints about the complexity of schemes and initiatives.

'It is like trying to crack a secret society. It's very jobs for the boys and the same people get the money.'

(customer, Market Town Initiative case study)

Customers in the focus groups reported that the application process for grants and payments in particular was time-consuming and very complex, often requiring specialist help.

'So I mean, you know, it did work in the end, but it was just – if I hadn't been very, very bloody-minded I would have given up long before we ever got there.'

(customer, focus group)

'This scheme now, I mean, the form's like 20 pages long. We've already had two meetings on how to fill the form in.'

(customer, focus group)

'It's an extraordinarily complicated process to apply for any of this money.'

(customer, focus group)

'You need a degree in form filling.'

(customer, focus group)

In the Rural Enterprise Scheme (RES) case study we found that the guidance notes were long and confusing and not written in a style that was easily understood by applicants. The application form was very detailed and frequently criticised for asking applicants for repetitive information. Many customers perceive it as impossible to prepare an application without substantial help, even though they will have to run the actual business themselves.

'It's too much for somebody like ourselves to be able to complete without the help of a consultant or someone.'

(customer, RES Case study)

This complexity and frustration was felt by many in relation to different schemes. The Woodland Grant Scheme and Farm Woodland Premium Scheme case study identified clear frustration and sometimes misunderstanding among customers in relation to some of the documentation for the schemes. Even those who felt that the scheme generally worked well reported documentation as unfriendly.

'For a start the actual wording of the contract could be improved by using plain English. The number of pages could be reduced. It is not a user friendly document and the layout is archaic. It really needs to be simplified.'

(deliverer, woodland case study)

Land managers in the focus groups were generally more aware of services, particularly grants, available to them, than other customer groups (rural business owners and voluntary and community representatives). This appeared to be because land managers were more likely to be plugged into relevant networks that enabled them to hear about available services, for example information provided by the National Farmers Union (NFU), FWAG and ADAS. Land managers were also more experienced in applying for grants and aware of the organisations likely to provide them. However, even this customer group felt that they were not aware of all of the schemes available to them. In particular they felt less informed of regional and local initiatives compared to national schemes, which they felt were slightly better publicised.

'Obviously there's a big pot of money somewhere and we don't know how to access it.'

(rural business owner, focus group)

'We're probably aware of most of the national schemes, but there are ones for our region, maybe funded by different organisations, that we don't know about.'

(land manager, focus group)

'Hearing people talk today, they don't know what they are entitled to. A lot of businesses would fit the Rural Enterprise Scheme, but because they're not farmers they don't think they fit the scheme, and there are small businesses, such as your Post Office and pubs and various others which are the keystone to the survival of the rural community, the Post Office, the small shop, who are entitled to some help, so let them know and then you would see the infrastructure of the small rural community surviving.'

(rural business owner, focus group)

All customer groups, including land managers, rural business owners and voluntary and community representatives, believed that a lot of money that should be available through grants is wasted in administration and payment of independent advisers and specialists.

'All these consultants that you talk about are actually paid out of the pot – now this frustrates me greatly, because ... you hear '60 million has gone to agriculture', and it hits the headlines – and 59 of it has gone on consultants.'

(land manager, focus group)

Land managers were usually aware of, and many had applied for, the Countryside Stewardship Scheme. They appeared less knowledgeable of other agri-environment schemes available, such as Energy Crops and the Organic Farming Scheme. Most land managers had heard of Sites of Special Scientific Interest (SSSI) but were unaware of other schemes operated by English Nature, including the Local Nature Reserve Grant Scheme, Land Purchase Grants and Bio-diversity Grant Scheme.

In our focus groups the Rural Enterprise Scheme (RES) was the main scheme that people had heard of in respect of grants for business diversification. Customers who had applied for the scheme knew some details of eligibility criteria. Most however were not clear as to the exact details of the scheme. Customers who had not applied for the scheme were not on the whole aware of any of the details.

FWAG were used, and highly valued by many land managers, to find out about available grants and services.

Customers, particularly land managers and rural businesses were often made aware of grant schemes through cold calling approaches from independent advisers.

Awareness of appropriate training and advice was low amongst all groups. Rural business owners and voluntary and community representatives were particularly unaware of training courses and advisory services that they were eligible to access at both the national and local level.

'I think that the biggest problem we have is the lack of information available to us.'

(voluntary and community group representative, focus group)

The customers that we interviewed as part of the business advice and training case study had heard about the schemes that they had accessed from a variety of different sources ranging from NFU mail shots to their bank manager. Customers did not seem to have a high level of awareness of what other options were available to them, even from the delivery organisation whose services they were currently accessing. There was general confusion as to where else people could turn for business advice and training.

In a recent Defra survey most land managers said that they were most likely to turn to trade associations, solicitors, accountants and private trade providers for business advice and guidance. In the RES case study applicants tended to hear about schemes not through Defra's Rural Development Service but from another source such as Business Links, independent advisers, district councils or Lloyds-TSB. The importance of endorsement by established and trusted networks is something that deliverers recognised.

'If you go through an established channel that they trust it's easier to get them than just start flying a flag and saying 'I'm here'. It gives more credibility if you go through an organisation they have a bit of faith in.'

(deliverer, business advice case study)

p) Land managers and rural business owners complain about the bureaucratic approach to regulation and poor co-ordination between regulatory agencies.

Throughout our research we found that customers were often unaware of the reasoning behind regulations and unsure of relevant details surrounding their implementation. Few respondents in the customer written consultation felt that they were given the necessary advice to help comply with statutory obligations.

Customers in the focus groups mainly felt aware of the types of regulation in place but were unaware of all the relevant detail. Typical comments included:

'One constantly fears that you're probably breaking the law and not quite sure.'
(customer, focus group)

'I doubt anyone within the county is abiding by all regulation rules. It's impossible, too confusing, everyone is breaking some rules, most without knowing it.'
(customer, focus group)

There was a strong feeling among land managers and rural business owners that regulation was often implemented with no explanation or clear guidance. When customers did not understand the requirement for, or background to, new regulations, it was viewed as an unnecessary burden on their business.

'You hear of these new regulations coming out and you think how crazy, they have no reason, no common sense.'
(customer, focus group)

'I'm an arable [farmer] ... regulations and restrictions that were being imposed on us were making it impossible for us to operate properly, and that was of far greater importance than ever trying to get hold of any grant. It's not that we were against the regulations per se. It was the ones that we could see that by implementing them they were achieving nothing.'
(customer, focus group)

Many customers felt that there was no clear guidance relating to regulations but a lot of unnecessary paper work and red tape.

'The amount of paper work that this generates compared to what it would have generated 10 years ago is absolutely phenomenal ... it was frightening, absolutely frightening.'
(customer, focus group)

Many land managers and rural business owners were also critical of the interpretation of regulations from Brussels by government in the legislation they implement.

'The trouble is a lot of these stem from Brussels anyway. It seems that our government seems to think a directive from Brussels is law the day it arrives ... and they have to give it a kind of gold plate.'
(customer, focus group)

'Defra's reputation suffers from association with regulations, which masks all the positive initiatives they're involved in.'
(stakeholder, written consultation)

Customers in the focus groups and written consultation were asked what changes they would make to current delivery arrangements. Many respondents suggested that clearer guidance was required to help them comply with regulations, and produced using 'everyday language'. This suggestion was fully supported in all focus groups.

There was a request from a number of respondents, particularly farmers and rural business owners, to:

'... review what is and is not a necessary part of regulations according to Brussels.'
(customer, focus group)

A few respondents were keen to draw on examples from other countries which they felt were more balanced in their interpretation of EU regulations than the UK.

Greater consultation and a clearer explanation of regulation, why it was required and how it could be adhered to appeared to be likely to have a positive impact upon compliance. It was also widely suggested that the complexities of meeting regulatory obligations would be significantly reduced if fewer organisations were involved.

Many of those who expressed this view argued for a more localised approach that took greater account of the needs and circumstances of the affected businesses.

q) Poor communication during the process of scheme applications has led to false expectations, confusion and in some cases wasted investment on the part of the customer.

Several of the strands of our research identified problems with the way in which schemes and services are communicated to customers. We found that this often led to customers having raised or false expectations of a scheme.

For example, some stakeholders and customers interviewed as part of the Market Town Initiative case study felt that the scheme had not worked out as they had initially been led to believe. They felt that the initiative was advertised by the Countryside Agency as 100% funding for the action plan and 50% funding for implementing it (the other 50% to come from the RDA). However the 100% funding for the action plan was a fixed amount over six months and the process took a lot longer than that. The 50% implementation costs for the project officer, again a fixed amount, was in fact nearer to a third of what was required. The Countryside Agency were themselves encouraging partnerships to advertise the salaries of project officers at a higher level in order to encourage the right calibre of applicant.

The communication of the target audience and objectives for a grant was not always clear. In many cases we found the lack of transparency in the design of a scheme meant that customers had invested a lot of time and large sums of money in the application for a grant without any clear knowledge of their likely success.

More than one of the customers we interviewed in the RES case study had made a significant outlay of funds in putting together their application and were then refused the grant. A land manager was *'encouraged and encouraged'* by a delivery agency to invest money in an application for RES. The application went ahead and some £18,000 was spent on the process including consultancy and accountancy fees and the cost of obtaining planning permission. The application was ultimately refused. Another customer reported investing some £15,000 in their application. That person was also unsuccessful, and unclear as to the detailed reason why. This expenditure may have been avoided if the customer's chances of success had been fully discussed in advance with the relevant deliverers.

In our review of literature we also found that some customers remain unclear as to why their application has been turned down:

*'I knew my application for RES fitted the key regional activities, particularly enhancing bio-diversity in an Environmental Sensitive Area. Even so, my application was flatly refused.'*⁶⁴

(customer)

Feedback and follow-up are an essential step in the applications process, helping customers to understand the alternatives where they are unsuccessful.

r) Delays in the processing of some grants adds to customer uncertainty and can undermine benefits.

In our focus groups it was widely reported that the length of time taken to process applications caused particular problems where people were reliant on the grant to start work. For many of the grants that people were applying for (for example, under the Rural Enterprise Scheme) an applicant was required to provide three appropriate quotes for each item to be purchased or for work to be carried out. In some instances a decision had taken up to six months to be made, leaving quotes out of date. The applicant found it difficult to complete the work for the grant applied for.

64 Business Regulation Team, Regulatory Impact Unit, Cabinet Office (2003).

'You have to have a timescale in your application as to where you're going to spend money, and you have to get a builder to agree to that sort of six months to a year in advance, and then you get the grant, and by that time the builders gone and got another job.'

(customer, focus group)

'Some of the partners were getting pretty cheesed off towards the end by the time it was taking and the lack of hard and fast commitment from the Countryside Agency. Because you had to go through that long process and only when you'd presented them with an action plan did they finally say yeah good! We'll now provide match funding.'

(stakeholder, Market Town Initiative case study)

Customers in our written consultation were often critical of the time it took to process applications and felt that many were not provided in good time.

Our review of relevant literature also highlighted delays in processing applications. For example, over half of the customers who received grants under the Section 35 National Nature Reserve Grant Scheme who were interviewed on behalf of English Nature felt that their local nominated officers were generally not quick enough with the administration of the scheme.

s) The prescriptive and inflexible nature of some schemes raises serious questions about their ability to target need effectively.

There was agreement from all forms of research that the overly bureaucratic nature of schemes was a barrier to access for customers, and therefore their ability to target and meet needs and objectives can be questioned. A typical view was as follows:

'Over bureaucratic schemes are a major disincentive to those who perhaps could use the scheme most effectively. Often existing schemes tend to reward those who are good/practised at bidding rather than necessarily those most deserving of assistance.'

(stakeholder, written consultation)

In the Vital Village case study customers specifically commented on the complexity of the transport grants:

'They were more keen on how we could potentially access the transport grant, and it was like people come up with ideas, you know, having a taxi into town for a little old lady, very nice but actually not what ... the voice of the village had been.'

(customer, Vital Villages case study)

'It wasn't the stuff that people were absolutely desperate for.'

(customer, Vital Villages case study)

Our written consultation sought stakeholders' views about problems in current delivery arrangements. Many felt that services could be better tailored to meet customer need, in particular:

'Larger and national organisations are often too removed from on the ground issues and needs.'

(stakeholder, written consultation)

Local delivery was consistently referred to as the preferred tier of delivery throughout our research. Stakeholders preferred delivery mechanisms with devolved responsibility where local knowledge is used to target those in greatest need. Several stakeholders referred to LEADER+ as a scheme that was locally delivered and therefore was seen as responsive to the needs of the community.

'In general the most effective organisations are those which are under local, sub-regional or regional leadership (at whatever is the most appropriate geographical level for cost effective delivery of a programme or activity) and are utilising national resources to achieve national objectives.'

(stakeholder, written consultation)

Those interviewed in the Market Town Initiative case study felt that the process had been too prescriptive. The Countryside Agency provides a framework for the partnerships to follow as they conduct the health check, create a vision and produce their action plan. It was felt by many that the framework would be useful if they could select from the menu of options those that were best suited to their community, rather than, as the Countryside Agency insisted, completing every section of the framework.

'We were told that we could choose to target particular areas but then if you didn't complete them you were challenged on what you hadn't completed. Reality is, people were forced to do everything.'

(customer, Market Town Initiative case study)

'We could have got that information from some well placed research... We didn't have to go through [all that]. It was never ending really.'

(customer, Market Town Initiative case study)

Customers on the whole felt that services were not targeted to meet their needs and generally failed to do so. Grants were reported to be inflexible with very rigid rules, which meant that applicants were not eligible or had to restructure their application to ensure it fitted the application criteria. This was particularly evident in customers' applications for a RES grant. Our research found that often the people who were aware of how to play the system were the winners whilst those not familiar with the application process were more likely to not succeed in the application for grants.

'The money's not getting through to the people.'

(customer, focus group)

'You're dishing out grants, you're trying to help, your hitting the wrong targets.'

(customer, focus group)

t) A lack of on-going help and support for projects once the initial grant is received creates unnecessary uncertainty.

Customers reported throughout our research that there was no follow-up after a grant had been awarded in full. There was no monitoring of what the grant or advice/training had achieved or how successful the project had been.

The Vital Villages case study for example found that the main complaint made by customers was that they felt ongoing support was lacking after their grant had been provided. One parish complained that they had invited Countryside Agency officers to a meeting to discuss progress with their parish plan and no one had attended. A Community Service Grant customer who was very complimentary towards the Countryside Agency throughout the application process was disappointed that they had not received any follow-up contact or interest from the Countryside Agency. Customers reported that they would have welcomed support and advice on other funding sources when their grant from Vital Villages came to an end.

In one area, the Countryside Agency's presence in a regional office that was based within a city centre meant that travelling out to remote villages was time-consuming. There were limits to the amount of face-to-face contact that the Countryside Agency was able to provide to customers. The Rural Community Council and local authority link officers appeared far better placed to be able to take on this role. Their work at this level was particularly valued by customers.

'There's no follow-up three years down the line to see whether that investment has brought any return back.'

(customer, focus group)

'That's it, no sort of follow-up. Two years later, did it help you?'

(customer, focus group)

As part of the Market Town Initiative the partnerships that are formed and funded to establish the town's action plan and then to drive it forward are crucial to the success of the scheme. Many of these partnerships need capacity building before the work that they must carry out as part of the initiative can really begin.

'It's easy to call people round a table and to have some initial meetings and to talk in general terms about wouldn't it be nice to form a partnership and to attract new resources and start working together on various issues? It's quite, quite different to get them working together well and effectively.'

(stakeholder, Market Town Initiative case study)

No money was set aside as part of the initiative to help the partnerships develop in the region that was studied. During the course of the initiative the Regional Development Agency (RDA) financed a round of training for the partnerships as they put together their action plans supported by the Countryside Agency. The RDA continued to offer training and support as part the initiative as they made the scheme available to more towns across their region. Interviewees felt however that there was lack of support from the Countryside Agency once the market town action plans were agreed:

'My reading is that the Countryside Agency effectively are washing their hands once there's an action plan agreed, saying that's fine, we've done our bit'.

(stakeholder, Market Town Initiative case study)

u) Schemes are not sufficiently targeted at those in greatest need and are not designed to be easily accessible to those groups.

Our research found that the targeting and accessibility of schemes were frequently inadequate, causing disappointment among those customers whose benefit from the scheme would be greatest.

We found that for rural delivery to be both effective and efficient rural schemes and services need to reach those in greatest need. This suggests that policy objectives must be clearly defined and understood and that delivery must be transparent and well communicated. Our research found that nationally designed and delivered schemes are not best placed to target the most deserving customers and achieve policy objectives. They do not usually offer the required flexibility.

Stakeholders generally felt that access to schemes was too difficult to achieve, that there was a lack of quality information about what was available and a lack of facilitation through the process. Stakeholders were grateful for the schemes and the opportunities they offered but felt that there was a lack of overall co-ordination and that too many organisations were involved.

'It is not easy for the customer to identify his appropriate market. This may be resolved by better communication between support agencies or a single point of initial contact.'

(stakeholder, written consultation)

'It's an extraordinarily complicated process to apply for any of this money.'

(customer, focus group)

'It's the same complicated procedure if you want £5,000 or quarter of a million.'

(customer, focus group)

'There was that much hassle getting it [grant]. There were just too many hoops to jump through.'

(customer, focus group)

In the RES case study we found that the application process was considered to be far from transparent. Customers had a lack of knowledge, information and understanding of the application process and were unclear as to the likelihood of success. This lack of transparency has led to unsuccessful applicants investing large sums of money in the application process that they would perhaps not have proceeded with, had more information been available on the selection criteria.

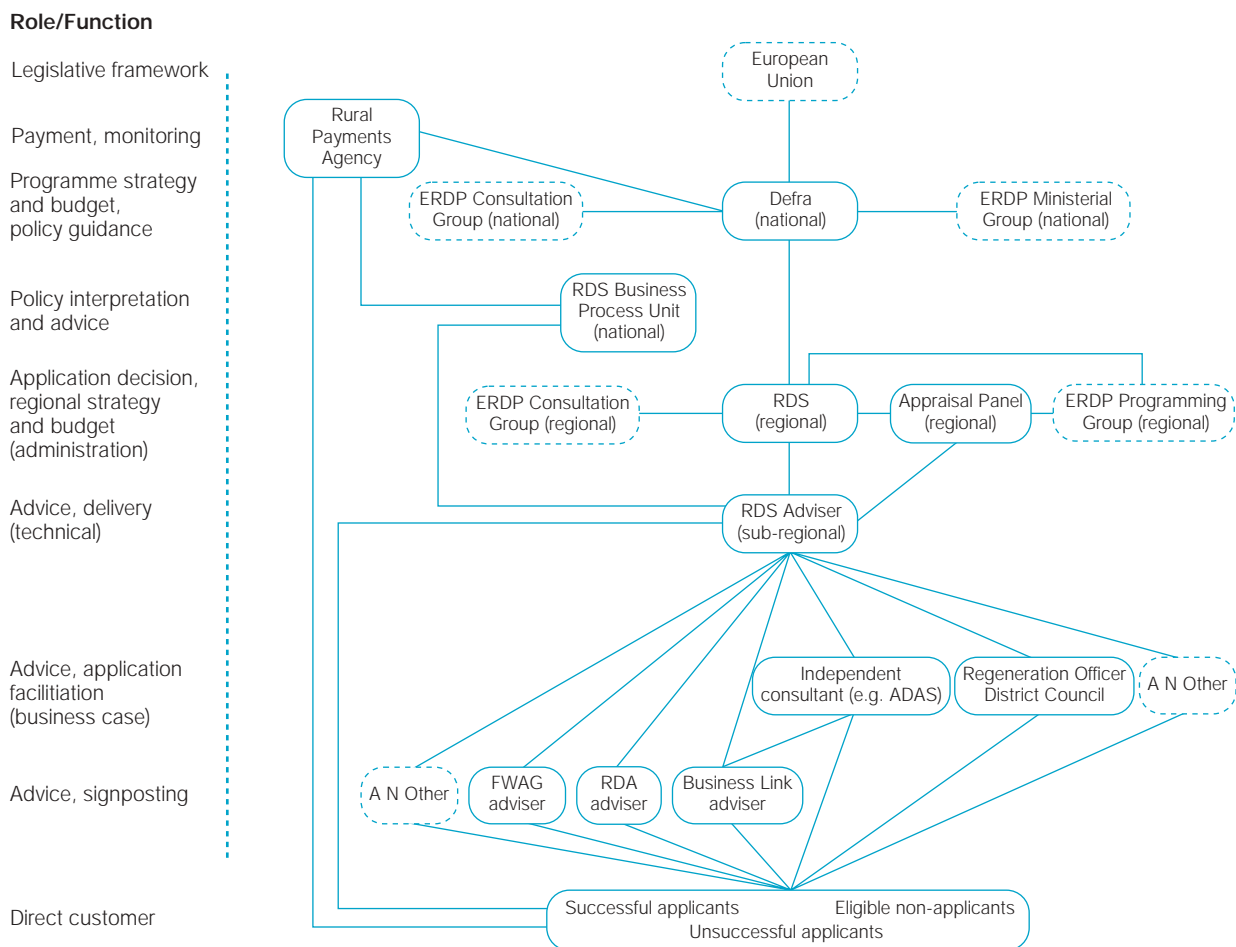
‘Yes altogether before we actually applied for the grant we’d spent nearly three thousand pounds.’
 (customer, RES case study)

The need to gain planning permission before application is a necessity but can be costly both in terms of time and money (including architect’s fees). An initial indication as to the validity of the project may help prevent wasted resources.

‘Everything needs to have estimates and costs and we were getting estimates in December that were quite often valid only for six to eight weeks. So when we actually came to submit the application they’re all out of, or getting out of, date.’
 (customer, RES case study)

The RES case study highlighted the numerous barriers to access to the customer and the number of organisations involved in delivery. The diagram below demonstrates the delivery landscape identified during our case study.

Figure 7: Rural Enterprise Scheme – roles and relationships



As already discussed, our research found that the Vital Villages scheme was not targeted at those in the rural community in greatest need. Eligible non-applicants to the Parish Plan grant were either unaware of the scheme or had made an informed decision not to go ahead with an application. The following reasons were given for not applying for the grant:

- Time:

‘What we would be expected to do for consultation to tie in with Vital villages would have taken more time than we’d got’.
 (eligible non-applicant, Vital Villages case study)

- Cost:

'It actually cost more to do it properly and get some of a grant than actually just to photocopy and do it yourself by the time they did all the costings'.

(eligible non-applicant, Vital Villages case study)

- Use:

'We got as far as filling the application form in and just went 'we haven't got that much money' – and they [Parish Council] weren't 100 per cent convinced of what use it would be, and they went – 'why are we doing this, we'll just go and photocopy it and do it the easy way'.

(eligible non-applicant, Vital Villages case study)

We found that small parishes that are more likely to be isolated than larger ones and more in need of grants, such as Parish Plans or Community Service grant, but are least likely to apply for the grants offered under the programme. Overall, parishes with over 1,000 inhabitants were almost three times more likely to have a Vital Villages project than a parish with fewer than 500 inhabitants (Countryside Agency, 2003⁶⁵). Those with active parish councils were generally those that were less isolated, with more volunteers and least need of increase community involvement. Those not fitting this description were likely to be in need of the help the most but are, it would seem, least likely to participate in Vital Villages.

'Over bureaucratic schemes are a major disincentive to those who perhaps could use the scheme most effectively. Often existing schemes tend to reward those who are [well] practised at bidding rather than necessarily those most deserving of assistance'.

(stakeholder consultation)

Very few of the customers in the customer consultation felt that the products and services available were the right ones for them. Few knew where to go to obtain the necessary information about products and services.

External research supports our research findings. For example, English Nature's survey of grant recipients found that most applicants felt that not enough time was given to complete forms⁶⁶. Some also felt frustrated that English Nature did not allow 'roll-over' applications for similar projects rather than having to re-apply every year.

65 Draft Internal Monitoring and Evaluation Report on the Vital Villages Programme, Countryside Agency (2003).

66 English Nature Section 35 and Reserve Enhancement Schemes Customer Survey, Internal Report, English Nature (2001).

Annex 5

Rural delivery in other member states of the European Union

EU Rural Development Regulation

The Rural Development Regulation (EC Regulation 1257/1999) represents the main legal framework for rural development measures in the EU. It was agreed in early 1999 as part of the Agenda 2000 package of reforms to the Common Agricultural Policy (CAP). The Regulation is considered to represent the second 'Pillar' of CAP. The first Pillar provides the framework for payment of production related subsidies. The European Commission's vision for the Regulation is:

'To introduce a sustainable and integrated rural development policy governed by a single legal instrument to ensure better coherence between rural development and the prices and market policy of the common agricultural policy (CAP) and to promote all aspects of rural development by encouraging the participation of local actors. In this spirit, the new rural development policy, relating to farming and conversion to other activities, aims:

- *to improve agricultural holdings*
- *to guarantee the safety and quality of foodstuffs*
- *to ensure fair and stable incomes for farmers*
- *to ensure that environmental issues are taken into account*
- *to develop complementary and alternative activities that generate employment, with a view to slowing the depopulation of the countryside and strengthening the economic and social fabric of rural areas*
- *to improve living and working conditions and promote equal opportunities.*⁶⁷

In July 2002, the European Commission published proposals to further reform CAP, and in June 2003 a new deal for member states was agreed. This agreement will go some way to providing a more sustainable basis for European agriculture, and negotiations on the measures to be adopted for the next regulation from 2007 are underway.

Over the seven-year life of the current Regulation, €32 billion will be made available to member states for rural development. This pales in comparison to the €290 billion paid to farmers as direct production-related subsidies. Together this accounts for close to half the total annual EU budget. Table 14 shows spending against Pillars 1 and 2 over the current seven-year period.

67 Source: www.europa.eu.int/scadplus/leg/en/lvb/l60006.htm

Table 14: CAP expenditure 2000–2006

	2000	Pillar 1 and Pillar 2 spending comparison (billion euro)						Total*
		2001	2002	2003	2004	2005	2006	
Total CAP	41.7	44.5	46.6	47.4	47.2	47.2	47.9	322.5
– markets (Pillar 1)	37.4	40.0	41.9	42.7	42.4	42.3	42.8	289.6
– rural development (Pillar 2)	4.4	4.5	4.6	4.7	4.8	4.9	5.0	32.9
* totals may not add due to rounding								

The amount of money made available to each member state is based on historic resource allocations and past policies on rural development. Table 15 shows the financial allocation from 2000-2006.

Table 15: Rural Development Regulation financial allocations 2000–2006

Member state	Financial allocation to member states – Berlin ceiling (million euro)							
	B	DK	D	GR	E	F	IRL	I
Total ceiling	379	349	5308	993	3481	5763	2388	4512
%	1.2	1.1	16.1	3.0	10.6	17.5	7.3	13.7
Member state	L	NL	A	P	FIN	S	UK	Total*
Total ceiling	91	417	3217	1516	2199	1129	1168	32914
%	10.3	1.3	9.8	4.6	6.7	3.4	3.5	100
* totals may not add due to rounding								

Each member state is required to develop, and submit to the European Commission for approval, a plan to implement the Regulation. These plans could be drawn up at the appropriate geographic level, which has been interpreted across Europe to mean at either national or regional level. In the United Kingdom, four national plans have been developed; plans for England, Wales, Northern Ireland and Scotland.

In an attempt to develop existing programmes, many countries (including England) adapted established schemes to fit the measures provided for. This has inadvertently resulted in an over complicated set of rules and programmes in many countries.

The Regulation itself brought together nine existing instruments (see Table 16), which in many cases are only superficially integrated. The rules for schemes across Europe are universally seen as over-prescriptive and cumbersome for member states to administer, and for customers.

The European Commission defends the complex nature of the rules on the grounds that it is 100% accountable for how EU money is spent and, as such, requires strong controls to be put in place. The Commission suggests that one problem with letting member states manage the controls is that EU funds would be given a lower priority in audit terms, and would therefore be more subject to fraud and non-compliance.

Although many member states are not happy with their financial allocations, there is still widespread failure to meet projected spending profiles.

Administrative costs of setting up and running the schemes vary across member states. It is too early in the life of the Regulation to gain a complete picture of the variations, and several member states are currently carrying out reviews of their schemes.

In practice, the Regulation has primarily been used as a means to transform agricultural practices rather than as a tool to target the main problems facing the broader rural sector. This is apparent in how member states have implemented the Regulation: the Spanish model is strongly based on the agrarian view of rural development; France and Germany have been open in treating Pillar 2 as a means of supplementing farm incomes.

Over the coming years it is likely that new so called 'Accession States' will join the European Union. These states already have money made available to them under a pre-accession instrument (EC Regulation 1268/1999) called the Special Accession Programme for Agriculture and Rural Development, or SAPARD.

Although SAPARD is broadly a similar instrument to the Regulation, it has primarily focused upon preparing the government institutions administering the agricultural sector of the accession states for entry into CAP, possibly at the expense of environmental and social benefits that it was envisaged to achieve.

These new states will have an impact on negotiating the rules that apply to the next programme period beyond 2007. Due to the structural problems in these countries, it is likely that negotiations will focus on restructuring the agricultural sector and addressing any subsequent social problems.

Approximately €520 million is made available under SAPARD every year at 1999 prices. It is expected that this will be added to the amount currently available to the current 15 member states under the Regulation, and in 2007, the total will be redivided between the 25 states for the next programme. There is a great deal of uncertainty surrounding how these new allocations will be made, and the decision is not expected until 2006. It is important to note that the modulation system agreed in June 2003 does not apply to accession states.

Approaches to scheme administration in other member states and other parts of the UK

There are varying degrees of devolution and decentralisation for rural development across Europe.

In **Greece** the administrative system is highly centralised, with limited responsibility devolved to local prefectures, and virtually none at regional level. For the purposes of the Regulation, the Greek regions are treated equally with the exception of small islands, which are eligible for increased levels of funding.

Although **France** has had established local structures since Napoleonic times, its administrative system is still highly centralised. Rural development measures are administered through a national agency for the improvement of farm structures which also makes payments, while the local directorate for agriculture and forestry in each préfecture makes the decisions on whether or not to approve individual grant applications.

The **German** constitution clearly defines roles and responsibilities for the different levels of government. The responsibility for the most important aspects of rural development such as nature conservation, agricultural and agri-environmental policy lie at the level of the 16 Bundesländer governments. The policy framework for these areas is however developed nationally by a 'Joint Task' which is made up of national and regional government representatives. It is through this group that the national government influences rural policy in the regions despite responsibility being with the individual Länder. This ensures a nationally consistent policy framework, allows for regional differences in implementation depending on regional need, and satisfies European Commission rules for auditing and spending money under the Regulation.

This Joint Task, and a similarly structured monitoring committee, agree the schemes under the Regulation that are to be available for each of the Länder and the proportion of funding allocated to each scheme and region, as well as fulfilling the auditing and monitoring requirements. The Länder can pick and choose which of the nationally agreed schemes suit their specific regional needs and are able to supplement the national programmes with their own specific schemes, subject to state aid rules.

The two distinct regions of **Belgium**, Flanders and Wallonia, have only been given devolved agricultural responsibilities since 2001, yet most rural development issues were devolved in the mid 1990s. The two regions have very distinct policies, but this is in response to the very different pressures, cultural and linguistic predominantly, but also a significant difference in landscape and subsequent farming practices.

The institutional and policy framework in **Spain** is complicated by the highly regionalised system of government. Like Germany, the regional governments are broadly responsible for agriculture, land use and environmental matters. Different regions have different arrangements and varying degrees of autonomy. Two regions, Basque Country and Navarra, have greater autonomy, and implement their own programmes separately from the rest of

the Spain. For the remaining 15 regions, approximately 20 different programmes are available, which are implemented in various ways across the country. Some of the programmes are run nationally, such as the farm investment and young farmers' schemes, with the remainder being developed by the regional governments under a programme called PRODER – or the Operational Programme for the Development and Diversification of Rural Areas. PRODER was modelled on the LEADER programme and established in 1994. It was adapted in 2000 to accommodate the measures provided for the Regulation.

The overarching aim of the **Danish** rural development plan is to create better living conditions in rural areas and the possibilities for new and improved agricultural products whilst integrating environmental, nature and cultural considerations into agriculture and forestry. Danish legislation is administered on three levels – ministries at a national level, county councils and local councils. The ministries develop and manage the policy laid down by the government and parliament. The county councils manage the significant areas of policy, such as health, environment, planning, and have a co-ordinating role in rural development. The local councils look after the issues that affect the everyday life of people. Rural development planning fits in with the four-yearly regional planning process carried out by the county councils, which integrates all areas of social and environmental concern.

Ireland uses four measures to implement the Regulation on a national basis. Three of these, early retirement, compensatory allowances and rural environment protection schemes, are administered by the Department for Agriculture, Food and Rural Development, which is also the paying agency. The afforestation programme is administered by the Department of the Marine and Natural Resources, which in this instance is the paying agency.

Living standards in rural areas across **Sweden** generally compare favourably to urban areas, and as such the schemes focus on agri-environment and the competitiveness of farms and rural businesses. The schemes are all administered and controlled centrally, but there is decision making on applications at the local level.

In **Wales**, the implementation and administration of the various schemes under the Regulation is the responsibility of four different organisations:

- the Countryside Council for Wales is responsible for implementing Tir Gofal, the Welsh agri-environment schemes;
- the Welsh Development Agency is responsible for so-called 'project based economic schemes';
- the Forestry Commission for the woodland schemes; and
- the Welsh Assembly Government for the rest.

The National Assembly for Wales is the so called 'competent authority', with the Countryside Council for Wales and the Forestry Commission being additional paying agencies.

Several organisations are responsible for delivering schemes in **Scotland**. Most of the schemes that derive from Article 33 of the Rural Development Regulation are delivered by the 12 local enterprise companies of Scottish Enterprise (an equivalent body to the English Regional Development Agencies). Schemes linked to other articles that are delivered by the Scottish Executive include:

- the Less Favoured Areas Support Scheme – this is the largest scheme in terms of expenditure (£60 million); payments are moving from being per head of stock (headage based) to being paid per hectare (area based); the scheme is changing to include new environmental measures;
- the Scottish Forestry Grant Scheme: farmland premium (previously the Farm Woodland Premium); and
- the Rural Stewardship and Environmentally Sensitive Area agri-environment schemes (including support for conservation in organic farming; these are where the biggest increase in budgets is being made.

The Scottish Forestry Grant Scheme is administered by the Forestry Commission (Scotland).

The Nature Conservation (Scotland) Bill in the next parliament is set to provide incentives to landowners to protect Sites of Special Scientific Interest (SSSIs) rather than paying compensation for not damaging them. This will use EU money. As in Wales the actual payment of grants is devolved, with CAP payments and Rural Development Regulation payments being made through divisions within the Scottish Executive Environment and Rural Affairs Department.

Rural development in England

The Rural Development Regulation is implemented in England through the England Rural Development Programme (ERDP). Table 16 shows how the measures in the Regulation have been translated into schemes under the ERDP.

Table 16: Translation of Rural Development Regulation measures into schemes in England

EU Rural Development Regulation Measure	Scheme in England
Early Retirement [Articles 10 – 12]	None
Agri-environment [Articles 22 – 24]	Environmentally Sensitive Areas Scheme Countryside Stewardship Organic Farming Scheme
Less Favoured Areas and areas subject to environmental constraints [Articles 13 – 21]	Hill Farm Allowance Scheme
Investments in agricultural holdings [Articles 4 – 7]	Rural Enterprise Scheme Energy Crops Scheme (Miscanthus)
Setting up of Young Farmers [Article 8]	None
Vocational Training [Article 9]	Vocational Training Grant Scheme
Improving Processing and Marketing of Agricultural Products [Articles 25 – 28]	Processing and Marketing Grant
Forestry [Articles 29 – 32]	Woodland Grant Scheme Farmland Wood Premium Scheme Energy From Crops (Short Rotation Coppice and SRC Producer Groups)
Promoting the Adaptation and Development of Rural Areas [Article 33]	Rural Enterprise Scheme

England receives 49.2% of the United Kingdom's total allocation, which translates into £1.6 billion to spend on the ERDP. The programme is extremely complicated to manage and report on:

- there are six different funding streams [EAGGF – £388 million; national match funding – £555 million; modulation – £240 million; modulation match funding – £240 million; State Aid stand alone – £178 million; and State Aid top up – £42 million];
- there is a combination of six different reports to the EU – reported monthly, in September or on calendar year basis in pounds sterling or euros, and collected monthly, by funding stream for new and ongoing agreements, by scheme or measure and by objective and account code;
- there are at least eight different domestic financial reporting processes;
- there is a mix of new and previously existing agreements, for a mix of new and existing schemes; and
- in Objective 1 areas, only certain measures are allowed, and different co-financing rates apply.

The schemes are primarily delivered by the Rural Development Service, but the Forestry Commission administers the Woodland Grant Scheme. The Rural Payments Agency makes the payments to people who enter into agreements, except those administered by the Forestry Commission.

The schemes are not cheap to administer (in England it costs over £40 million per year to administer the ERDP).

CAP reform

The deal agreed by the European Agriculture Ministers on 26 June 2003⁶⁸ represented a significant shift in agricultural policy. These changes should provide for a more sustainable basis for agriculture and reflect the wider environmental and rural development objectives.

The most significant reforms are:

- cross-compliance – for the first time, the main subsidies are explicitly linked to compliance with standards covering the environment, public and animal health and welfare; this will improve standards across Europe and enable the UK to define its own standards of good environmental and agricultural practice;
- modulation – reduction of direct payments and transfer of money to Pillar 2 will start in 2005 and at a higher rate; this does not affect new member states;
- farm advisory service – a new provision to help farmers meet their cross-compliance obligations;
- single payment scheme – member states will be able to break the link to production for all the major farm subsidies; this will enable farmers to gear production to market needs by freeing them from the need to grow particular crops or keep specific numbers of animals and remove incentives to intensify production; and
- rural development – the amount of money available will be increased, and new measures will be introduced.

68 *EU fundamentally reforms its farm policy to accomplish sustainable farming in Europe*, Press Release, IP/03/898, Council of the European Union (2003).

Annex 6

Organisations and individuals who contributed to the Review

No.	Contributor	Location
1.	Action for the Communities of Rural England (ACRE)	National/HQ
2.	ADAS	National/HQ
3.		South West
4.		East Midlands
5.	Age Concern England	National/HQ
6.	Areas of Outstanding Natural Beauty	Cotswolds
7.		Dorset
8.		Forest of Bowland
9.		Lincolnshire Wolds
10.		Norfolk Coast
11.		North Devon
12.		Solway
13.		Surrey Hills
14.		Wye Valley
15.	Arthur Rank Centre	National/HQ
16.	Association of Areas of Outstanding Natural Beauty	National/HQ
17.	Association of Local Authority Risk Managers	National/HQ
18.	Association of National Park Authorities	National/HQ
19.	Audit Commission	National/HQ
20.	Better Regulation Task Force (Cabinet Office)	National/HQ
21.	Biodiversity Action Group	Nottinghamshire
22.	Bishop of Blackburn	Blackburn
23.	Borough Councils	Bracknell Forest
24.		Northampton
25.		Scarborough
26.	Bridgnorth Voluntary Action	Shropshire
27.	British Association for Shooting and Conservation	National/HQ
28.	British Canoe Union (England)	National/HQ
29.	British Institute of Agricultural Consultants	National/HQ
30.	British Veterinary Society	National/HQ
31.	British Waterways	National/HQ
32.	Business Link	East Midlands
33.		North West
34.		South West
35.		West Midlands
36.		Yorkshire and the Humber
37.	Cabinet Office	National/HQ
38.	Campaign for the Protection of Rural England	National/HQ
39.	Campaign for the Protection of Rural England/ North York Moors Association	North Yorkshire
40.	Carmarthenshire Fishermen's Federation	Carmarthenshire
41.	Central Local Partnership	National/HQ
42.	Chamber of Commerce	Cumbria
43.		Megavissey
44.	Cheshire Federation of Women's Institutes	Cheshire
45.	Cheshire Rural Recovery Panel	Cheshire

No.	Contributor	Location
46.	Citizen Link	Yorkshire and the Humber
47.	Citizens Advice	National/HQ
48.	Clark Scott Harden	North East
49.	Community Action Hampshire	Hampshire
50.	Community Council of Shropshire	Shropshire
51.	Council for British Archaeology	National/HQ
52.	Council for National Parks	National/HQ
53.	Council for the Protection of Rural England	National/HQ
54.	Country Land and Business Association	National/HQ
55.		East Midlands
56.		North West
57.		South West
58.		West Midlands
59.	Countryside Agency	National/HQ
60.		East Midlands
61.		North East
62.		North West
63.		South West
64.		West Midlands
65.		Yorkshire and the Humber
66.	Countryside Alliance	National/HQ
67.	County Councils	Buckinghamshire
68.		Cheshire
69.		Cornwall
70.		Cumbria
71.		Derbyshire
72.		Devon
73.		Dorset
74.		Durham
75.		East Riding of Yorkshire
76.		East Sussex
77.		Essex
78.		Gloucester
79.		Hampshire
80.		Kent
81.		Kirklees
82.		Lancashire
83.		Leicestershire
84.		Lincolnshire
85.		Norfolk
86.		Northumberland
87.		North Yorkshire
88.		Nottinghamshire
89.		Oxfordshire
90.		Shropshire
91.		Somerset
92.		Staffordshire
93.		Warwickshire
94.		West Sussex
95.		Wiltshire
96.	County Council's Network	National/HQ
97.	Coventry, Warwick and Solihull Partnership	West Midlands
98.	Cumbria Rural Regeneration Company	North West
99.	Cumbria Strategic Partnership	North West
100.	Dedham Vale & Stour Valley Countryside Project	Suffolk
101.	Department for the Environment, Food and Rural Affairs	National/HQ

No.	Contributor	Location
102.	Department of Trade and Industry	National/HQ
103.	Department for Transport	National/HQ
104.	Departmental Trade Union Side	National/HQ
105.	Devon and Cornwall Business Council	Devon and Cornwall
106.	Devon Farms Accommodation	Devon
107.	Diocese of Oxford Board for Social Responsibility Rural Issues Group	Oxfordshire
108.	District Councils	East Cambridgeshire
109.		Hambleton
110.		Harborough
111.		Harrogate
112.		Horsham
113.		North Wiltshire
114.		South Lakeland
115.		West Oxfordshire
116.	Dorset Community Action	Dorset
117.	East Midland Rural Action Group	East Midlands
118.	England Rural Development Programme (Ministerial Group)	National/HQ
119.	England's Community Forests	National/HQ
120.	English Heritage	National/HQ
121.	English Nature	National/HQ
122.		East Midlands
123.		South West
124.		North West
125.	English Tourism Council (now VisitBritain)	National/HQ
126.	Environment Agency	National/HQ
127.		East Midlands
128.		South West
129.		North West
130.	Family Farmers' Association	National/HQ
131.	Farmcare/The Cooperative Group	National/HQ
132.	Farm Consultancy Group	South West
133.	Farm Ideas	National/HQ
134.	Farm Management Consultants	National/HQ
135.	Farming and Wildlife Advisory Group	National/HQ
136.	East Midlands	
137.	Federation of Small Businesses	National/HQ
138.		West Midlands
139.	Focus on Farming Practice	National/HQ
140.	Food and Drink Federation	National/HQ
141.	Food From Britain	National/HQ
142.	Food Standards Agency	National/HQ
143.	Forestry & Timber Association	National/HQ
144.	Forestry Commission (England)	National/HQ
145.		East Midlands
146.		North West
147.		South West
148.		South East
149.	Friends of the Lake District	Lake District
150.	Giles Dadd Associates (on behalf of the Chamber of Commerce/Business Link)	Herefordshire, Worcestershire
151.	Gloucestershire First	Gloucestershire
152.	Gloucestershire Rural Issues Task Force	Gloucestershire
153.	Government Offices	East of England
154.		East Midlands
155.		North East

No.	Contributor	Location
156.		North West
157.		South East
158.		South West
159.		West Midlands
160.		Yorkshire and the Humber
161.	Greenwood Community Forest	East Midlands
162.	Groundwork UK	National/HQ
163.	Groundwork Trust	East Midlands
164.	Harper Adams University College	Shropshire
165.	Heartswood Ltd (Small Woods Association)	National/HQ
166.	Heritage Lottery Fund	National/HQ
167.	Her Majesty's Treasury	National/HQ
168.	Home Grown Cereals Authority	National/HQ
169.	Home Office (Active Communities Unit)	National/HQ
170.	Independent woodland consultants (x2)	South East
171.	Inland Waterways Advisory and Amenity Council	National/HQ
172.	Institute of Historic Building Conservation	National/HQ
173.	Institute of Horticulture	National/HQ
174.	Integrated Countryside and Environment Plan	Merseyside
175.	Isle of Wight Economic Partnership	Isle of Wight
176.	Lancashire Rural Futures	Lancashire
177.	LEADER + Local Action Group	South West
178.	Learning & Skills Council	West Midlands
179.	Leicestershire Rural Partnership	East Midlands
180.	Linking Environment and Farming (LEAF)	National/HQ
181.	Local Authority Co-ordinating Body on Regulatory Services	National/HQ
182.	Local Government Association	National/HQ
183.		West Midlands
184.	Local Government Association (Rural Commission)	National/HQ
185.	Local Records Centre	
186.	Lyons Review (Treasury)	National/HQ
187.	Meat and Livestock Commission	National/HQ
188.	Meat South West	South West
189.	Metropolitan Borough Council	Calderdale
190.	Midlands Rural Housing	Leicestershire, Warwickshire, Northamptonshire, Peak District
191.	MORI	National/HQ
192.	MTI project manager	North West
193.	Myerscough College	Lancashire
194.	National Audit Office	National/HQ
195.	National Park Local Authorities Members and Officers Group	East Sussex, Hampshire, West Sussex
196.	National Council for Voluntary Organisations	National/HQ
197.	National Council on Ageing Rural Sub-group	National/HQ
198.	National Farmers' Union	National/HQ
199.		East Midlands
200.		South West
201.		North West
202.	National Federation of Women's Institutes	National/HQ
203.	National Forest Company	Midlands
204.	National Forum for the Development of Rural Youth Work	National/HQ
205.	National Park Authorities	Dartmoor
206.		Exmoor
207.		Lake District
208.		North York Moors
209.		Northumberland

No.	Contributor	Location
210.		Peak District
211.		Yorkshire Dales
212.	National Sheep Federation	National/HQ
213.	National Trust	National/HQ
214.	National Village Halls Forum	National/HQ
215.	Neighbourhood Renewal Unit (Office of the Deputy Prime Minister)	National/HQ
216.	Norfolk Rural Economy Board/Easton College	Norfolk
217.	North Yorkshire Partnership Unit	North Yorkshire
218.	Northamptonshire Rural Housing Association	Northamptonshire
219.	Northamptonshire Strategic Sub-Regional Partnership	East Midlands
220.	Northern Counties Housing Association Ltd	Manchester, South Yorkshire, North Derbyshire, Cheshire, Lancashire, West Yorkshire, Lincolnshire, Nottinghamshire, Cumbria
221.	Northumberland Strategic Partnership	Northumberland
222.	Northumbrian Water	National/HQ
223.	Office of Public Services Reform (Prime Minister's Office)	National/HQ
224.	Office of the Deputy Prime Minister	National/HQ
225.	Oxfordshire Association of Local Councils	Oxfordshire
226.	Oxfordshire Woodland Project	Oxfordshire
227.	Parish Councils	Brent Pelham & Meesden
228.		Buckland
229.		Gwinear Gwithian
230.		Hurstpierpoint & Sayers Common
231.		Ivinghoe
232.		Sonning
233.		Stillington
234.		Upton St. Leonards
235.	Post Office Ltd	National/HQ
236.		Yorkshire and the Humber
237.	Postwatch	National/HQ
238.	PricewaterhouseCoopers	National/HQ
239.	Prime Minister's Office	National/HQ
240.	Ramblers' Association	National/HQ
241.	Regional Assemblies	East Midlands
242.		North East
243.		North West
244.		South West
245.		Yorkshire and the Humber
246.	Regional Co-ordination Unit (ODPM)	National/HQ
247.	Regional Development Agencies	East Midlands
248.		East of England
249.		North East
250.		North West
251.		South East
252.		South West
253.		Yorkshire and the Humber
254.		West Midlands
255.	Regional Development Agencies' Co-ordination Unit	National/HQ
256.	Regulatory Impact Unit, Cabinet Office	National/HQ
257.	Sir Richard Packer	Ex-Permanent Secretary (MAFF)
258.	Royal Association of British Dairy Farmers	National/HQ
259.	Royal Mail Group plc	National/HQ
260.	Royal Society for the Protection of Birds	National/HQ
261.		Devon, Somerset

No.	Contributor	Location
262.		East Midlands
263.	Rural Action Zone (Lincolnshire)	East Midlands
264.	Rural Affairs Forum	East Midlands
265.		North East
266.		South East
267.		South West
268.	Rural Affairs Forum for England	National/HQ
269.	Rural Community Councils	Durham
270.		Gloucestershire
271.		Lincolnshire
272.		Nottinghamshire
273.		Yorkshire
274.		South East
275.		Wiltshire
276.	Rural Development Service	National/HQ
277.		East Midlands
278.		East of England
279.		North East
280.		North West
281.		South East
282.		South West
283.		Yorkshire and the Humber
284.		West Midlands
285.	Rural Health and Wellbeing Network	Oxfordshire
286.	Rural Horizons	National/HQ
287.	Rural Payments Agency	National/HQ
288.	Rural Stress Information Network	National/HQ
289.	Sustainable Farming and Food Implementation Group	National/HQ
290.	Shadow Chilterns Conservation Board	Chilterns
291.	Sherwood Forest Trust	Nottinghamshire
292.	Shropshire Chamber of Agriculture	West Midlands
293.	Shropshire Partnership	Shropshire
294.	Small Business Service	National/HQ
295.		East Midlands
296.		North West
297.	Small Woods Association	National/HQ
298.	Somerset Agricultural Advisory Service	South West
299.	South East Tourist Board	South East
300.	South West ACRE Network	South West
301.	South West Chamber of Rural Enterprise	South West
302.	South West Forest	South West
303.	South West Horticulture 2000 (now CHE Ltd)	Devon, Cornwall, Isles of Scilly
304.	South West Protected Landscapes Forum	South West
305.	Sport England	National/HQ
306.	Sustainable Development Commission	National/HQ
307.	Sustainable Farming and Food Implementation Group	National/HQ
308.	Tenant Farmers' Association	South West
309.	Tesco	National/HQ
310.	The Broads Authority	The Broads
311.	The Central Council of Physical Recreation	National/HQ
312.	The Consultant Connection	National/HQ
313.	The Inland Waterways Association	National/HQ
314.	The Landscape Institute	National/HQ
315.	The Mersey Forest Project	Merseyside, Cheshire
316.	The National Community Forest Partnership	National/HQ
317.	The National Youth Agency	National/HQ

No.	Contributor	Location
318.	The North Allerdale Partnership	Cumbria
319.	The Open Spaces Society	National/HQ
320.	The Otter and Wilderness Trust	National/HQ
321.	The Rural Cornwall and Isles of Scilly Partnership	Cornwall, Isles of Scilly
322.	The Tees Forest	Middlesbrough
323.	The Woodland Trust	National/HQ
324.	Town Councils	Morpeth
325.		Redruth
326.		Sandy
327.	Transport & General Workers Union	National/HQ
328.	Unilever Ice Cream and Frozen Food Ltd	National/HQ
329.	Village Retail Services Association (ViRSA)	National/HQ
330.	Voluntary Action Cumbria	Cumbria
331.	Walford & North Shropshire College	Shropshire
332.	Wessex Woodland Management	South East
333.	West Devon Environmental Network	Devon
334.	Western Morning News	Devon, Cornwall, West Somerset and West Dorset
335.	Wildlife and Countryside Link	National/HQ
336.	Wildlife Trusts	Herefordshire
337.		Northumbria
338.		Nottinghamshire
339.		Sussex
340.	Wycycle	Kent
341.	York and North Yorkshire Partnership Unit	York and North Yorkshire
342.	Youth Hostel Association	National/HQ
	Visits/Meetings outside England	
343.	European Commission	Brussels
344.	Ministry of Agriculture	France
345.	National Centre for the Improvement of Farm Structures	France
346.	National Federation of Farmers' Unions	France
347.	Prime Minister's Agriculture Adviser	France
348.	Altomunster Community Government	Germany
349.	Bavarian Rural Development Service	Germany
350.	Bavarian State Ministry of Agriculture and Forestry	Germany
351.	Brandenburg Lander	Germany
352.	British Embassy	Germany
353.	Federal Consumer Protection, Food and Agriculture Ministry	Germany
354.	Federal Government	Germany
355.	Borders Enterprise	Scotland
356.	Convention of Scottish Local Authorities	Scotland
357.	Forestry Commission (Scotland)	Scotland
358.	Scottish Natural Heritage	Scotland
359.	Scottish Executive Environment and Rural Affairs Department	Scotland
360.	Countryside Council for Wales	Wales
361.	Welsh Assembly Government	Wales
362.	Welsh Development Agency	Wales

Annex 7

Managing risks associated with implementation

'Risk Management – getting the right balance between innovation and change on the one hand, and avoidance of shocks and crises on the other.'

(Prime Minister, November 2002)⁶⁹

Achieving an appropriate management of risks is crucial if Defra is to embrace successfully the challenges it faces, and deliver its demanding agenda. The Department's Risk Management is championed by Sir Brian Bender. In the departmental Risk Strategy, April 2001,⁷⁰ he said:

'... we need a clear understanding of how .. risks should be managed. Doing this properly is central to planning to succeed and avoiding failure; to meeting our key objectives and targets; to creating confidence in a watchful public; and to meeting the demands of good corporate governance. It will also make us better able to learn the value of appropriate risk-taking and benefit from innovation within the Department, promoted through a 'no blame culture'.

Important lessons on risk management were also learnt from the BSE Inquiry,⁷¹ the Royal Society study⁷² and from work during the Foot and Mouth Disease outbreak. As they relate to my review, these lessons reflect a need to:

- highlight the critical risks, both strategic and operational, to the successful delivery of the Review's recommendations;
- understand the underlying causes, assumptions and impact;
- address the risks now (where possible) with targeted mitigation actions;
- demonstrate that the probability or impact has been reduced to an acceptable level – where possible or appropriate;
- achieve better risk/reward balance and return on investment.

Defra's risk management is founded on four principles of transparency, co-ordination, public credibility and effectiveness. We adopted these in our proposed risk management methodology, as shown in Figure 8.

Risks posed both to and by my recommendations were explored and collated from a face-to-face consultation process, from structured risk interviews, and workshops specifically aimed at building a comprehensive risk picture. Both experts external to Defra and specialists from within the department were involved.

The reviews, consultations and workshops covered Steps 1 to 4 illustrated in Figure 8, i.e. the identification and evaluation of the key risks to the business's objectives. These risks were captured, quantified, prioritised, and clustered into 14 categories to enable effective mitigation plans to be developed. Further analysis of these categories identified four critical areas in the risk landscape, as shown in Figure 9.

69 *Risk: Improving government's capability to handle risk and uncertainty*, Strategy Unit, Cabinet Office (2002).

70 *Risk Management Strategy*, Department for Environment, Food and Rural Affairs (2002).

71 *The Inquiry into BSE and variant CJD in the United Kingdom*, Report to the House of Commons (2000).

72 *Infectious diseases in livestock – Scientific questions relating to the transmission, prevention and control of epidemic outbreaks of infectious disease in livestock in Great Britain*, The Royal Society (2002).

Figure 8: Recommended risk management methodology

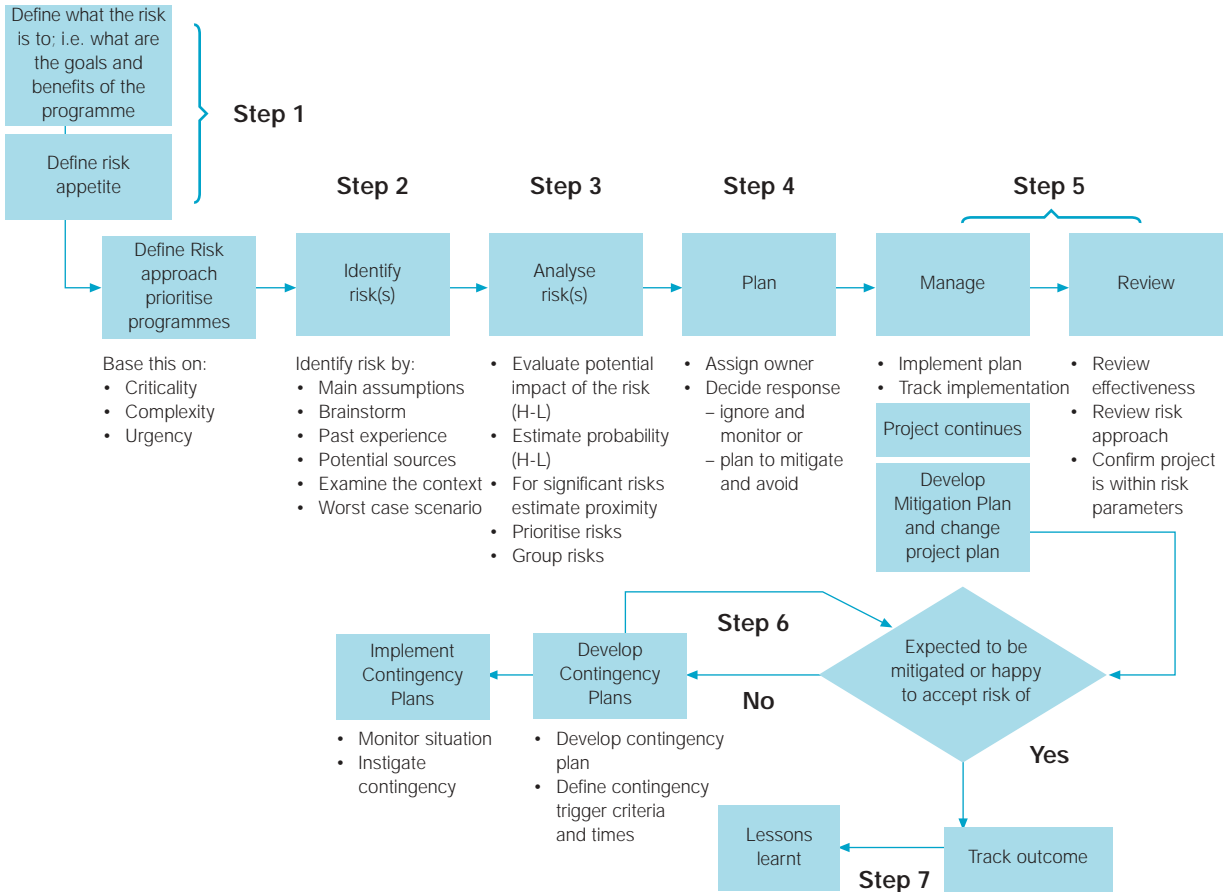


Figure 9: Categories of risk relating to implementation



The effective management and mitigation of those risks that have already been identified (as well as having a systematic approach to deal with emerging risks and changing circumstances downstream) will be crucial to successful implementation of my recommendations. The active risk management process must be owned by the Defra Implementation Team, and the ownership of the individual risks will need to sit at an appropriate level, where effective action can be taken.

It is important to note that, although for the most part similar risks were identified by internal and external experts, the relative priorities given to the risks differed. Defra will need to ensure that the differing needs and concerns of external and internal stakeholders are addressed sufficiently in planning the risk management strategy (and that engagement in risk management continues downstream).

Annex 8

Guiding principles

The seven guiding principles that I published in June, and which remain relevant to my analysis and recommendations, are:

1) **Better accountability**

In order to achieve clearer accountability, policy development should be managed separately from policy delivery. Accountability for success or failure cannot be determined if there is confusion between the two. Policy-development skills are very different from those required in the delivery of policy.

2) **Readiness for policy change**

Defra must be satisfied that delivery arrangements are capable of coping with the pressures of change. In this respect it needs to be ahead of the game rather than reacting to events. Defra needs in particular to prepare for the delivery of a major new agri-environmental agenda in the coming years together with other major policy developments arising from reform of the Common Agricultural Policy.

3) **Devolution**

Delivery of economic and social policy must be devolved to the regions and local authorities in accordance with the principles of public service reform. This principle, if implemented, promotes flexibility, responsiveness to local need, improved ownership and clearer accountability (see the first principle above). Differences in approach are a natural consequence of devolution and the need to find the best solutions to local problems.

4) **Customer focus**

The services available to rural businesses and rural communities need to be more accessible and transparent. Greater account should be taken of customer needs. Regulatory obligations should be better understood, and the emphasis should be on helping people to comply rather than penalising them for failure to comply.

5) **Simplicity**

The complex range of agencies engaged in delivering the government's rural policies should be simplified, as should the numerous funding streams and overlapping services that are available.

6) **Co-ordination**

The environmental, social and economic elements of rural delivery should be better co-ordinated at a regional level. Those who are responsible for national policy development should pay more attention to the concerns of those who are responsible for the delivery of policy.

7) **Value for money**

The taxpayer must get better value for money as a result of changes to the current arrangements.

Annex 9

Terms of reference for the Review

1. To make recommendations on how best to improve the effectiveness of delivery arrangements for Defra's rural policies with a view to:
 - simplifying or rationalising existing delivery mechanisms and establishing clear roles and responsibilities and effective co-ordination;
 - achieving efficiency savings and maximizing value for money;
 - providing better, more streamlined services with a more unified, transparent and convenient interface with end customers;
 - identifying arrangements that can help to deliver Defra's rural priorities and Public Services Agreement target cost-effectively.

2. The review should cover the delivery needs and/or responsibilities of the following parts of Defra and its agencies:
 - Defra's Land Use and Rural Affairs Directorate-General
 - Countryside Agency
 - Rural Development Service
 - Other parts of Defra that contribute to delivery of rural policies
 - English Nature (in so far as their work relates to the delivery of Defra's rural policies)

3. It should also:
 - examine the implications for the Countryside Agency of the rural Public Service Agreement target and the creation of Defra, bearing in mind the latter's new leadership role in rural affairs in government;
 - examine the respective roles of the Regional Development Agencies, the Government Offices for the Regions, the National Parks Authorities, the Area of Outstanding Natural Beauty teams, the Forestry Commission, British Waterways, the Small Business Service, local and voluntary sector delivery agents, local authorities, and parish and town councils in furthering the achievement of Defra's rural objectives, and consider whether changes are desirable in the contributions they bring to bear or the responsibilities which they discharge on behalf of or with the Department;
 - take account of the emerging findings of the review of learning opportunities to improve rural businesses announced in November by Defra;
 - look at the activities of the Environment Agency (in so far as their work relates to the delivery of Defra's rural policies);
 - look at the relationship between EU structural funds in rural communities and other expenditure programmes.

4. The following are outside the scope of the review:
 - the Rural Payments Agency, except the interface and relationship with the Rural Development Service;
 - the State Veterinary Service;
 - the non-rural environmental activity of the Department and of the Environment Agency.

5. In addressing the above issues, the review team will:

- need to start from a clear understanding of the Government's rural policies and policy objectives, which do not in themselves fall within the scope of the review;
- take account of developments affecting the likely future shape of regional and local government;
- have regard to the desirability of strengthening the role of the Regional Development Agencies in rural economic development;
- take account of parallel reviews of forestry policy in England, the Rural White Paper programme, and agri-environment schemes (including the establishment of pilots);
- make arrangements for consulting and keeping informed those bodies and agencies that lie within the scope of the review and take evidence from a broadly representative sample of stakeholders, including those currently responsible for delivering rural programmes;
- use the Rural Affairs Forum for England and its active sub-groups (including the Regional Forums) to provide a forum for debate and discussion during the course of the review;
- devise a communications strategy to ensure effective communication with all those potentially affected by the outcome of the review;
- report progress as required to the Minister of State for Rural Affairs and to an official Steering Group that includes representatives of interested government departments.

6. The timetable for the review will be as follows:

- draft a report on the scope of the review, and secure Ministerial approval of that report, by 20 December 2002;
- present a report on findings and emerging conclusions to Defra Ministers by the end of April 2003;
- present a final report to Defra Ministers by mid-July 2003, to include recommendations for future action supported by a costed business case and a timetable of implementation.

