



Department for Environment, Food and Rural Affairs: Progress and next steps

Foreword

The first Capability Reviews were published in July 2006. Their purpose was to give honest and robust assessments of capability to central government departments and to identify the specific measures needed to ensure that the Civil Service is equipped to meet its future challenges. My aim was to develop a culture of excellence and continuous improvement in every part of the organisation and to ensure that the Civil Service was at the heart of the Government's commitment to delivering world-class public services.

Since then, the Capability Reviews Team in the Cabinet Office has reviewed 17 departments and worked with them to address areas highlighted for improvement. The team has worked with more than 100 external reviewers drawn from a wide range of backgrounds in the private, wider public and voluntary sectors, as well as directors general from other government departments. The team members have added a much-welcomed independence to the reviews and have shared their insights and experiences to help departments in their development.

Our progress report and the external validation of the Capability Review process by the Sunningdale Institute in 2007 demonstrated a picture of improvement, often against very challenging internal and external pressures. Our challenge is to sustain this improvement and to build on this to deliver excellence in the Civil Service.

We know that the pace of external change will continue to increase, so we need a Civil Service that is flexible and able to respond quickly and professionally to all new and emerging challenges. To that end, we are now revisiting the departments we have reviewed to assess progress and to discover and share best practice. This report on progress and next steps for the Department for Environment, Food and Rural Affairs (Defra) is the first step in that process.

I would like to congratulate Defra for making significant progress over the last two years. In particular, I have been pleased to hear about the positive way in which the Department has responded to the 2007 Capability Review and the machinery of government changes which affected it in October 2008. Defra has made considerable progress in implementing its ambitious organisational vision and demonstrated an appetite for transformational change. I am looking forward to seeing how this improves outcome delivery in future.

Effective departmental leadership remains the key to unlocking capability and departmental performance and I am pleased that there has been a strengthening of top teams in departments, supported by a new Civil Service leadership framework for the Senior Civil Service as a whole.

It is important that the Civil Service is able to turn the changes following the reviews into improved delivery in new and complex environments, with and through a range of delivery partners and stakeholders. To meet increasing public expectations, it will be important for departments to enhance their delivery capability and to improve the way they work across departmental and sector boundaries. Although there is evidence of strong performance in these areas, I will look to the Capability Review programme to be the catalyst for further change.

I would like to thank and acknowledge the support of the review team that has made this progress and next steps report possible. The members of the team were:

- John Alty, Director General, Department for Business, Enterprise and Regulatory Reform;
- Joyce Redfearn, Chief Executive, Wigan Council; and
- Stephen Taylor, Director, Taylor Haig Ltd.

This report marks a further step towards the achievement of excellence and continuous improvement. Each department will respond by addressing particular areas for improvement identified in its review. The Capability Reviews Team, on my behalf, will continue to review progress but I will also expect departments to maintain a self-assessment of their capability in the light of their current and future challenges.



Sir Gus O'Donnell KCB
Cabinet Secretary and Head of the Home Civil Service
March 2009

Contents

Foreword	2
1. The Department	5
2. Assessment of capability for future delivery	7
3. Review findings	8
4. Departmental response: plans for continuous improvement	13
Annex A: The model of capability	16
Annex B: Assessment categories	17

1. The Department

The purpose of the Department for Environment, Food and Rural Affairs (Defra) is to ‘secure a healthy environment in which we and future generations can prosper’. This builds on the Department’s previous mission of enabling everyone to ‘live within our environmental means’ – but it also makes clear the positive benefits for the economy and society of protecting and enhancing the environment.

Defra has three priorities: to secure a healthy natural environment for us all and deal with environmental risks; to promote a sustainable, low-carbon and resource-efficient economy; and to ensure a thriving farming sector and a sustainable, healthy and secure food supply.

Defra is the lead department for Public Service Agreement (PSA) 28: ‘Secure a healthy natural environment for everyone’s well-being, health and prosperity, now and in the future’. The Department also contributes to the delivery of nine other PSAs.

Defra has nine Departmental Strategic Objectives (DSOs):

- a society that is adapting to the effects of climate change, through a national programme of action and a contribution to international action;
- a healthy, resilient, productive and diverse natural environment;
- sustainable, low carbon and resource efficient patterns of consumption and production;
- an economy and a society that are resilient to environmental risk;
- championing sustainable development;
- a thriving farming and food sector with an improving net environmental impact;
- a sustainable, secure and healthy food supply;
- socially and economically sustainable rural communities; and
- a respected department delivering efficient and high-quality services and outcomes.





In October 2008, machinery of government changes saw the creation of the Department of Energy and Climate Change (DECC). As part of this move, Defra’s responsibility for policy on mitigating climate change at national and international level was transferred to DECC. Responsibility for climate change adaptation and sustainable consumption and production remains with Defra. The creation of DECC meant some changes to Defra’s DSOs. These changes brought about a stronger focus on the Department’s role in adaptation to climate change and a clarification of its role in promoting a low carbon, resource efficient economy. In addition, a new DSO was created to cover Defra’s additional role in ensuring a sustainable, secure and healthy food supply.

Defra and its executive agencies employ 10,210 staff, of whom 2,550 work in the policy core and 7,660 in the executive agencies. The Department's total Comprehensive Spending Review (CSR) 2007 budget is £9.4bn over three years, and it expects to achieve value for money savings of £306m by the end of the CSR period. Defra provides funding to an extensive range of delivery partners, most notably the Rural Payments Agency (£256m in 2008/09), the Animal Health Agency (£128m in 2008/09), the Environment Agency (£705m in 2008/09) and Natural England (£176m in 2008/09).




2. Assessment of capability for future delivery

The Permanent Secretary launched her ambitious organisational vision for Defra in late 2006. Since then, the 'Renew Defra' change programme has succeeded in laying the foundations for this new operating model. Significant progress has been made, both in strengthening the Management Board as an effective corporate team and improving the management of resources. The Department needs to keep up the momentum in embedding these improvements and focus more externally, both on customers and the wider delivery network.




Leadership

L1	Set direction		Strong
L2	Ignite passion, pace and drive		Development area
L3	Take responsibility for leading delivery and change		Development area
L4	Build capability		Development area

Strategy

S1	Focus on outcomes		Well placed
S2	Base choices on evidence		Well placed
S3	Build common purpose		Development area

Delivery

D1	Plan, resource and prioritise		Well placed
D2	Develop clear roles, responsibilities and delivery model(s)		Development area
D3	Manage performance		Development area

The model of capability is shown at Annex A.
The assessment categories are shown at Annex B.

3. Review findings

Leadership

Defra has set out an ambitious organisational vision and made significant progress in implementing it. Following the machinery of government change, the Department acted quickly to restate its strategic vision and purpose. While keeping up momentum on delivering the new way of working, Defra should develop a comprehensive view of the people and skills it needs. It will be important for the Board to put more focus on looking outside the core Department and leading change across its wider delivery network.

Defra has set out an ambitious organisational vision and made significant progress in implementing it. Following the machinery of government change, the Department acted quickly to restate its strategic vision and purpose.

- The Permanent Secretary has received considerable praise from staff and stakeholders, both for her vision and for her leadership in driving through the changes necessary to deliver it, for example on the introduction of a radical new operating model.
- Defra took swift action to restate its strategic vision and maintain morale following the machinery of government change which created DECC.
- The 'Renew Defra' change programme has delivered systems and tools to support the new operating model of both flexible resourcing and clearer accountability through project and programme working. The Department has underpinned these with a programme of communication and staff engagement.
- The Management Board is now a corporate team that works together in the interests of the Department as a whole. Its role has been redefined and its membership has been refreshed through recruitment and promotion. Board members have taken part in a variety of staff engagement activities, including visits, Q&A sessions and online diaries, which have been successful in improving their visibility.
- The new 'Flexible Staff Resourcing' system enables staff to be matched to business needs and to work on multiple assignments. It also allows for much improved management information, particularly on resource utilisation and skills. Alongside this, the Department has introduced a new staff performance management and development system. Staff have welcomed the creation of a new Development Manager role and training for the new operating model has been well received.

While keeping up momentum on delivering the new way of working, Defra should develop a comprehensive view of the people and skills it needs. It will be important for the Board to put more focus on looking outside the core Department and leading change across its wider delivery network.

- Fully implementing, embedding and refining Defra's new organisational model will be a considerable challenge. In particular, the new staff appraisal system, which increases scrutiny of individual performance, will be a significant change for some staff. Tackling remaining areas of lower staff engagement and handling the anticipated impact on morale are important, as is increasing staff confidence in change management and the Management Board itself. Only 47 per cent of staff agreed that they were proud to work for Defra in the 2008 staff pulse survey, and 18 per cent agreed that change was well managed in the 2009 staff mini-survey – the same figure as that recorded in 2008. To maintain progress, it will be important for the Board to ensure timely recruitment to key posts across the Department, in particular within Communications.
- Having placed emphasis on up-skilling staff for the new operating model, Defra should now develop a comprehensive view of the people and skills it needs and how it is going to deliver them. Beyond that associated with the 'Renew Defra' programme, staff do not understand current training and development provision, nor how to access it.
- The Department has put a great deal of energy into driving internal change. However, the pace of some important change across the delivery network has remained slow (for example the delivery of the Whole Farm Approach). Defra will need to address this in order to retain the confidence of stakeholders and deliver for customers.

Strategy

Defra remains well regarded by stakeholders for its use of analysis and its scientific evidence base. It has improved relationships with its major delivery bodies. The Department now needs to increase its focus on customers, and to engage and enthuse the wider delivery network and stakeholders to achieve its strategic objectives.

Defra remains well regarded by stakeholders for its use of analysis and its scientific evidence base. It has improved relationships with its major delivery bodies.

- Defra has articulated clearly its purpose and DSOs in a visual format which staff recognise. In the 2009 staff mini-survey, 70 per cent agreed that they had a clear understanding of Defra's purpose and objectives.

- Ministers speak highly of the support they receive from officials. There is evidence of good joint working between the Board and ministerial team. There are regular meetings and dedicated sessions which, for example, have included refreshing the strategy following the creation of DECC and taking difficult decisions in order to balance the 2008/09 budget.
- A new 'policy cycle' has been introduced to ensure consistency in policy making (for example in the use of evidence and consultation) and to provide a mechanism for continuous improvement.
- Defra's scientific evidence base is highly regarded by stakeholders, including within the European Commission. The Department has improved its use of economics and increased its expertise in this area. It has carried out some customer insight work, including a segmentation of farmers' and businesses' attitudes, and has further work planned.
- The Board engages in horizon-scanning twice a year, and activity in this area has led to work on the impact of future trends (for example in demographics). The Department has also looked in more depth at the impact of the global economic downturn and action that might be taken. Some capital project spend has been brought forward to help stimulate the economy, for instance £20m of the Environment Agency's Flood Risk Management capital budget.
- The Department has become more inclusive with its 'Big Four' delivery bodies (Animal Health, the Rural Payments Agency, Natural England and the Environment Agency) through a non-executive appointment to the Board, new board-level sponsorship arrangements and a refreshed network forum – the Defra Delivery Network Group. These delivery bodies report improved and more mature relationships with Defra.
- There are some good examples of innovation and joint working with partners and stakeholders in developing and implementing strategy, for instance on 'Bluetongue' disease.

The Department now needs to increase its focus on customers, and to engage and enthuse the wider delivery network and stakeholders to achieve its strategic objectives.

- The culture of the Department is not yet consistently focused around customers. Some staff do not understand what delivering the DSOs will mean for customers. Given the importance of understanding and driving behaviour change to achieving its objectives, the Department recognises its current social research and customer insight capabilities are insufficient.
- While relationships with the 'Big Four' delivery bodies have improved, the Department needs to extend its reach to the wider Defra delivery network. There is not enough evidence of delivery bodies collaborating, sharing best practice or taking common ownership of issues on behalf of shared customers.

- Stakeholder relationships beyond the Defra delivery network are mixed, with some stakeholders feeling that Defra does not understand them. There is more to be done to convince some of those affected by Defra's policies that they are being listened to. Some do not regard the Department as influential enough across government.
- Defra does not yet have a strategic view of the attitudes of its stakeholders, although a survey has recently been commissioned.
- Defra's strategic vision and new organisational model are not well understood outside the Department, with some stakeholders and delivery partners pointing to poor communication channels. In light of the recent machinery of government change, Defra needs to do more to ensure that it communicates its new role and contact points effectively outside the Department.

Delivery

Defra has significantly improved its capability to manage, prioritise and move its resources in line with its strategic objectives. Its corporate performance management has also been strengthened. It will be important for the Department to make full use of the mechanisms it has put in place in order to prioritise future activity effectively. It needs to place a greater focus on building the capability, and managing the performance, of the wider delivery network.

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- The Department has significantly improved its financial management, which is now supported by better finance systems, forecasting and controls. The Board has taken collective ownership of Defra's resources, undertaking a substantial prioritisation project with ministers to achieve a balanced budget with a fund to meet contingencies.
- Defra has also introduced a new 'continuous' business planning process using a system of approvals panels (for new projects or supplementary resource) and a twice-yearly review. Additionally, two-thirds of the Department's staff are operating under the new 'Flexible Staff Resourcing' system. These systems enabled Defra to respond more quickly and easily to the machinery of government change.
- The new operating model based around project and programme working provides a stronger grip on the performance of the organisation. The Board uses an enhanced 'dashboard' of management information to collectively challenge progress on the key programmes and DSOs on a quarterly basis, with mechanisms in place for more frequent escalation as necessary. Defra has commissioned assurance activity to review its entire portfolio. This should help ensure that best practice is being followed, and that, together, the projects and programmes will deliver the Department's strategic objectives.

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- Contingency planning and response, particularly around animal health, are viewed positively by stakeholders.
 - There have been improvements to the Department's governance of its delivery network, including quarterly Strategic Advisory Boards and twice-yearly ministerial performance reviews for each of the 'Big Four' delivery bodies. Overall customer satisfaction with the Rural Payments Agency rose by 13 per cent from 2007 to 2008.
 - Defra has advocated voluntary 'deals' to agree responsibilities with its delivery bodies, with 25 currently in place or planned. In addition, some recent rationalisation of the delivery chain has taken place, for instance with the creation of the new Food and Environment Research Agency which will replace several separate bodies.

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- Staff have suggested that the new systems, in some cases, are over engineered. Some simplification and refinement will be necessary, as part of the embedding process, for the new systems to become fully effective and accepted. In some cases, deep cultural change will be necessary, for instance with the new 'Flexible Staff Resourcing' system. Some staff expressed concern that, with new and enhanced responsibilities, Defra's resources are stretched too thinly. The Department now has the systems in place, but it will need to take tough decisions in order to prioritise effectively.
- Defra has a complex delivery landscape with a variety of types of delivery body and role. Some stakeholders feel that roles are not always clear, or that they contain inherent tensions which the Department needs to manage more effectively.
- The pace of building capability in the delivery chain, and progress in joining up delivery for customers, has been slow. Customers and stakeholders feel there is considerably more to do to put information in one place, join up, share information and adopt more consistent standards, where appropriate.
- Now that Defra has improved its internal resource and organisational performance management capabilities, it should do more to drive performance, efficiency and value for money across the whole delivery network.

**Capability Reviews Team
March 2009**

4. Departmental response: plans for continuous improvement

Since the 2007 Capability Review we have undertaken a major change programme which has seen us become a more strategic, flexible, responsive and innovative department. This is reflected in our more effective approach to prioritisation and financial management, through our approach to policy development, through outcomes being developed in partnership and through our staff who continue to be proud of their work and strongly committed to delivering good results.

We have welcomed the very constructive engagement offered by the review team and are very pleased to hear that they consider Defra has made significant improvement. The story so far is good and we are proud of what we have achieved. The findings of the Capability Review have helped us focus on the continuing challenges and tackle specific areas for action. We have shown real momentum in our new working practices and we will capitalise on that momentum to improve our capability at all levels within Defra, while working to increase the pace of change across our network.

Improving capability

We have asked for, and delivered, a lot in terms of improved capability since 2007. The Capability Review acknowledges how far Defra has come in living up to our 'ambitious organisational vision'. We have been bold in the scale of our ambitions and have achieved a great deal in terms of new systems and processes while maintaining our strategic focus. We also take reassurance from the noted strength of our Management Board and ministerial relationships.

Building capability is a journey of continuous improvement – sometimes delivered in leaps and sometimes in increments. For Defra this means:

- building on our successes by being prepared to challenge ourselves further;
- continuing to drive a clear sense of purpose and vision to all parts of Defra, including our executive agencies;
- enhancing effective partnership working with our wider network and stakeholders; and
- understanding and working with a wide range of customers to deliver our strategic outcomes.

The next stage of the journey

The Capability Review has given us a strong steer on where we can usefully direct our effort to improve capability even more. Over the coming weeks we will consider how best to take on board the recommendations and incorporate these into an action plan.

The recommendations note that, although our new processes and systems have held up well until now, they have never been stress-tested in an extreme environment. That is why we will continue to monitor our progress regularly and test ourselves against our original vision, ensuring that we maximise benefits and maintain momentum. We are learning from experience and will continue to refine our business model to improve the coherence of our planning, monitoring and management of business. We will also make sure that we keep our processes as simple as possible and do more to ensure that our staff and all our stakeholders understand them.

We are also trying to get an improved and more credible stream of feedback from our customers and stakeholders to give us greater understanding of what they want from us. We are currently conducting a new stakeholder survey and will use this information to help us plan our future activities. We have established a network of over 40 customer champions and we have rolled out customer insight training to all Senior Civil Service staff. From April 2009 onwards, making use of customer insight will be a requirement of how we make policy. We are currently training staff to use customer insight in everything we do.

The Capability Review raised questions about how confident Defra is as a department and to what extent we can successfully communicate and influence other government departments. This is an issue that concerns us too. Our track record at successfully influencing is well established in Europe and we want to learn from that experience. As a first step, we are looking at how we might incorporate communication and influencing skills into our next round of Senior Civil Service training. To further this work we will improve the communication of our central strategy to help convey key messages about our purpose and objectives to all staff, irrespective of location or grade, and improve our expression of the values that the Department observes and expects all our staff to follow.

We had good feedback from our delivery partners during the review, particularly the key non-departmental public bodies. Nevertheless, we will further develop our focus by improving our understanding of how we can improve our end-to-end delivery processes and ensure that our financial prioritisation, management and control are driving resource efficiencies for ourselves and our delivery partners. We already have in place an effective approach to dealing with our executive agencies on an individual basis and we are building on this so that we work more effectively as a collective group.

We have made great strides in flexible staff deployment and the use of development managers. This gives us an excellent platform for continuing with our plan to develop workforce planning further, based on a good understanding of our existing skills base and continuing gaps. During the last two years we have concentrated on giving staff fundamental strategic skills, including performance management, programme and project management, and finance, that we believe are essential to any organisation. We will now be able to move away from this generic emphasis and focus on more job-specific skills.

The review team stressed the importance of maintaining momentum. We agree. We are determined to maintain our level of ambition to ensure that the major changes we have already made are fully embedded and resilient to the very challenging times ahead.

Department for Environment, Food and Rural Affairs
March 2009

Annex A: The model of capability



The model of capability has been designed specifically for the Capability Reviews. It was developed through consultation with senior leaders in Whitehall and external experts. The model is deliberately selective and designed to focus on the most crucial areas of capability – leadership, strategy and delivery.

The scope of the reviews is to assess the capability of departments' senior leadership in the areas above, using the model of capability. The model enables judgements to be made against 10 elements across leadership, strategy and delivery, using an underlying group of 39 questions. For further information on the model of capability see www.civilservice.gov.uk/capabilityreviews.

Each review has been carried out by the Capability Reviews Team with a team of external reviewers assembled specially for the department under review. These reviewers have been drawn from the private sector, the wider public sector and boards of other government departments.

The Capability Reviews Team will regularly review progress and provide support to help ensure that the department is on track to deliver.

Annex B: Assessment categories



Strong – good capability for future delivery in place, in line with the capability model. Clear focus on the action and improvement required to deliver transformation over the medium term.



Well placed – well placed to address any gaps in capability for future delivery through practical actions that are planned or already underway. Is making improvements in capability and is expected to improve further in the medium term.



Development area – the department should be capable of addressing some significant weaknesses in capability for future delivery by taking remedial action. More action is required to close those gaps and deliver improvement over the medium term.



Urgent development area – significant weaknesses in capability for future delivery that require urgent action. Not well placed to address weaknesses and needs significant additional action and support to secure effective delivery. Not well placed to deliver improvement over the medium term.



Serious concerns – serious concerns about current capability. Intervention is required to address current weaknesses and secure improvement in the medium term. (NB only used infrequently, for the most serious gaps.)

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Publication date: March 2009

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Ref: 294074/0309

Prepared for the Cabinet Office by COI