

---

# Labour's Zero-Based Review

---

Interim Report Number 9: Department for the  
Environment, Food and Rural Affairs

---

# Labour's Zero-Based Review Interim Report No.9

DEPARTMENT FOR THE ENVIRONMENT, FOOD AND RURAL AFFAIRS – INTERIM ZERO-BASED REVIEW

## FOREWORD

The Tory-led management of Defra has been characterised by waste, incompetence, and storing up costs for the future.

Millions of pounds have been squandered on a badger cull which experts advise will make no meaningful contribution to eradicating bovine TB. Disinvestment by this Government is increasing the risk from and costs associated with future flooding. The horse meat scandal and the attempt to sell off the nation's public forests are further notable markers of this Government's inept stewardship of the Department for the Environment, Food and Rural Affairs.

At a time when the Conservative-led Government has failed to balance the books as promised and George Osborne is borrowing over £200 billion more than he planned over the course of this Parliament it is imperative that the next Labour Government achieves maximum value for money from public spending. Labour's economic plan will secure strong and balanced growth, whilst bringing the deficit down every year.

In the work presented here, we take the resource DEL for DEFRA of £1,575 million for 2015-16 as our starting point<sup>1</sup>. A Labour Defra will play its part in getting the deficit down as soon as possible in the next parliament. In this document as part of our interim Zero-Based Review, we put forward just a sample of our thinking about how this would be achieved.

A Labour Defra will cancel the Government's ineffective and inhumane badger culls which have cost almost £10 million in the first year that two pilot culls have gone ahead<sup>2</sup>. The Government have previously announced an intention to roll-out the badger culls to ten areas which would represent a five-fold increase in the level of annual culling activity. Assuming that efficiencies are found halving the costs for each cull area we calculate that cancelling the badger culls would save in the region of **£24.5 million** a year and **£122.5 million** in the next parliament.

---

1

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/293759/37630\\_Budget\\_2014\\_Web\\_Accessible.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/293759/37630_Budget_2014_Web_Accessible.pdf); p.61

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/330717/PESA\\_2014\\_-\\_print.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/330717/PESA_2014_-_print.pdf) p.22

<sup>2</sup> <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-questions-answers/?page=1&max=20&questiontype=AllQuestions&house=commons%2clords&member=483&keywords=badger>

The next Labour Government will ensure that the Defra agencies do more to move towards greater cost recovery. This will reduce the levels of grant-in-aid funding needed by the department to run its network bodies. Labour estimates that moves towards fuller cost recovery at Natural England could save **in the region of £40million over the course of the next parliament.**

Labour will review the balance between efficiency gains being passed onto businesses through lower regulatory fees and the potential to further reduce grant-in-aid for the Defra network of agencies. **Labour estimates from looking at the current income from environment protection and abstraction charges that £10million of tax payers' money could be saved in the next parliament.**

In keeping with the over-arching themes of our Zero-Based Review, the next Labour Government will focus on **preventative spending and securing better value for money.** We will redirect public spending towards interventions that can save future public spending on environmental protection. Labour will make better use of existing funds to reform land management with the aim of freeing up over £150 million of extra spending via CAP on environmental protection and rural development in the last two years of the next parliament. This switch spending will incentivise local partnerships to improve water quality supported by giving the water industry regulator a new primary duty for sustainability. These reforms coupled with a rigorous water-catchment management approach will deliver preventative measures that can reduce the need for public spending on environmental protection and could save an average of **£4million** a year and in the region of **£20million** over the next parliament.

At this interim stage in our Zero-Based Review we present a sample of our thinking – big reforms and not big spending, to help us meet our fiscal goals, and our environmental priorities. In the coming months Labour's Treasury team will continue to collaborate with Shadow Ministers to expose waste, mismanagement and poor decision making by David Cameron's Government, as well as increase the scrutiny of each departmental balance sheet. We will complete our Zero-Based Review with our first Spending Review in Government, but this early work is crucial to inform the policy choices we will make.

**Chris Leslie MP, Shadow Chief Secretary to the Treasury**

**Maria Eagle MP, Shadow Secretary of State for the Environment, Food and Rural Affairs**

## LABOUR'S ZERO-BASED REVIEW

The Zero-Based Review is a root and branch review of every pound the Government spends. It will help the next Labour Government to ruthlessly prioritise public spending and deliver service reform and improvements, rather than just salami-slicing budgets and watching services deteriorate, as has been the practise under the Conservatives and Liberal Democrats.

This process is intended not only to reveal the current Government's costly errors and skewed priorities but will require the Labour Party to grasp opportunities to deliver reformed public services which are valued and justifiable; which provide value for money and quality services that meet the needs and demands of the public who use them; and which can both make savings, and secure economic growth.

Fundamentally reviewing current Government spending is a necessary step in preparing for office. In 2013 Ed Balls MP, the Shadow Chancellor, announced that Labour would conduct a detailed review of every pound the Government spends, in order to help prepare ourselves for the challenges the next administration will face. We set out the principles of our Zero-Based Review in a Phase 1 discussion document in December.

Throughout 2014 Chris Leslie MP, Shadow Chief Secretary to the Treasury, has been examining detailed departmental expenditure as part of our first round of the Zero-Based Review, analysing every budget and exploring public service reform and redesign in detail with each Shadow team. This process has been guided by the following five principles:

- We will use public money **more efficiently** – and seek efficiencies in every area of government spending
- We will use all departmental budgets to **strengthen the economy** – supporting growth, job creation, innovation and exports
- We will ensure **greater fairness** in the impact of spending – and will prioritise spending that prevents future problems
- At the same time as increasing efficiency, the **quality and experience of public service must improve** – offering the speed, simplicity and responsiveness that people now expect
- We will strengthen **accountability and transparency** across government – with clear efficiency incentives for all departments

No department has been exempt from this process, including any areas that we may choose to protect or ring-fence, because efficiency will be necessary across all areas of spending. Our work for Phase 1 of our Zero-Based Review has been informed by the wide range of reports which have contributed to the Labour Party's Policy Review: the Armitage Review of

long-term infrastructure planning; the Local Government Innovation Taskforce; the Stevens Review of policing and crime; and the Adonis Growth Review, to mention just a few. Labour's Treasury team will continue to collaborate with Shadow Ministers to expose waste, mismanagement and poor decision making by David Cameron's Government, as well as increase the scrutiny of each departmental balance sheet over the months to come. We will complete our Zero-Based Review with our first Spending Review in Government, but this early work is crucial to inform the policy choices we will make. As Ed Miliband and Ed Balls have outlined the next Labour government will be about big reforms and not big spending.

## FAILURES OF THE CURRENT GOVERNMENT

### Badger cull

Bovine TB is a serious problem in need of an urgent solution. The previous Labour Government spent ten years on a large-scale trial in the areas worst affected by Bovine TB to develop a credible plan to tackle the issue based on the best available science<sup>3</sup>. That work included testing the case for badger culling. **The conclusion was that badger culls make no meaningful contribution to eradicating TB, and that small-scale, localised culling actually worsened the problem.** Yet this Tory-led Government has decided to pursue a badger cull which has nothing to do with piloting or learning anything from the existing body of study in this area.

Last year the Independent Expert Panel (IEP) appointed by the Government to assess the pilots concluded that the culls were 'ineffective' and 'inhumane'<sup>4</sup>. The results of the IEP monitoring could not have been clearer. The culls failed. Yet in a manner typical of this Government, they persisted with their prejudice-based policy with no regard to the scientific evidence.

The badger culls have been a disaster for wildlife, but **they have also come at a huge cost to the taxpayer.** In 2012-2013 Defra spent £2.5 million on badger control projects, including the costs of the postponing the culls in 2012, as well as the preparations for the 2013 targeted badger culls. In the following year Defra invested £6.3 million in the two failed badger culls and £3.5million on policing costs<sup>5</sup>. There have also been substantial legal costs incurred by the Government as it has attempted to defend its failed policy<sup>6</sup>. With 2,494 badgers killed in 2013 and 2014, this means each individual badger killed in these disastrous culls has cost the taxpayer a minimum of £3,929<sup>7</sup>. These figures do not include the implementation and policing costs for the badger culls in 2014-15, which have not yet been finalised. This money could have been better spent on major research to develop both cattle and badger vaccines to combat TB, which can reduce the risk of infection and transmission.

---

<sup>3</sup> "...while badgers are clearly a source of cattle TB, careful evaluation of our own and others' data indicates that badger culling can make no meaningful contribution to cattle TB control in Britain. Indeed, some policies under consideration are likely to make matters worse rather than better."

[http://archive.defra.gov.uk/foodfarm/farmanimal/diseases/atoz/tb/isg/report/final\\_report.pdf](http://archive.defra.gov.uk/foodfarm/farmanimal/diseases/atoz/tb/isg/report/final_report.pdf)

<sup>4</sup> Independent Expert Panel report

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/300382/independent-expert-panel-report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/300382/independent-expert-panel-report.pdf)

<sup>5</sup> <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-questions-answers/?page=1&max=20&questiontype=AllQuestions&house=commons%2clords&member=483&keywords=badger>

<sup>6</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/397137/RFI6951\\_20150121\\_Badger\\_cull\\_legal\\_costs\\_Redacted\\_2\\_amended.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/397137/RFI6951_20150121_Badger_cull_legal_costs_Redacted_2_amended.pdf)

<sup>7</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/308644/6456.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/308644/6456.pdf) and [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/388725/summary-badger-control-monitoring.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/388725/summary-badger-control-monitoring.pdf)

The Government's bovine TB strategy identifies a zone covering the South West, West Midlands and East Sussex where the Government believes badger culling is necessary<sup>8</sup>. The Government has previously announced its intention to extend the badger culls to ten areas<sup>9</sup> but these plans were put on hold after the IEP criticised the first year of the culls. Based on recent Government rhetoric and their decision to abandon the IEP it is a reasonable assumption that a Conservative-led Government would roll out the badger culls to ten areas from summer 2015<sup>10</sup>. Even if the Government were able to find efficiencies halving the costs for each cull area Labour calculates that cancelling the badger culls could save in the region of **£24.5million** a year and **£122.5million** in the next parliament.

### **Withdrawal of CAP subsidies for solar panels**

The Government is **failing to get best value for tax payers' money**. In October 2014 Secretary of State Liz Truss announced that Defra would withdraw Common Agricultural Policy (CAP) payments to farmers who had solar panels on their land. A parliamentary question revealed that the department had made no assessment of how much arable land had been taken out of production as a result of the expansion of solar farms<sup>11</sup>. The National Farmers' Union criticised the Government's announcement by saying that land can be multi-functional, yielding an agricultural benefit as well as producing energy. Providing CAP money for farmers who also have solar panels is a common-sense way to use public money, which has to be spent on subsidies in this area by law, to incentivise both competitive farming and investment in renewable energy. This misguided Government decision, based on no evidence, is a case of their clear failure to achieve best value for money.

### **Failure on flooding**

The Met Office has warned that extreme weather events will increase in both intensity and frequency in years to come, yet this Government has failed to get to grips with the increasing risk<sup>12</sup>.

Having slashed back flooding prevention spending in the early part of the Parliament the Government's response to the extreme flooding of winter 2013 amounted to an admission that it had taken a short-term approach where a long-term one is needed. **As a result the**

---

<sup>8</sup> "This zone covers the South West, West Midlands and East Sussex ... Management of the latter [badger-cattle infection] will include vaccination and culling." (page 16)  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/300447/pb14088-bovine-tb-strategy-140328.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/300447/pb14088-bovine-tb-strategy-140328.pdf)

<sup>9</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/69463/pb13691-bovinetb-policy-statement.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/69463/pb13691-bovinetb-policy-statement.pdf)

<sup>10</sup> Liz Truss, the Secretary of State for Environment Food and Rural Affairs, has said that culling badgers will continue if the Conservative Party win the election in May 2015 and rolled out beyond the two pilot areas.  
<http://www.theguardian.com/uk-news/2015/feb/24/badger-culls-will-continue-under-new-tory-government-liz-truss-says>

<sup>11</sup> <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2014-10-22/211405/>

<sup>12</sup> Too hot, too wet, too dry: Drivers and Impacts of Seasonal Weather in the UK, Met Office, March 2014  
[http://www.metoffice.gov.uk/media/pdf/4/8/Drivers\\_and\\_impacts\\_of\\_seasonal\\_weather\\_in\\_the\\_UK.pdf](http://www.metoffice.gov.uk/media/pdf/4/8/Drivers_and_impacts_of_seasonal_weather_in_the_UK.pdf)

## **Government has stored up costs and risks that will mean a heavier price tag in the future<sup>13</sup>.**

The Committee on Climate Change has said that three-quarters of existing flood defences are not being maintained to their identified need. Maintaining existing flood defence systems is among the most cost-effective use of resources<sup>14</sup> so there are very real risks that the short-termist approach adopted by the current Government will end up costing the taxpayer more in the long-term.

Another effective way to reduce the need to spend public money on managing flood risk and extreme weather is to ensure that all Whitehall departments and sectors of the economy are effectively adapting to climate change. However in 2013 a Freedom of Information request revealed that the Government had reduced the number of Defra officials working on climate adaptation from 38 to just six<sup>15</sup>.

### **Food policy failure**

Under this Government food policy has been characterised by fragmentation, chaos and weakened consumer protection. This was seen in the impact of the Government's decision to split up the Food Standards Agency (FSA), hiving off responsibility for food composition labelling to Defra, nutritional labelling to the Department of Health, and leaving the FSA responsible for food safety labelling. This created a fragmented regulator that struggled to deal with the horsemeat scandal<sup>16</sup>. The FSA has had further criticism in its handling of the campylobacter scandal at the end of 2014 when contamination was found in over half of the UK's fresh chickens<sup>17</sup>. There is no doubt that the Government's decision to carve up the FSA has led **to poor value for public money alongside perverse outcomes for the consumer.**

### **U-turns and European fines**

In 2011 the Government was forced into an embarrassing u-turn when its plans to sell off the public forest estate were criticised by its own MPs and over half a million members of

---

<sup>13</sup>Written Evidence to the Environmental Audit Committee Inquiry on Climate Change Adaptation by the Committee on Climate Change Adaptation Sub-Committee, September 2014, p5,

<http://www.theccc.org.uk/wp-content/uploads/2014/09/2014-08-27-ASC-submission-to-EAC-v2.pdf>;

[http://www.theguardian.com/environment/2014/dec/02/communities-risk-flooding-wont-buy-spin-david-  
cameron](http://www.theguardian.com/environment/2014/dec/02/communities-risk-flooding-wont-buy-spin-david-cameron)

<sup>14</sup>Strategic Flood Risk Management, National Audit Office, Report by the Comptroller and Auditor General, p7, <http://www.nao.org.uk/wp-content/uploads/2014/11/Strategic-flood-risk-management.pdf>

<sup>15</sup><http://www.theguardian.com/environment/2013/may/17/uk-climate-change-adaptation-team-cut>

<sup>16</sup>National Audit Office: 'Food safety and authenticity in the processed meat supply chain'(10<sup>th</sup> October 2013) *"A split in responsibilities for food policy between the Food Standards Agency and two Whitehall departments in 2010 has led to confusion among stakeholders about the role of the Agency and Defra in responding to food authenticity incidents."*

<http://www.nao.org.uk/report/food-safety-and-authenticity-in-the-processed-meat-supply-chain/>

MPs slam government 'confusion' over horsemeat:

<http://www.fwi.co.uk/business/mps-slam-government-confusion-over-horsemeat.htm>

<sup>17</sup>[http://www.theguardian.com/world/2014/nov/27/dirty-chicken-scandal-campylobacter-eight-out-10-uk-  
birds-supermarkets-asda](http://www.theguardian.com/world/2014/nov/27/dirty-chicken-scandal-campylobacter-eight-out-10-uk-birds-supermarkets-asda)



the public who signed a petition against the plan<sup>18</sup>. After the forest sell-off proposal was finally dropped, the Government undertook a major consultation on a new plan for the future management of the Public Forest Estate in England. Four years later there is still no legislation to secure the future of our forests.

Failure to comply with European regulation has threatened to increase Defra spending as well as worsening outcomes for people and wildlife. In 2012-13 Defra had to set aside £7.5million to pay an expected fine for failure to implement the Wild Birds Directive<sup>19</sup>. The fine was dropped when the Government pledged to bring forward new guidance on implementing the directive but as of yet this has not been published.

---

<sup>18</sup> BBC NEWS: 'No sell-off' for public forests

<http://www.bbc.co.uk/news/science-environment-21275432>

<sup>19</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/224329/defra-year-end-accounts2012-13.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224329/defra-year-end-accounts2012-13.pdf) p.170

## LABOUR'S ALTERNATIVE

### Funding of the Department's agencies

The Department for Environment, Food and Rural Affairs has a total managed expenditure of over £6billion, which takes into account both its activities funded by Parliament and grants made under the European Union's Common Agricultural Policy across all the nations of the United Kingdom<sup>20</sup>. If we are to get the greatest value for money from this resource, to make savings and begin to meet the fiscal challenge, we will have to think differently about how the department develops and delivers policy relating to the environment, food and rural affairs through its many agencies and non-departmental bodies.

The Department distributes a much greater proportion of its spending through its arms-length bodies, compared to most other Whitehall departments<sup>21</sup>. Of the £2.4billion of spending granted via parliamentary estimates which the Department received in 2013-2014 to meet its strategic objectives, over £1.3billion was given to its core network bodies<sup>22</sup>.

Many of these arms-length bodies have well-developed strategies for bringing in income as a result of the services they provide, often to businesses. However there is a large difference between the agencies' dependency on grant-in-aid from the department once these additional sources of income have been factored in (See table 1 below). It is the Labour Party's view that there is scope for reform of the Department's arms-length bodies to deliver improved cost recovery. **Labour believes that Natural England could develop a more comprehensive strategy to increase the percentage of its expenditure recouped from non-grant income from the current 5% to between 10% and 15% over the course of the next parliament. If we assume that the smaller of these two targets is met, this could potentially represent an increase in income to the department, and therefore an annual saving, in the region of £10million.** We will work with Natural England to achieve this target.

The Natural England Corporate Plan 2014-19 already proposes an increase in the amount of chargeable discretionary pre-application advice for its services.<sup>23</sup> Furthermore, there are income-generating services similar to those provided by the Environment Agency and the Marine Management Organisation such as planning consultation advice and the provision of licenses for which Natural England could increase charges on or begin to charge for. **The next Labour Government will review the ability of Defra agencies to move towards a greater percentage of cost recovery and reduce levels of grant-in-aid funding provided by the department to run its network bodies.**

---

<sup>20</sup> <http://www.nao.org.uk/wp-content/uploads/2014/11/The-Performance-of-the-Department-for-Environment-Food-and-Rural-Affairs-2013-14.pdf> p.10

<sup>21</sup> *ibid*, p.9

<sup>22</sup> *ibid*

<sup>23</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/300746/ne-corporate-plan-2014-2019.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/300746/ne-corporate-plan-2014-2019.pdf)

<b>Income &amp; Expenditure of Defra Network Bodies, 2013/14</b>		
	Total Expenditure (£ thousand)	% Recouped from non- grant income
Environment Agency	1,164,000	35%
AHVLA	227,868	At or near 100%*
Natural England	197,995	5%
FERA	61,405	35%
Cefas	49,903	At or near 100%
MMO	30,647	9%
* Includes 76% from Defra on a customer basis		
<i>Source: Individual body annual reports and accounts</i>		

### Increasing income

**Income from just two regulatory charges (environmental protection and abstraction charges) dropped by £44million last year<sup>24</sup>.** While some of this drop in income may be explained by a reduction in case load, it is reasonable, based on the total amount these charges brought in at the beginning of the Government's term in office, to believe that around 10% of the drop could be attributed to reductions in fees achieved through finding efficiency gains in service delivery. If so this would indicate that roughly **£4million** has been lost to the Department. If just half of these efficiency gains in future years were used to reduce Defra spending then **£2million** could be saved each year. This could potentially generate **£10million** of savings in the next parliament.

Abstraction charges are paid by water companies, large-scale agricultural producers and energy-generating activities. Environmental protection charges are levied for a range of activities including the regulation of radioactive substances through licenses; regulation of the environmental impact of major industrial and waste activities and regulation of discharges of effluent to controlled waters.

Labour will review the balance between efficiency gains being passed onto businesses through lower regulatory fees and the potential to further reduce grant-in-aid for the Defra network of agencies. We will take care to ensure these savings do not harm businesses that are particularly vulnerable to small increases in cost.

### More efficient spending

Preparing for climate change and any extreme weather associated with it is one of the largest drivers of spending in the Department<sup>25</sup>. To secure the best value for money requires

<sup>24</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/336100/defra-year-end-accounts-2013-14.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/336100/defra-year-end-accounts-2013-14.pdf) p.124

<sup>25</sup> £606.2million total funding for flood risk management in 2013-14 (NAO) <http://www.nao.org.uk/wp-content/uploads/2014/11/Strategic-flood-risk-management.pdf>

effective long-term planning. The coalition's short-term approach has led to cuts to flood defence investment and maintenance. As a result **emergency spending and maintenance costs have increased**, cancelling out any planned savings<sup>26</sup>. This short-term approach has increased flood risk and the costs of flooding in this Parliament. It also increases the medium and long-term costs as existing flood defences deteriorate and flood risk increases because of increased run-off as bare ground is covered up by new development, and climate change.

**This is the worst of both worlds as there is no long-term plan for managing flood risk and the need to spend ever larger amounts responding to flooding events increases.**

In October 2012 the Labour Party commissioned Sir John Armitt, the Chairman of the Olympic Delivery Authority, to undertake an independent review of long term infrastructure planning in the UK, looking at:

- whether a new institutional structure can be established that better enables the long term decision making necessary for strategic infrastructure planning; and
- how political consensus can be forged around these decisions<sup>27</sup>.

In the report, Sir John called for the establishment of an independent National Infrastructure Commission to identify the UK's long-term infrastructure needs and monitor the plans developed by governments to meet them. The Commission will consider how the UK's future needs could be met in a targeted and efficient manner with **value for money being a primary consideration**.

This approach will ensure that Labour's plans for flood defence spending are set out in the context of a long-term plan to meet the country's infrastructure needs.

Labour will also develop a new National Adaptation Programme (NAP) to ensure that all Government departments and sectors of the economy play their part in adapting to climate change. Labour's new NAP will make adaptation reporting mandatory so that operators of critical infrastructure (such as roads, airports, rail, schools, hospitals) have plans in place for increasing resilience to climate change. This will allow preventative measures to be taken **bringing down costs in the long term**.

The new adaptation programme will also secure better value for money through identifying approaches to adaptation that can also deliver benefits for the natural environment. For example reforming land management in upstream areas to reduce flood risk or through

---

<sup>26</sup> 1) Oral Evidence to the Public Accounts Committee on the Strategic flood risk management, HC 737, Q18, David Rooke, Executive Director, Environment Agency, November 2014, <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/public-accounts-committee/strategic-flood-risk-management/oral/15738.html>

**“Q18 Chair:** So it just means that net, over the long run, you are spending more money to get each bang per buck than you were, or would have been doing.

**David Rooke:** That is true in terms of capital; we would need to spend more capital than we might have done.”

<sup>27</sup> The Armitt Review:

[http://www.yourbritain.org.uk/uploads/editor/files/The\\_Armitt\\_Review\\_Final\\_Report.pdf](http://www.yourbritain.org.uk/uploads/editor/files/The_Armitt_Review_Final_Report.pdf)

creating habitats for wildlife that also has the effect of absorbing excess rainfall and reducing river flows.

Labour will take a new approach to environmental protection focused on **preventative spending and securing better value for money. This will include enhanced targeting of cross-compliance measures under Pillar 1, and the transfer of 15% of Common Agricultural Policy (CAP) payments under modulation from direct farm subsidies to rural development, or “Pillar 2”, at the 2017 review point. This has the potential to free up over £150million of extra spending on environmental protection and rural development in the last two years of the next parliament**<sup>28</sup>. This switch spending will create better incentives for environmentally friendly land management practice.

At this interim-stage of our Zero Based Review we can identify water quality as one area where a new approach to environmental protection will deliver improved outcomes and savings. Defra has spent almost £238million on water quality in the last three years and yet the NAO report that there has been no improvement of England’s surface water bodies since 2010 with only 25% assessed to be of good ecological status<sup>29</sup>. The Environment Agency concluded that the Government has a low chance of achieving its target for improving water quality by the end of 2027<sup>30</sup>.

Labour’s reforms will support sustainable farming practices by directing a greater percentage of European subsidies towards environmental protection. At the same time Labour’s water industry reforms will improve water quality by giving the regulator Ofwat a new primary sustainability duty. These reforms coupled with a rigorous water-catchment management approach will help replicate best practice where water companies already work with farmers, other land managers, charities and community groups to improve biodiversity and water quality<sup>31</sup>. These reforms will deliver preventative measures that can reduce the need for public spending on environmental protection. If spending on catchment restoration to improve water quality could be reduced by half we calculate this could save an average of **£4million** a year and in the region of **£20million** over the next parliament<sup>32</sup>.

---

<sup>28</sup> Consultation on the implementation of CAP reform in England (Feb 2014) Paragraph 3.2 states that a transfer to 15% modulation would raise total spend on pillar 2 projects from £3.5bn to £3.65billion in the period 2015-2020. This £150million would be available to spend in the final two years of the next parliament. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/284801/cap-consult-response-201402.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/284801/cap-consult-response-201402.pdf)

<sup>29</sup> Defra Annual Report and Accounts 2013-14 reports that Defra funding for the Environment Agency on water quality was £78million in 2012-13 and £84.6million in 2011-12 and Defra’s mid-year report for April-September 2014 reported that the figure for 2013-14 was £74.5million. The NAO reported in 2014 that there has been little change in the ecological status of England’s surface water bodies since 2010 <http://www.nao.org.uk/wp-content/uploads/2014/06/Environmental-Protection-briefing.pdf>

<sup>30</sup> The economic analysis of the new river basin management plans indicate that a business as usual scenario would see a deterioration of environmental quality [https://consult.environment-agency.gov.uk/portal/ho/wfd/draft\\_plans/consult?pointId=s1405418174455#section-s1405418174455](https://consult.environment-agency.gov.uk/portal/ho/wfd/draft_plans/consult?pointId=s1405418174455#section-s1405418174455)

<sup>31</sup> <http://www.water.org.uk/sites/default/files/documents/Policy-Reports/cap-reform---a-future-for-farming-and-water.pdf>

<sup>32</sup> The catchment restoration fund paid out between £8m and £10m a year from 2012 to 2015. ([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/330464/pb14179-catchment-restoration-fund-report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/330464/pb14179-catchment-restoration-fund-report.pdf))

