

Environment, Food and Rural Affairs Committee

Oral evidence: The work of DEFRA, HC 764

Tuesday 26 January 2016

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Members present: Neil Parish (Chair); Chris Davies; Jim Fitzpatrick; Simon Hart; Ms Margaret Ritchie; Angela Smith

Questions 1-113

Witnesses: **Rt Hon Elizabeth Truss MP**, Secretary of State for Environment, Food and Rural Affairs, and **Clare Moriarty**, Permanent Secretary, Department for Environment, Food and Rural Affairs, gave evidence.

Q1 Chair: Secretary of State, very much welcome to the Committee. We appreciate you both coming. We have a series of questions for you. I do not think you necessarily need to introduce yourselves; you are both well known to us.

My first question is on the Defra budget. There was a lesser reduction than perhaps we feared; it was about a 15% overall reduction. What examples can you give of where the specific reductions will be made? I also understand that you are considering making about 26% cuts to administration, so we would be interested to see how this is going to work, really.

Elizabeth Truss: We have a plan over the next five years to reform Defra and the way it operates, and we are following three key principles. The first is much more integrated working between the various elements of Defra. That includes merging the back offices of the various organisations, like the Environment Agency, Natural England and Defra itself. It also means working in a much more integrated way at a local level—on a catchment basis, as the basic building block—so that we are looking at programmes like Countryside Stewardship alongside flood defence investment and the other work we do on the ground.

The second principle is more local ownership. Whether it is landowners, farmers or environmental groups, we want to empower them at a local level. We have now established the Somerset Rivers Authority; that has shadow precepting powers. We are looking at the Cumbrian Floods Partnership. Right across the country, we want to see more local ownership of those issues. Of course, that will mean, in some cases, the Environment Agency and other Defra bodies taking a more strategic role and more action taking place at a local level.

The final principle is modernisation. It is using data and technology to deliver things in a more efficient way, for example farm inspections. We are introducing the single Farm Inspection Taskforce. We are also using more satellite data and LiDAR imagery to carry out that type of work; that is also relevant in environmental protection. We have seen in the recent floods how much we have used things like sensors on rivers to be able to give people more up to date data. We feel we can deliver a better service from Defra in a more efficient way and in a way that empowers local people more.

An important thing to recognise about our settlement is, yes, there is a 15% reduction in our running costs, but there has also been a 12% increase in our capital spending. That means a real-terms increase in flood defence spending; an increase in the investment in and capital we are spending on science and animal disease laboratories; and also a big investment in digitisation and new IT. At the moment different parts of the Department work off different pieces of IT; that creates inefficiency in itself. Also, we are upgrading things like the biocontainment facilities at Weybridge so that we are better protected against animal disease. That increase in the capital budget is going to help make the Department more efficient, cutting down on some of those running costs, but also more resilient in the face of floods and animal and plant diseases which are clearly a major threat.

That is the overview of what we are trying to achieve. I am sure the Permanent Secretary can outline the administration budget a bit more. But we are not finished producing those plans. We are still very much in the stage of translating that into specific plans.

Q2 Chair: Before the Permanent Secretary comes in, it is quite obvious if you do the mental arithmetic that you are cutting administration by 26%—so an extra 11%—and then pushing that back towards capital. I do not necessarily disagree with it, but it is not different money, is it? It is all the same money being recirculated. Would I be wrong in that assumption?

Elizabeth Truss: The negotiations with the Treasury are completely separate, so there is a separate negotiation about our running costs, whereas, with capital, we bid into an overall Government capital pot. You can make that argument about the Department's budget, but, in terms of our discussions with the Treasury, those are two separate discussions. In making our case for an increased capital settlement, we made the point that modernising Defra's systems would help us deliver those savings, and of course we made the point that investing in flood defences is good for the country's economy and protection.

Q3 Chair: We will go through floods in a minute, because we have some interesting questions we would like to ask you on actual figures. Do you see the role of Defra now as much more of a managerial role of all the other organisations, including local ones, and, not being too blunt about it, is Defra going to be up to the job of doing that managerial role?

Clare Moriarty: As the Secretary of State said, we are looking to create a much more integrated sense across all the different organisations. It is very important for the central Department to have an increasingly strategic role, so we are definitely trying to get away from the world in which there was a perception that people in the central Department marked the homework of people in delivery bodies.

I would not personally describe it as the central Department taking a managerial role in relation to the other bodies. What we are doing is bringing the whole of the organisation closer together, and the chief executives of the Environment Agency, Natural England, the Rural Payments Agency and the Animal and Plant Health Agency sit on the executive committee, which I chair, which manages the overall business of the organisation. It is integration, rather than crushing everything together.

Q4 Chair: Can you give us a particularly specific change that you see happening, as the Department is now and it will be in the future?

Clare Moriarty: One very obvious, specific area that the Secretary of State mentioned is our back office functions. Traditionally, like many organisations, each of the 34 organisations—

Q5 Chair: But you and your predecessors have come and told us before that all this is going on. It is interesting to know how many times you can reorganise a back office.

Clare Moriarty: Obviously, I cannot speak for the time before I arrived. I have done similar things in other organisations. It is a difficult and a slow process, and what we are doing in Defra is more ambitious than what people are doing in many parts of Government, because we are doing it across public service organisations as well as civil service organisations, and that adds complexity.

We now have, for each of our professional functions, a head of function who has reporting lines to all the individual heads of those functions within the different organisations. We are creating a real sense of it being a joined-up organisation. That will allow us to make the best of our resources. In terms of where savings come from, in line with the principles of integration and localism, we are putting more of our people together in the same offices, so we are consolidating our estates to a significant extent. That gives us operational advantages and also helps us to save money.

With our IT systems, having had a number of separate IT systems, we are in the good, fortunate position that several of the contracts come up for expiry about the same time. We have a major project running at the moment that will procure us a single IT system for the whole organisation.

Q6 Chair: I take it that you will be getting IT systems that work in future. We will have some detailed questions on that. One of the parts that Defra has to deal with is that, all of a sudden, you can have an outbreak of disease, either in animals or even in trees, plants or whatever, and you have to have the necessary resources to be able to deal with that. I know the poultry industry in particular is very keen to make sure there is enough veterinary expertise within Defra to deal with outbreaks of avian influenza, perhaps swine fever or swine vesicular in pigs. Are you confident that the Department is strong enough, and well manned or well personed enough, to be able to deal with those?

Elizabeth Truss: Absolutely, and in fact we are investing more in animal disease capability, particularly in the capital that we need to upgrade our laboratories. We have a

regular monthly biosecurity meeting, and the new contracts have improved our access to veterinary services across the country. Yes, it is a very big focus. If you look at the recent avian flu outbreak, we had a Government vet on the premises that day, so we do have that capability and it is something we are constantly reviewing and looking at, because it is a major strategic priority for the Department.

Q7 Chair: With all disease outbreaks, it is important to act quickly, but avian flu is probably one of the fastest; you need to shut it down quickly and be able to regionalise the country. That is what the poultry industry is clearly interested in.

Elizabeth Truss: Yes. If I can make a further point, Mr Chairman, by sharing resources better across Defra, we will enable more resources to be flexible, so, when there is a particular issue that needs to be dealt with, those relevant organisations have access to greater resources. For example, the RPA needed additional resources because of the new year of BPS and the new Common Agricultural Policy, and we have been able to deploy resources from across Defra group. The more integrated structure enables us to use that surge capacity where it is required.

Clare Moriarty: If I can give you very topical example, last week I was in York, talking to the procurement team. Several people from the procurement team had gone up to Scotland to support the people dealing with the avian flu outbreak, so that they could make sure that they could buy the things they needed in the swiftest possible time, for the best possible rate. A number of people had gone and sat at the incident co-ordination centre in Scotland and had been able to support the vets. It is about having our veterinary capability, but it is also about having all the capability that supports them lined up, ready to go and feeling flexible enough to go and work wherever they need to be.

Q8 Angela Smith: Further to the questions you have been asking, Chair, I agree that integration of the work of the Department, and increasingly at local level, is the right way to go. The Secretary of State talked about catchment-level responses when it comes to flood defences and mentioned not just the work of the Environment Agency and so on, but also the Countryside Stewardship scheme and the role that that may have to play in helping with flood prevention. But the message I am getting from upland farmers in my area, in my part of the country, is that they are finding it increasingly difficult—in fact, very difficult indeed—to access the Countryside Stewardship scheme, and that will have a big impact on any of the flood defence work that you may want to do, particularly the soft defences. I would like a comment on whether or not the Countryside Stewardship scheme is really going to have a meaningful role to play in our upland catchments.

Elizabeth Truss: We are in the first year of the new Countryside Stewardship scheme. There are issues with it, as have been acknowledged, and we have had as many applications as we planned to have.

Q9 Angela Smith: Are they the upland farmers or more the lowland farmers?

Elizabeth Truss: I do not have the precise details of which farmers have applied, but I can certainly look at that.

Angela Smith: It would be good to have that, yes.

Elizabeth Truss: In year 2 and year 3, we want to develop and simplify that scheme so it is less bureaucratic—although quite a lot of the rules and regulations come from Brussels, so there are certain challenges inherent in that—but we also want to integrate it more closely with the work being done at a local catchment level.

We are working at the moment on our 25-year plan for the environment. The framework of that will be published in spring this year, with an aim to finishing it by the end of 2016. In that plan, we will be talking about how we develop that catchment basis, but the work we have been talking about of integrating much more closely at a local level between Natural England and the Environment Agency is a very important part of being able to deliver that.

The answer is: we want to do that, but it is not going to happen immediately. We need to, first of all, work on having a more integrated plan across Defra. At the moment, each organisation in Defra has its own plan. 2016-17 is going to be a transition year, and then from 2017-18 we will work towards having a single plan and that will enable us to do things like catchment management in a better way.

We will gradually be developing the Countryside Stewardship scheme to improve it, but what I am saying is, over the long term, we want to see farmers rewarded for the benefits of flood alleviation, as well as for things like improving biodiversity and water quality.

Q10 Chair: Do you see that as part of the stewardship scheme or do you actually see it beyond that? This is one of my arguments about paying for it as a management tool, not just as a loss of profits like there is in the stewardship scheme.

Elizabeth Truss: It is a gradual process and there is a reason why it is a 25-year environment plan: there is a long-term change of philosophy that we need to work towards. The first idea is to bring the organisations more closely together and look at it as a whole, so that we are looking at a particular catchment for the Countryside Stewardship scheme and seeing what can be done in terms of flood alleviation, as well as other benefits that farmers might be paid for. As I have said, the framework for that 25-year plan is going to be produced in the spring, with a view to working on that, and I would be very interested to see the Committee's views on that over the coming year.

It is an idea we are working on at the moment, is the answer. We have not worked out the details, but, in terms of Defra's budgets, two big chunks of funding are the flood defence budget and the Countryside Stewardship budget, so those are the obvious first things to look at.

Chair: We will be working on a big flood report, so will be happy to work with you on that one.

Q11 Angela Smith: Absolutely, and let us hope our upland farmers can wait long enough to see what this new scheme may look like. You have mentioned integration and you have been clear that the 25-year environment plan will hopefully incorporate some of that, so why on earth have you not integrated the food and farming plan with the environment plan? Why have you kept those two things so separate when you are talking on the other hand about integrating the work of upland farmers on flood alleviation with the needs of the environment?

Elizabeth Truss: Within the 25-year environment plan are a lot of elements that are very relevant to farming, so for example soil quality, water quality.

Q12 Angela Smith: Yes, so why do you not integrate it?

Elizabeth Truss: We have had farmers working as part of the environment plan, so farmers have been very much involved. They were involved in the launch session for the environment plan. The food and farming plan is looking at: “How do we improve productivity in food and farming? What do we do about the brand? How do we improve exports? How do we get more young people involved in food and farming? How do we triple the number of apprenticeships?” It is simply a question of how we divide up those two things, but the point is that the Department is working on both of those things. They both fit together; they are both important. We do not think anything is being left out. They fit together.

They are being produced as two separate plans, but from a farmer’s point of view there will be elements that are relevant in the environment plan and there will also be elements that are relevant within the food and farming plan.

Q13 Angela Smith: So there will be nothing in the food and farming plan that will undermine the need for a sustainable environment. That is a promise.

Elizabeth Truss: Absolutely. We are working on both of those plans together and they are complementary. What I did not want to do is duplicate the work in them, which I am sure you can understand.

Q14 Chris Davies: Will we have the opportunity in this Committee to scrutinise those plans as soon as they have been produced?

Elizabeth Truss: The framework for the environment plan is going to be released in the spring. We already had a launch event with lots of organisations invited along, including farming organisations. We are now producing the framework, and then, between the framework being launched and the end of this year, there will be further opportunities to be involved in that plan.

Q15 Chris Davies: Is that both plans?

Elizabeth Truss: For both plans, yes. Once the environment plan is produced, that is not

the end of it. We cannot solve every single problem by the end of the year. It will set out a plan of further action on a number of those subjects as well. The work we are doing to reform the Department, with the themes of greater integration, more local decision-making and modernising the Department, will be reflected in the plan as well.

Q16 Chair: It would be useful when you can let us have those, because, like I said, we are looking especially at the planning. We would also like to look at food and farming for the next 25 years as well.

Elizabeth Truss: We are working very closely with both the food industry and the farming industry on the food and farming plan. At the moment, Minister Eustice is working up that plan and I am sure he would be delighted to discuss it further with the Committee.

Q17 Angela Smith: How much emergency funding have the Government now made available for flood damage recovery and repair work?

Elizabeth Truss: We have provided almost £200 million to help those affected by the floods, to support recovery and repair. That is £100 million to support homeowners and business affected by the floods, and over £46 million of that has already been provided to local authorities. I think we have done this very rapidly. For the floods that took place on Boxing Day, for example, money was paid into local authority accounts on 29 December—a very rapid turnaround—so that those local authorities could make payments to local people.

We have also announced £45 million to assess, rebuild and repair damaged roads and bridges across Cumbria, Yorkshire and Lancashire, and we are providing a further £50 million to repair and bolster flood defences across Cumbria and Yorkshire as well.

Q18 Angela Smith: It is £200 million so far. We have nine flood warnings in place today where flooding is expected and we have immediate action required, and 93 flood alerts because of the storm coming over the Atlantic.

Elizabeth Truss: That is absolutely right.

Q19 Angela Smith: Are the Government standing prepared now to allocate more funding as and when it is required?

Elizabeth Truss: Yes. Our immediate effort at the moment—and I chaired a Cobra meeting yesterday evening—is to make sure that the response is ready in areas that we think are affected. We already have military personnel supporting in Calder Valley, which is one of the areas we are extremely concerned about. We are expecting rain now and into Wednesday across Yorkshire, Cumbria and potentially Lancashire, as well as Wales and the south-west of England. We are expecting a further front on Friday and continuing wet weather right through next week. We do not know yet how bad that will be, but we are expecting that poor weather to continue.

I had an update immediately before this Committee from the Environment Agency, which is deploying temporary defences. We have further military personnel on standby, but the real issue for us over the next week is the cumulative effect of a series of rain fronts falling on ground that is already very, very saturated.

Q20 Angela Smith: So the Government will issue the funding as and when it is needed.

Elizabeth Truss: Absolutely.

Q21 Angela Smith: It is beginning to look as though winter flooding is becoming the new normal rather than something that happens on a rare basis, once every few years. On that basis, would it not be sensible for Defra to have response funding available rather than having to seek it on a case-by-case, emergency basis? Do we not need a holding budget, a contingency point, for flooding?

Elizabeth Truss: In the case of somewhere like Calder Valley, we have already made the funding available to the local councils, which can be provided.

Q22 Angela Smith: I am talking about Defra holding budgets in readiness for flood incidents, a contingency point held by Defra, rather than having to seek funding on an emergency basis, as and when flooding occurs.

Elizabeth Truss: The recovery funding is provided through DCLG. Defra has items like temporary defences and pumps through the Environment Agency, which we deploy in these emergency situations. One of the things that Oliver Letwin's review is looking at, given that we are seeing more frequent occurrences, is what we need to do in terms of the availability of temporary defences, the availability of pumps and making sure we are ready to respond.

It is really a matter for DCLG in terms of recovery funding and making sure that is available to local communities. Of course, I work very closely with Greg Clark. He was present at the Cobra meeting yesterday. If you compare the floods that have recently taken place to those of previous years, that recovery funding has been delivered very rapidly. The issue is how we make sure that we are prepared for all eventualities, given the more frequent occurrence of flooding we are seeing. That is what the national resilience review is looking at: making sure that we have that proper resilience.

Q23 Angela Smith: Let us put it another way: is the national resilience review looking at the possibility of establishing a Government-wide contingency point, given that the incidence of flooding appears to be increasingly the new normal? Let us put it a different way: if it is a cross-departmental response that we need to have, then surely we ought to integrate it—this being the word of the moment—at Government level.

Elizabeth Truss: The terms of reference of the review, which have been issued by the Cabinet Office, say that they will look at temporary and flexible responses as well as hard flood defences, so that would strike me as being within the scope of that review. The

review will shortly launch a call for evidence, which I am sure this Committee would be very interested in participating in. An interim report will come out, which summarises the facts, and then there will be further discussions about the outcome of the review. The review is looking at all those options to make sure that we are resilient in the light of the more frequent extreme weather we are seeing. That is the whole purpose of the review.

Q24 Angela Smith: Okay. Finally, how much are the Government planning to spend on a yearly basis on the maintenance of flood protection and flood defences? What is the budget for the maintenance of flood defences?

Elizabeth Truss: Our flood maintenance budget is £171 million. That is a 2015-16 figure, and that will be protected in real terms over the course of this parliament.

Q25 Chair: In real terms: that means with an inflationary increase then, does it?

Elizabeth Truss: Yes.

Q26 Chair: Before we leave this, one of the lessons we learned in Somerset was that those big Dutch pumps that they use need a hard, concrete standing to put them in, and they are absolutely massive pumps. Is there a plan to have, in some of the most vulnerable parts of the country, say York or whatever—it is always easy to say in hindsight—hard standings so that you can move these pumps around? What seems to be necessary is to have action that is quick enough, with large enough pumps. We are not going to cure all flooding; I accept that, but, if we could move these pumps quickly and they were large enough, we could perhaps save more properties than we have. Are you looking at that?

Elizabeth Truss: We have put those hard standings into Somerset and we have the large pumps there. It depends on the type of catchment we are talking about, so it is a less appropriate solution in a very fast-moving catchment where it will be much harder to put those pumps in place. We need catchment-specific solutions.

Q27 Chair: Are you going to look at that, so that, where they would be useful, those hard standings can be put in place? It is too late to wait until the flood happens and then look for the hard standing, is it not?

Elizabeth Truss: Absolutely, and that is what the resilience review is looking at: how we do that right across the country and the most effective solution in particular parts of the country. Having been involved in both of the December issues, there is a very short time window, particularly with these very intense rainfalls, in which you know exactly where it is going to hit. One of the issues is that you cannot necessarily move a defence that far in the time window and during very bad weather.

The question is: where are those facilities strategically deployed? Take the rainfall we are expecting over the next week. The south-west and the north are both likely to experience some very heavy rain. In deploying those temporary defences, it is not necessarily a fast journey to get them round the country.

Q28 Chair: I have one final one on that. We have been predicting one-in-50-year and one-in-100-year floods, and I think it was Sir James Bevan who said this sort of classification no longer works. Then the Environment Agency when they came before us were starting to talk about percentages, but if it is a one-in-20-year flood then it is a 5% chance, so you are not actually changing the system of how we are forecasting it. It is fascinating that we seem to be getting these one-in-50-year and one-in-100-year floods perhaps every five or seven years. Somehow or other, there is something different going on out there, so are we starting to think slightly outside the box that we were in?

Elizabeth Truss: The terminology is not helpful and we are looking at how we express that in a clearer way, because it clearly is not being helpful at all in explaining what is happening. Of course, if you have a one-in-100 event in one part of the country, and lots of one-in-100 events, then over time the chances are that one of those will happen, but we are seeing an increased frequency.

One of the things the national resilience review is looking at, which Mark Walport, the chief scientist, is involved in, is whether we have incorporated the right climate change factor in our models. The Environment Agency factors climate change into our flood forecasting model. Have we incorporated that to the right level? Also, what do we do when there is a low-probability but high-impact event? It might not be very likely to happen, but if it happens it is very devastating. Sometimes, in the past, we have taken the average scenario rather than looking at something that is not very likely, but is very, very serious when it does happen, and doing more of that scenario planning. That is another thing that the resilience review will look at.

Q29 Chris Davies: Minister, you have mentioned the national flood resilience review several times. Can I ask you why Oliver Letwin is carrying out this review, rather than your Department?

Elizabeth Truss: The reason Oliver Letwin is carrying it out is that it is a cross-Government issue. As a number of members of this Committee have already said, we have DECC involved in terms of the national power and electricity infrastructure, DCMS in terms of telecoms infrastructure, DCLG in terms of flood recovery funding, HMT in terms of financing, and of course the Government Chief Scientific Adviser is very closely involved in the scenario-planning projections of climate change. It was important that it was a cross-Government piece of work looking at the whole picture on flood response.

Clare Moriarty: It might be worth adding that the Department is very closely involved and we have provided a review team leader, so somebody from Defra is involved at an official level in terms of pulling the strands together and working with the different Departments. We also have Environment Agency expertise plugged directly into that, because they are the people who really work with the existing models.

Q30 Chris Davies: I asked you a question in the House a few weeks ago and you gave me a statement on the flooding—and a very good statement it was—about discussions with

devolved nations, basically, the prime example being Brecon and Radnorshire. My lovely constituency has the gorgeous Wye Valley, which runs straight in to England, so it rains on the hills and the water comes down straight across the border. I understand in this review you are not—or Oliver is not—actually discussing the situation with Wales, Scotland or Northern Ireland. Is that correct?

Elizabeth Truss: I would have to look into that. A number of the Departments that are involved are UK-wide Departments, so I will need to look into that point.

Q31 Chris Davies: If it is not happening, could I suggest that it would be useful to have their input?

Elizabeth Truss: Absolutely.

Q32 Chris Davies: Lovely, thank you. Could I ask you one more point? I noticed a report in yesterday's *Times* that you have agreed that more trees should be planted in the Countryside Stewardship scheme on uplands, to mitigate future flooding. Now, I declare I am Chairman of the all-party group on forestry and I would welcome additional funding to deliver such planting. Can I ask, when the planting goes ahead, that you also look at planting productive trees, softwood trees? The industry is crying out for it; we are going to be short of it in 20 to 30 years' time. Could that be fitted into the bill as well, please?

Elizabeth Truss: As you know, I am a big supporter of the forestry work and I recently attended the Grown in Britain event, where we celebrated the fact that more British timber is being used in the UK. We are seeing more woods under management and that is all good news. As I have said, this is very much part of the 25-year environment plan. We need to make sure we do it in a sensible way. It is right in principle to look at how we manage catchments overall, what measures can be taken upland, what measures can be taken downstream to make sure we both slow the flow, but also put in necessary defences for towns and cities as well. We are very interested in looking at all those ideas and finding innovative ways of sourcing finance to do that too.

Chris Davies: I take that as a very positive response for the forestry sector, thank you.

Q33 Chair: Just on this, is Oliver Letwin looking at the situation with local government? At the moment, if you build on a flood plain, then naturally the Environment Agency and others are consultees. If you build just outside the flood plain, then they are not. When you are building just outside a flood plain, the water from upstream comes quickly into those rivers to flood downstream. While we can build off the flood plain, there is still a need also to manage the water that is upstream as well. We are never going to stop all floods, but we can make it a lot better. Are we looking beyond just the flood plains? If you look at Somerset, most of the water that floods Somerset does not actually come from the levels; it comes from further upstream.

Elizabeth Truss: Oliver Letwin's review involves DCLG, but your point is particularly relevant to the catchment work we are doing as part of the 25-year plan and also the work

Dieter Helm is doing, which fits in with that 25-year plan, looking at natural capital across catchments and how you measure that and make sure you are taking all those factors in to account.

Q34 Chair: That leads me nicely into question 5, about natural capital. Is it right, as Dieter Helm suggests, that flood defence work should be split away from the Environment Agency and handled by local flood companies instead?

Elizabeth Truss: There are some very good ideas in Dieter's paper, which is one of the reasons why we have appointed him again to lead the Natural Capital Committee. Over the next five years, we want the Natural Capital Committee to do more practical implementation work in terms of looking at how natural capital can be assessed in particular geographical locations and how we can account for that.

Our approach, as we have outlined, is to integrate the work of the Environment Agency more closely with Natural England and Defra, to build that bottom-up rather than creating a new structure. We can all think of the ideal structure we would like to see, but one of the risks is that is you spend time thinking about the structure, whereas I want to spend time improving the outcomes and getting to the outcome we want. Dieter and I have had this discussion on many occasions, and the outcome we all want is much more integrated management of the environment so we are not having different objectives conflicting with each other; instead, we are looking at it as a whole picture and getting the best result we can in the most efficient way possible.

Q35 Chair: We are looking at natural capital and the way we value it. It is quite a good idea to value it, but, once you have valued it, it is then how you manage it and how you put those values to good use. You can value it at whatever you like, but it does not actually put any money into the Environment Agency, the landowner or anybody else to manage that natural capital.

Elizabeth Truss: We will be saying more about this when we launch the framework of the 25-year plan, but fundamentally it helps inform decisions. A tree might have more value placed very close to a river, in terms of slowing the flow, as well as the value it adds as a carbon sink or as a home for a particular species. It will help to pinpoint where particular action will be useful and helpful, and at the moment we do not have sufficiently granular information on that. While there are lots of good schemes in operation, we do not have a systematic way of carrying out that analysis, and I think that is what Dieter's work will provide.

Q36 Chair: While we are talking about Dieter Helm's views, he has also said that the Environment Agency has been often poorly managed and poorly focused. Do you agree with that and what are you going to do about it?

Elizabeth Truss: The Environment Agency has made a lot of important changes. The response that we saw by the Environment Agency to the floods was very rapid. The moving of temporary defences and resources, working closely with other organisations

like local councils, the army and the emergency services, worked effectively. The communication to local people was also effective, in terms of being able to understand the level of your local river, getting very good flood warnings out early. We saw an incredible number of hits to the Environment Agency website—one part of Defra IT that worked very well, can I point out?

Chair: We will talk about another one that does not in a minute.

Elizabeth Truss: As I have discussed with the chief executive—and Clare, I am sure, has a lot to say on this as well—I want to see the Environment Agency being responsible for flood risk management and environmental protection, but not necessarily feeling it has to do everything on the ground. I want to see local people more empowered, whether that is farmers, landowners, environmental organisations or bodies like the Somerset Rivers Authority. I also want to see the Environment Agency taking a more pragmatic view. It was very important that, when the Environment Agency came in front of this Committee, Sir James made it clear that if there was a conflict of objectives people and homes came first, and that is a very important statement.

Q37 Chair: Therefore, you are saying they need to be more focused. Would that be a fair analysis of what you are saying?

Elizabeth Truss: Overall, we need to integrate the work of the Defra bodies more closely, so we do not have different bodies with different plans, where the objectives are conflicting.

Q38 Chair: The experience I believe we have had on this Committee, and certainly my experience, is that, when you have a situation like the Somerset floods a couple of years ago, the Environment Agency suddenly decides, with a little bit of pressure from the Prime Minister, that perhaps some rivers do need to be dredged, after saying for years that they do not need to be. Then you get the feeling that, after a couple of years, they go back to their same old philosophy—I may be wrong, Secretary of State. Therefore, what are we going to do to keep the Environment Agency focused on what we believe needs to be done and to hand it over to drainage boards and the like?

Elizabeth Truss: First of all, it is empowering organisations like drainage boards to take on more of the work and they are doing that through public sector co-operation agreements. That is happening. We also want to enable farmers to carry out maintenance work on man-made ditches rather than necessarily having to get a permit each time from the Environment Agency, so the Environment Agency can focus on strategic flood risk, which is where the role should be. It is probably worth talking about how we are reforming the overall organisation of Defra.

Clare Moriarty: Yes. As the Secretary of State said, we are trying to create this sense of an integrated organisation. One place where that plays out is in having a single corporate services function so that people can have that supported properly. We are bringing together, at a local level, the teams that are working in the different organisations, so we have been particularly talking to the Environment Agency and Natural England about

how, within their organisations, they create the right structures that make it easy for them to work together and for other people working with both organisations.

Q39 Chair: Angela is going to ask you a question about that. Before I bring Angela in, I have one final point. When we had the Environment Agency here and I asked them questions about devolving powers to drainage boards, local authorities and local landowners, they were very keen on that idea. When I asked whether there was any funding going with it, they were less clear. You see, as we devolve powers down, to some degree they have to have either levy-raising powers so they can levy cash, or cash that goes with it. You can make money go much further at a local level, so do not get me wrong, but the Environment Agency also has to be a little clearer about where the funds are going to come from.

Elizabeth Truss: That is partly a role for Defra rather than the Environment Agency, which is probably why they could not necessarily answer that question.

Chair: So you can answer it now.

Elizabeth Truss: Internal drainage boards can often carry things out in a more cost-effective fashion, and that is the point of the public sector co-operation agreements, so they can go ahead and do that work. In many cases, I have seen the Environment Agency transfer local maintenance budgets to the internal drainage boards to carry out that work, so that does happen at a local level. It certainly happens in Norfolk; I am not sure about right across the country.

The other thing is, if you look at the structure of the Somerset Rivers Authority, that now has shadow precept, so they are raising that funding locally, and I think there is also a role for that as well.

Q40 Chair: You might look at that within other parts of the country as a model.

Elizabeth Truss: I think the Somerset Rivers Authority is a very good model.

Q41 Angela Smith: To be honest, we are in danger here of completely confusing flood management and flood prevention, and the Environment Agency, because of course the Environment Agency has other roles. I want to be clear: when you talk about integrating the work and the Environment Agency potentially devolving its powers, and so on, are you just talking about the flood prevention work of the Environment Agency? It has a very important role to play as a regulator of the use of chemicals on the land by farmers, the water companies and recycling activity. They had a massive fire in my constituency last year, which the Environment Agency had to get involved in, as the regulator and the permitting authority.

Elizabeth Truss: It is very important that we protect that regulatory function. I completely agree with you.

Q42 Angela Smith: It is separate, then, from the things you have just been talking about. Can we be clear about that?

Clare Moriarty: Across the board, what is really interesting about these organisations is that they connect in all sorts of different ways. Waste is an area where the Environment Agency has responsibilities. Waste affects the quality of the environment, which is something Natural England is concerned with. In terms of the two organisations working closely together and looking for all the areas of synergy, that is something which we would see operating across—

Q43 Angela Smith: I was not talking about Natural England. I am just talking about the idea of passing down some of the powers to drainage boards and things like that.

Elizabeth Truss: It is not necessarily powers, though. “Powers” is perhaps the wrong word for it. The Environment Agency continues to manage flood risk. It is the activity, so, if you look at the work that has been passed to internal drainage boards through the public sector co-operation agreements, that is about them taking on that activity. It is not about the Environment Agency’s role managing flood risk. They retain the management of flood risk. It does not mean they have to do everything. That is what the distinction is.

Q44 Angela Smith: The Environment Agency has become effectively the light-touch regulator.

Elizabeth Truss: Well, it continues to have a role.

Q45 Angela Smith: This is about deregulation, is it not? This is light-touch regulation of flood risk management.

Elizabeth Truss: It is not, because it continues to have a role—for example, dredging main rivers. In many cases, building flood defences is contracted out already, so it continues to manage that work. It is about saying that people who know the land well, who have local equipment and local expertise, may be able to carry out that work in a more effective, pragmatic fashion. That is a good thing and the Environment Agency’s job is to make sure it happens.

Q46 Angela Smith: That is light-touch regulation. That is what we are talking about here: light-touch regulation.

Elizabeth Truss: I would not use that word.

Q47 Angela Smith: Otherwise we are going to get very confused. There is a real need for clarity here in terms of the future that you are planning for the Environment Agency. It is absolutely unclear as to where you see the Environment Agency’s role in terms of flood risk management. Are they the strategic overseer? Are they the light-touch regulator? Do they continue to have a direct role to play in managing flood risk?

Elizabeth Truss: They continue to have a direct role to play and they are the strategic overseer, but they always have been. It has always been the case that we have had internal drainage boards that manage local drainage channels. With the Somerset Rivers Authority, we have introduced a broader body that carries out that work locally. I am saying that I want to see more of that, because it works very effectively. You have the combination of a strategic national body looking at flood risk, with local action, which is a good thing.

Q48 Angela Smith: Who is finally responsible for ensuring flood risk on the Somerset levels? Does the Environment Agency remain responsible, or the drainage boards or the Rivers Authority?

Elizabeth Truss: The Environment Agency is overall responsible for strategic flood risk.

Q49 Angela Smith: Right, so it is light-touch regulation.

Clare Moriarty: It is perhaps worth remembering that there is a huge spectrum of flood defence assets. The Environment Agency currently manages a significant proportion of them, and other people manage a proportion of them. There is scope at the boundary to say, “Is the right organisation managing these assets?”, but there are many high-consequence assets that I imagine the Environment Agency will continue to manage itself. There is no sense of transferring all the Environment Agency flood defences to other organisations, but there are some places where internal drainage boards could do more than they are doing at the moment.

Angela Smith: I will move on to the question I really wanted to ask, Chair, but it would be really good to have more clarity on this as a Committee, because it is about as clear as mud, if you do not mind the pun.

Chair: I am sure we can see that in writing.

Q50 Angela Smith: Given that there is talk about integrating the work to have closer working together of Natural England and the Environment Agency from July this year, are we in effect seeing the precursor to an amalgamation of the two organisations?

Elizabeth Truss: No.

Q51 Angela Smith: That is absolutely never going to happen.

Elizabeth Truss: That is absolutely not going to happen. Those two organisations have very important statutory roles, which remain. What we are talking about is much closer collaboration and working together.

Q52 Angela Smith: Why will you not amalgamate the two?

Elizabeth Truss: Because the legal protections are extremely important for our environment.

Q53 Angela Smith: Therefore, it is even more important to have clarity on exactly what the role of the Environment Agency is, as a regulator.

Elizabeth Truss: That is stated in law. That is a legal matter.

Q54 Angela Smith: That is why we need clarity in terms of how you see the work of the Environment Agency moving forward.

Elizabeth Truss: I am certainly very happy to write to the Committee. In the 25-year environment plan, this will be laying out a framework, but then there will be a discussion right through to December this year to produce more work on that. I am being open with the Committee about the direction of travel. What I am saying is that those are precisely the details we need to work through, but it is clear to me at the moment that we are not getting the best value from all the funding we are putting in. It is not co-ordinated enough at a local level.

Whether I meet environmental groups, whether I meet farmers or whether I meet local people, they say they want to see a catchment-based, landscaped-based management of the environment, and that is what we are seeking to achieve. That is the aim of our work, but of course I am very happy to hear views from the Committee. We are going to be launching the framework in April. That gives a lot of time for further discussion on this, which I think is important because I want this to be something that works for the long term, not just one Parliament.

Chair: That is quite clear. Thank you, Secretary of State.

Q55 Simon Hart: This is a slight change of direction: governance of the Environment Agency. You will have read all the hoo-hah about Sir Philip Dilley and his resignation following his appearance in front of this Committee. Was there a moment in that process when you were inclined to reject his resignation, or were you quite happy to accept it?

Elizabeth Truss: He handed over his resignation letter to me and explained, as he made clear in his public statement, that he could not fulfil the expectations of the role. Given that was the case, I accepted his resignation. I think, by the way, that he did a good job in terms of achieving some of these reforms to the Environment Agency. That was reflected in the improved operational performance we saw over the floods this winter. But, given that he himself said he could not fulfil the expectations of the role, it would be—

Q56 Simon Hart: In a sense, is that not the point? Is the expectation of the role wrong because, frankly, what could the chairman legitimately do? There was a fantastic large staff of people who were going hell for leather trying to sort out the problem. The last thing you want is the chairman getting under your feet, frankly. Should we be expecting people in his

position to drop everything? The resignation was more about the way in which he handled his absence than his absence, as it seemed to me. What possible positive contribution can they make by being there? What I am asking is, in the reappointment process, will we have the same level of expectation as we had with Sir Philip, and is that reasonable?

Elizabeth Truss: We will need to look at, for example, the days per week, the salary, before we reappoint. We currently have Emma Howard Boyd as the acting chairman. She is somebody who has served on the Environment Agency board for six years and is very experienced. I want to make sure we get the expectations right and we are clear about the expectations in advance, but I do think the public expect that the leader or the chairman of an organisation is available. That is certainly what Sir Philip felt, which is why he stood down from the position. I do not see a significant change in that expectation, if that is what you are asking.

Q57 Simon Hart: It sort of is. It is not unreasonable that somebody in this position might be somewhere else in the world, particularly over the Christmas period. Will the expectation be that, the moment there is an issue, they have to hot-foot it to an airport and get back—that presentationally that is important, or operationally that is important, or both?

Elizabeth Truss: Sir Philip said himself that, with hindsight, he would have come back earlier. That is what he was referring to when he talked about the expectations. You would really have to ask him that question

Simon Hart: We have already asked him.

Elizabeth Truss: I think those expectations are clear for anybody else who would seek to fulfil that role, but, as I have said, we have not yet worked through issues like terms and conditions or salary. As far as I am concerned, Emma Howard Boyd stepped up to the role of chairman and is doing a good job in that role, so let us make sure we get it right in terms of the terms and conditions of the job.

Q58 Simon Hart: Where are you with the recruitment process?

Elizabeth Truss: We have not started it because we are working on the terms. As you can appreciate, we are still in a situation where ground is saturated in the north of England, where we could well be expecting further flooding. My priority and the priority of the Environment Agency is making sure we have the best possible response to the floods rather than pressing ahead with the recruitment process at this phase. We are still in the operational phase and that is our priority.

Q59 Simon Hart: This is my final question, on this topic anyway. I am not completely sure I understand your answer in terms of the level of expectation. If Sir Philip had come back 24 or 36 hours earlier, what difference would that have made? Would it have made the activity with which the Environment Agency was involved run more smoothly, or is it purely a presentational point: the fact that he is in the UK, not the Caribbean? If he had given—and I will choose my words carefully—a more accurate description of the reason why he was

absent, would that have averted the need to resign in the first place? If he had simply said on day 1, “Look, I am in Barbados with my family. I am trying to get organised and get back as soon as I can”, would we have all been happy and said, “Look, that is great”; or was there a clock ticking somewhere in Defra, which meant that, if he was not able to make it back, it was curtains?

Elizabeth Truss: He said himself that he should have come back earlier. He made that clear. He felt that that was an expectation of the role. I certainly think it is the expectation of that role that it is a public-facing role, where people expect to see the chairman.

In terms of the operational response, James Bevan, the chief executive, was there with me in Yorkshire and Lancashire on Boxing Day and the 27th. He was providing excellent leadership on the ground. The operational response and the response from our staff there was fantastic. I met the people who had been operating the Foss Barrier. They felt very supported by the Environment Agency leadership, so it did not present an operational issue. Sir Philip himself felt, though, that that was the expectation of the role and that he could not fulfil it. He has now stood down on that basis.

Q60 Chair: You will make it quite clear when you advertise for a new chairman that that is part of the role: a public face. I agree with you, but it needs to be made abundantly clear to the new chairman, whoever he or she may be.

Elizabeth Truss: I would suggest, Mr Chairman, that it is clear. I think everybody is clear on that.

Chris Davies: Sir Philip has taken quite a hit on this, but do not forget that his predecessor did exactly the same.

Jim Fitzpatrick: It was not a secret.

Chair: No, it was not, but also, in fairness, Sir Philip made quite a case of what had happened to the previous chairman and that partly set the die. But we had better not rehearse all those arguments.

Chris Davies: We need to learn from those mistakes.

Chair: We do. That is right, but so does the chairman of the Environment Agency need to learn.

Q61 Jim Fitzpatrick: Can I ask a couple of questions on cross-departmental working? Sir James Bevan—whom you just mentioned, Secretary of State—said to us that the Environment Agency would almost always advise against housebuilding on flood plains, but that these are locally decided issues. 13% of homes are still being built on flood plains. Have you had discussions with colleagues at DCLG to revisit this policy and perhaps put out stronger guidance, or even say to local authorities, “We will be calling any of these applications in because it is inappropriate to be approving them, given the floods that we have seen over the past 10 years”?

Elizabeth Truss: I speak very regularly with Greg Clark on all kinds of issues, including planning, which is a regular subject of discussion. It is part of the National Planning Policy Framework to avoid building on flood plains. At the same time, planning is a local matter for local decision-making. There is always a balance to be struck between national policy and what happens locally.

Q62 Jim Fitzpatrick: Given recent experience, the difficulties even for simple things like flood insurance and the lengths to which the Government are having to go to try and provide some insurance for homes that may not have otherwise been covered, surely there is some governmental responsibility to say to local authorities, “You might be under pressure to allow these applications to be approved on the basis of 106 money, pressure on housing, etc.” Is there not a governmental responsibility to say, “We are going to issue an instruction or new guidance that says the imperative must be to decline approval”, rather than to say that it is a local matter?

Elizabeth Truss: The guidance is very clear in the National Planning Policy Framework. It is clear.

Q63 Jim Fitzpatrick: 13% of all new build is still on flood plains, so does that mean the guidance is not working?

Elizabeth Truss: Well, it is clear. That is a decision for local authorities. The idea that everything can be micromanaged from Whitehall is a wrong assumption. It has to be managed locally as well, and that is certainly what we are talking about in terms of devolving more activity on maintenance locally. It is a matter for the Communities Secretary. It is reflected in the National Planning Policy Framework.

Q64 Jim Fitzpatrick: Have you advised that they should revisit the National Planning Policy Framework or are you allowing DCLG just to go on and do whatever it thinks is appropriate, as you are the lead agency?

Elizabeth Truss: I have not, because these safeguards are in place.

Q65 Jim Fitzpatrick: You think the safeguards are in place.

Elizabeth Truss: I do.

Q66 Jim Fitzpatrick: Okay. Can we move on to air quality? We got a briefing today from the British Lung Foundation saying that we should all have the right to breathe clean air. Last week, we had in local authority representatives, including the Deputy Mayor of London, and we had quite an exchange on one issue in particular, which I would not ask you to comment on, Secretary of State, because it is too detailed: the cruise terminal planning approval by the London Borough of Greenwich not to require a shore-to-ship energy supply and to have cruise ships, in the middle of the Thames, pumping out diesel emissions. That

was a Greenwich decision, but affects the whole of London and the ability of Defra to meet its air quality targets under UK regulation, but also under EU regulations. We have Oliver Letwin and Rory Stewart coming in next week; we are going to explore these issues in more detail.

Going back to my previous question about Defra's role with DCLG, Defra is the lead Government Department for air quality. Do you have a view as to whether the Department is addressing the issue seriously enough, or does more need to be done? How personally involved are you? Do you have meetings with the Department for Transport, DCLG, DECC and the Cabinet Office about this?

Elizabeth Truss: We do. We have a cross-Government clean air group—it is called the Green Growth Group, forgive me—which looks precisely at these issues, to make sure we are co-ordinated across Government. We work very closely with the Department for Transport on the air quality plans, which we submitted in December. We will be working with them on the clean air zones, which we are working with local authorities to put in place.

Q67 Jim Fitzpatrick: Does Defra chair this cross-Government body?

Elizabeth Truss: No.

Q68 Jim Fitzpatrick: As the lead Government Department, do you not think that Defra should chair it?

Elizabeth Truss: Clean air is one of the elements that we discuss as part of green growth. The point is that Defra is the lead Department on clean air. We have now submitted the plans to achieve compliance, by 2020 in all major cities apart from London, and by 2025 in London. Those plans have been submitted, and we are now working with the Department for Transport and local authorities to deliver those. Your question was: “Do we co-ordinate across Government?” We absolutely do. We have a group that looks at all these issues and makes sure that the Departments are co-ordinated.

Q69 Jim Fitzpatrick: It would just appear as though the lead Government Department on flooding and DCLG are ignoring your own chief executive of the Environment Agency's advice not to build on flood plains. As the lead Government Department on air quality, which is responsible for delivering UK and EU directives and targets, Defra seems to be being side-lined slightly.

Elizabeth Truss: I do not think that is true at all. As I have said, we have submitted our plans to bring the UK into compliance. Those plans have been submitted, but I just wanted to say we work collaboratively with other Government Departments to achieve these objectives.

Q70 Chair: The point that Jim is making is that we already have huge problems with air quality in London. We have this situation where planning permission is being granted—all

right, albeit outside of Defra's brief—which will actually make the pollution worse, and yet we have to make it better. Therefore, why are Government—irrespective of whether it is Defra—not applying more pressure on Greenwich, the local authorities or whatever? It is a 200 and something million pound project, and £2.1 million to put the electric in. It seems a no-brainer when it is the equivalent of 600 HGV lorries pushing pollution out into the atmosphere. This is the sort of thing that joined-up government, somehow or other, needs to deal with.

Elizabeth Truss: This is an issue that the Mayor of London, who is putting in place the ultra-low emission zone, is dealing with as part of his plans. I do not know if he has had specific discussions with Greenwich; that is a matter for the Mayor of London. But the Mayor has put forward plans, and that is what we have submitted as part of our overall plans for the UK, in connection with those other plans for other cities.

Q71 Chair: A final point on this one is: surely it is a matter for Defra and you, as Secretary of State, to say to whomever, “This will make the situation worse and therefore something needs to be done about it.” Government and Defra are ultimately in the dock over air emissions.

Elizabeth Truss: Absolutely. We have models that show we will achieve compliance by the dates we have set out in our plans, and those factors are put into our models. We have done that work. The plans deliver what we say they will deliver. We have submitted those plans. We are now working with the Department for Transport on implementing them.

Q72 Chair: Your model will look worse by the time you have the extra pollution, but, anyway, I am conscious of time.

Elizabeth Truss: I am very happy, Mr Chairman, to take the Committee through the modelling work, if they would be interested.

Q73 Chair: I would be even happier if you would actually take it up with the Secretary of State for DCLG, with Greenwich or with whomever, to actually do something practically about stopping extra pollution in London. We can have as many models as we like, Secretary of State, but, if it gets worse rather than better, all that your model will tell you is that the situation has got worse. The model in itself does not create cleaner air.

Elizabeth Truss: The model looks at the existing pollution in London and then projects into the future about how we are going to achieve compliance. Because we have, working with the Department for Transport, achieved real driving emissions tests coming in, that will reduce the level of pollution coming out of new cars. We are seeing positive change and, over the course of the last Parliament, we saw a reduction in emissions at the roadside. We are making progress, but we have launched a further plan to make sure that we achieve those objectives.

Q74 Chair: Sorry to be awkward on this one. Look, if you are cleaning up the cars, great, but what is the point of cleaning up the cars and then allowing these dirty ships to come in and put all this extra pollution into the atmosphere? Surely you have to do something about both.

Elizabeth Truss: We need to look at the overall evidence, absolutely.

Chair: We will pursue this one with Oliver as well because it is just not common sense.

Q75 Chris Davies: We will change direction here, if we may, Secretary of State, to the Rural Payments Agency. Will the vast majority of farmers receive their basic payment money by the end of January, by the end of this week?

Elizabeth Truss: I can report to the Committee that 70% of the farm payments have now gone out. I recognise that it is a very, very difficult time for farmers. Prices have been low. Many farmers are facing cash flow problems. But, in the circumstances, to get to 70% by 25 January has been the result of a lot of hard work by the RPA.

Q76 Chris Davies: Can I just then push you on that 30% and, in your expectation, when they will be paid?

Elizabeth Truss: We are paying them as soon as we possibly can. New batches are going out all the time, and I have been very clear with Mark Grimshaw that we will give every possible additional resource he needs to get the payments out as soon as possible. They really are working round the clock at the RPA to get that out.

The issue we faced was that this is the most complicated Common Agricultural Policy that has ever been introduced, with EFAs, the greening requirements and the three-crop rule. We were still receiving details of it in February of last year, right in the middle of trying to implement it, which was a very, very difficult position to be in.

The core system has worked. We have been able to make payments, which many people were sceptical about. We are up to 70%. It is not perfect, but we are doing what we can and those farmers who are in a difficult position—for example, those on commons, where there are particular problems—have been sent letters, which they will be able to use with their banks to secure a loan. The Farming Minister is having regular discussion with the banks to make sure that they are being as sympathetic as possible.

This is the first year of a new scheme, and I am sure that performance improvements will be achieved next year. Coming in as a new MP in 2010, I was still getting complaints from farmers about the previous scheme's implementation, and, since 2010, huge progress has been made by the RPA. I am expecting that to happen with the new scheme.

Q77 Chris Davies: I would agree with you, but I would also say that, as a new MP coming in in 2015, I am hearing a lot of complaints. Therefore, we have not really moved on that far in the past five years.

Elizabeth Truss: Although you are an MP in Wales, so you will be under the—

Q78 Chris Davies: I have about 60 miles of Offa's Dyke. I live four miles from the border. I hear a great deal of what is going on just across in England, but I am of course an MP here for Great Britain, which is wonderful.

Chair: Let us have a devolution argument.

Chris Davies: I am sure that the 30% will be encouraged by your words there, but can I try and put some more meat on the bone? Are we talking about those being paid by the end of February or just within the window of June? When do you think we will be settling these payments?

Elizabeth Truss: I have a weekly update with Mark Grimshaw, and more and more payments are coming through each week, but it is a gradual process. He is trying to get as many done as soon as he possibly can, but the farmers who are, unfortunately, in the later category should have received letters notifying them of that.

Q79 Chris Davies: With your indulgence, Chairman, very quickly, we have not had a great slot on here for the meat and livestock sector, so we have not been able to direct many questions to you, but I was in the north of my constituency on Sunday, where we have a large poultry-producing area. You have set out poultry meats and breeding stock exports to China as a top priority for Defra. What measures are in place to ensure that this resource is maintained and what are the Government doing to progress market access to Chinese officials?

Elizabeth Truss: Last week we launched the Great British Food Unit, which was a manifesto commitment. It is about bringing together Defra's regulatory expertise with the UKTI's exporting expertise. We now have 40 people based at Defra in the Great British Food Unit. We have a team of five people, led by our agriculture and food counsellor, Karen Morgan, out in China. This provides a one-stop shop for farmers and food producers to help them gain access to overseas markets. We will be launching our export plan later in the year, with the ambitions of the industry to expand their exports overseas.

I have had specific conversations myself with the Chinese authorities about poultry exports. The issue with avian flu is holding things back, unfortunately, but we are pressing as hard as we can. Our Chief Veterinary Officer, Nigel Gibbens, visits China regularly to have those discussions with them. We are also working to open up the market for processed pork, beef and lamb, and he is involved in the TSE group working with the Chinese authorities. It is also worth mentioning that we should be seeing the first visit for many years of the Chinese Agriculture Minister to the UK this summer, so we are looking forward to that as well. He will see some very high quality British farms when he comes over.

Q80 Chris Davies: It is still a top priority for Defra.

Elizabeth Truss: Absolutely, it is a very high priority. As I say, the Great British Food Unit being formed gives us much more resource. As well as the team in London, we also have teams around the country encouraging food exporters to export more. At the moment, we export less than half of what France and Germany export each, and yet we produce double the number of new products every year, so I think this is a massive export opportunity for the UK.

Chair: Thank you for the work you are doing on that.

Q81 Ms Ritchie: As a supplementary to the question from Chris, you mentioned, Secretary of State, that 70% of the payments have now been made and there is obviously still 30% to be made. What support exists for those farmers who are currently suffering as a result of those delayed payments? It is not absolutely precise yet, from the information you have given us, what exact date they will receive payment. What is available to them in the interim to get them across the hump, so to speak?

Elizabeth Truss: There is a hardship fund available at the RPA. We are also working with the banks to see what can be done in terms of loans, where people have a letter saying that they are likely to be paid later, within the payment window. There has been specific support for the dairy industry; payments were made very rapidly to dairy farmers. In fact, the UK secured the third-largest payment total in Europe, which we were able to put through to dairy farmers—£26 million was paid out of that. We are also progressing the Environmental Stewardship payments as soon as possible, and I think 97% of the advanced Environmental Stewardship payments have been paid. We are doing what we can.

We are also particularly looking at farmers in flood-affected areas. Mark Grimshaw has been able to use satellite mapping to identify which farms have been flooded, to make sure they are able to apply for the special farm recovery fund. We have had quite a number of applications for that as well.

Q82 Chair: I have a couple of questions on the RPA. From the straw polls I have been doing, particularly of NFU members, naturally the Rural Payments Agency can process very quickly the smaller payments and the ones that do not change from year to year. It seems to be that the more active the farmer and perhaps the more complicated the application, the longer it takes to pay. It does not seem to be up to 50% of many of the very active farmers. There is a concern that that needs to be got out to them because, in the meantime, some of the banks are being sympathetic; some are not being as sympathetic. Also, if you look at the statistics, you will find you have somewhere like Birmingham or Wolverhampton that only has one farm, and that has been paid, so that is 100%. Is this all being added into the percentages? I am just a little bit suspicious of how we are getting to the figures.

Elizabeth Truss: Mr Chairman, it is right that we should not discriminate against small farmers, in terms of payment.

Chair: Some of them are inactive farmers as well.

Elizabeth Truss: We are paying the simplest cases first, because we want to get the money out to farmers as soon as possible. Some of the more difficult cases, like the cross-border cases and the commons cases, are taking longer. We also have the issue with commons because of the Minchinhampton findings. We need to pay all the commons at the same time, which is another issue. We are getting it out as fast as we can,

The important thing is that we stick to the plan that Mark Grimshaw laid out. We all remember what happened last year, with the fact that we did move to a paper-based application system, but the RPA was successful in getting all those applications digitised and on to their system. The chief executive, Mark Grimshaw, said that the majority would be paid by the end of December and the vast majority by the end of January, and I think he has delivered according to what he said he would do. That has been difficult, given what we have said.

Q83 Chair: It is fair to say that Mark Grimshaw picked up a difficult ball, and that the process of putting the system in place was done by a different company and it did not work properly. Parts of it worked, but the others did not. Therefore, there has been a big problem. Mark Grimshaw is not who my targets are on. I know hindsight is a wonderful thing but, however it was organised, the original system was taken out of the hands of the RPA and then, as far as I can see, when it got very difficult it was handed back to the RPA. Can we learn a lesson from that?

Elizabeth Truss: I was involved towards the end of that process. That was because we recognised that Mark Grimshaw was the person who could deliver it. It is fair to say that he has delivered. There were a few issues in terms of the design of the system, which have been thoroughly interrogated. I do not know if Clare wants to say a bit more.

Clare Moriarty: What I would say is that, absolutely, lessons have been learned from this process. The National Audit Office came and did an early value for money study and the Public Accounts Committee has already examined that. If you look at the history of the programme, as you say, with hindsight, there are certainly moments at which different interventions might have got us to a better place. As the Secretary of State says, given the circumstances we found ourselves in last year, the absolute focus is on making sure that farmers can be paid and paid accurately, which is a very important point. We are in a better position than we might have been, but we absolutely recognise that, for those farmers who have not been yet been paid, it is a significant issue. I can assure the Committee that the percentages are not fiddled.

Chair: “Adjusted” was perhaps the word I was using.

Clare Moriarty: The percentages are the total number of farmers who have been paid over the total number. I know that the RPA is very focused on making sure that farmers with larger claims are also being paid.

Chair: I will bring in Simon. I am sorry, Simon; I pinched part of your question. Finally, before you come in, I have to say that, if you look at the map of England, Scotland, Wales and Northern Ireland, the RPA is not doing too badly, as far as the percentage is concerned, compared to the devolved Administrations, but I will say no more than that.

Simon Hart: In Wales, they are claiming to have a better performance rate than in England.

Chair: Not according to this map—it is 46%.

Q84 Simon Hart: That is according to their Minister, anyway. Can I just go back a stage? I can completely understand why the Secretary of State wants to put a positive touch on this: that it is good in the circumstances or whatever your expression was. Those of us who listened to Mark Grimshaw's evidence before this Committee last year will come to the view, possibly uncharitably, that this is anything but good in the circumstances. This is falling way short of what we were led to believe might be the case. 70% might sound quite good when you are doing your O-levels, but it is not very good given the overall state of farming at the moment. The expectation is of a Department and a Government that are meant to be competent, but they are consistently failing to look after people in their most urgent hour of need.

With all the other commentary around this, from the National Audit Office and others, is it really fair to say that you are content? I know you did not say that in as many words, but I hope you are a long way from being content that this is anything other than a pretty drastic failure on behalf of the RPA.

Elizabeth Truss: I completely agree with you about the very difficult position that farmers find themselves in. For those in the 30%, although that total is coming down, with new batches being paid every day, it is clearly a very difficult situation. I have met farmers who have said that to me. There clearly were issues with the way that the programme was set up. The governance of the programme has been thoroughly analysed by the report from the National Audit Office.

In terms of Mark Grimshaw's appearance in front of the Committee, he said that the majority would be paid by the end of December, and the vast majority by the end of January. We can quibble about the exact figures, but the reason he did that was to say, "I have a plan. I want people to have confidence that this system is not going to fall over and that we are going to make the full payments", which I think is important. There had been calls for part payments but, of course, part payments would delay the time by which people were able to get full payments. If you remember what happened before when part payments were made, it was a very long time before the full payments were made.

Also, it would increase our disallowance risk. The point the Permanent Secretary made about disallowance and fines is very important because, at the moment, we are paying a significant sum. I think it is £70 million this year from the Defra budget in fines. Given that our programme budget is going from £1.092 billion to £1.059 billion, and one of the key savings we want to make is to stop paying out money in fines that we could be putting into farms, environmental stewardship programmes and flood defences, it is really important that these payments are accurate.

In the circumstances, to be able to get all those payments on the system—and people have been working around the clock and at weekends at the RPA to get this done—in what was an extremely complicated CAP is no mean achievement. If you are asking me, which you are not quite but I might answer it anyway, who is to blame for this, I would suggest that

the European Commission, which was still coming up with rules on this in February, has quite a lot of responsibility for how difficult it is. Yes, there were failings, as we have discussed, about the computer system, but there had also been a very complicated Common Agricultural Policy introduced at the very, very last minute, which Mark and the team implemented.

Q85 Chair: Secretary of State, all through the last Parliament, last year, we were told that this system, which was not developed by the RPA, was actually going to work. We were told and told. You quite rightly eventually took the decision to pull it, to go back to paper and deliver it through the RPA. Like I said, in my view it is not the RPA that is in our sights, but surely it is not just the EU that is at fault. Also at fault are the original company or the original designers of the scheme, who told us all along, told you, told the Department and told everybody that this wonderful, all-singing, all-dancing system was going to work and it did not.

Elizabeth Truss: We have been through this in previous meetings of this Committee. Fundamentally, the core system provided by Abaco is the bit of the system that worked. The issue was the online interface; it proved not possible to connect the map to the farmers being able to input their features on to the map. That was the fundamental design problem, which was created a few years ago.

I have every sympathy with farmers who are struggling. I completely recognise that. As I have said, there are hardship funds available. We have also produced letters for farmers. If there are specific banks that are not being helpful, I would very much like to hear about that, so that we can follow up with those banks. We are working on a food and farming plan, which is going to include more details about how we help farmers manage in a volatile market where prices are fluctuating. We are also introducing tax averaging over five years rather than two years, which is something that the industry is very much asking for. We are taking the steps we can, but through the work of the RPA, since the forms have been submitted, we have devoted a lot of resources to doing that.

Q86 Simon Hart: I have a quick follow-up. I was not necessarily going after you to hold somebody up as the person to blame. My question really is all about the tone. To some extent, we have heard a message from you, and earlier last year from Mark Grimshaw, that this is all somehow a success story. If you are one of the people who is looking with dread at your balance sheet and your farming account system, and being told through the industry, “Don’t worry; there is a hardship fund or something”, you are thinking, “That is another set of bloody forms I have to fill in. It is going to take six months.” Then the bank is not as friendly as you think it is, etc. In the meantime, your farm has been washed away or your milk price has gone down by another 2p a litre. The last thing anybody wants to hear is any of us saying, “This is a success story. Do not worry, everybody; it will all be fine. By the way, here is a 54-page form to fill in in order to alleviate your hardship.” Actually, if I do not get my tax return in by this Sunday, I will be fined. The Treasury system works very well like that. People have an expectation, after all these years—I hope you will agree—that we should get it right. We do not have to come up with all these fancy excuses about hardship funds. Can you agree with anything that I have just said?

Elizabeth Truss: I can absolutely agree with you that this is not something that I present as good news. What I am saying is that the team who have been working on this have been working in difficult circumstances and are a certain amount of the way through it. Some of these issues are historic, as we have said. If you compare us with countries like Ireland, who built their system from scratch 15 years ago, they are in a better position than we are.

I am critical of the CAP itself and the greening policies themselves. I met farmers in Northamptonshire who told me the three-crop rule has added 10% to the costs of them doing business. This is part of the Basic Payment Scheme, which is not only making it harder for us to administer the scheme, but also making our farmers less productive by putting costs on their business. I do not think it is a perfect scheme that the UK has failed to implement. It is a combination of a very imperfect CAP and issues that we had with our IT system.

In terms of management at the RPA, Mark Grimshaw has turned that organisation around. Staff have been working very hard to get the payments out as quickly as they can. We are doing all we can. Clare and I meet Mark on a weekly basis, feeding through these views and asking what more we can do, what more support we can offer and how we can get these payments out. We need to get them out accurately, and that is important. There is not a perfect answer to this. That is what I am saying.

Q87 Chair: Hopefully, you have listened and we have learned from our experiences. I take it that, this year, all farmers will be paid in full in December.

Elizabeth Truss: I would certainly hope that they are paid more rapidly. Farmers will be able to apply online this year.

Chair: They will be able to apply by paper as well.

Elizabeth Truss: They can apply by paper as well.

Chair: You will be working for them all to be delivered in December.

Clare Moriarty: To be honest, I do not think all farmers have ever been paid in December, because some have very complex cases.

Chair: You would be expecting 80% to 90%.

Clare Moriarty: I will not attempt to put a figure on it, but we absolutely hear what you say.

Chair: It was worth a shot.

Clare Moriarty: There will be a very, very strong emphasis on improving the system and giving better service to farmers.

Elizabeth Truss: It is worth saying, though, that we need to improve it in a systematic way. At the same time as we are putting pressure on to get the payments out as soon as possible this year, we need to make sure that they are accurate and we also need to make sure that we have the systems in place so that next year is better. All those things need to

happen. Also, the Countryside Stewardship agreements need to go out on time and Countryside Stewardship needs to be paid as well, so there is a lot of work for the RPA to grapple with there.

Q88 Chair: On CAP simplification in the EU, are we being very proactive with Commissioner Hogan and the Commission on genuine simplification? We have had years when commissioners have said simplification, and all we really had under Ciolos was a more complicated system. Are we confident? Phil Hogan is certainly making the right noises.

Elizabeth Truss: He certainly is.

Chair: But is he going to deliver? That is what we want to know.

Elizabeth Truss: I spoke to the Commissioner just after the Oxford Farming Conference and made clear where our priorities are: reforming greening, getting rid of the three-crop rule, simplifying the EFA regime and also the controls regime, which is extremely unfair on farmers and is also part of the reason why we have such high disallowance.

Q89 Chair: What is the timescale on this?

Elizabeth Truss: The greening review is taking place this year, I believe, and we are hoping to see some more announcements on simplification very soon.

Clare Moriarty: Last week, I also met one of the assistant directors-general in DG AGRI and made the same points, particularly about simplification of controls. They are looking to take through the greening review with a view to implementation from 2017. We need to be fighting this battle on all fronts. There is what they put in the system, but there is also the potential for them to rely more on the checks that the National Audit Office does, rather than feeling the need to do all their own checks as well. That is something they are quite interested in. There are ways in which we can support farmers to be in the best possible position to make sure their claims will go straight through without problems.

Elizabeth Truss: Can I just say something else on that?

Chair: I am conscious that I have just pinched most of Margaret's question, so I will bring her in to finish it off.

Q90 Ms Ritchie: Chair, who would I be to stop you in full flow? Further to that, as part of the ongoing review to be undertaken by Commissioner Hogan, how will Defra carry forward the interests and particular needs of the smaller range of farmers in Britain? How will that be done?

Elizabeth Truss: I spoke to Commissioner Hogan and he is particularly looking at small farmers, and what can be done in terms of exempting small farmers from some of the requirements. That is something that would be extremely positive.

I wanted to follow up on Clare's point. I think the EU needs to use technology much better. In the same way that we are reforming our inspection regime and using technology

to check, rather than traipsing around farmers' fields, the EU needs to be using satellite data and LiDAR data to check, as opposed to the auditing regime at the moment. This is at the heart of a lot of the problems that we have with disallowance. I have also had many complaints from farmers about the new Countryside Stewardship and some of the compliance requirements there. The EU needs to use technology much better, rather than the current system it has. I have raised that with Commissioner Hogan. As the Chairman says, he is always very receptive. What we want to see is action.

Q91 Ms Ritchie: As a follow-on to that, as you know, Secretary of State, we have been undertaking an inquiry into farm-gate prices. Do you believe that Commissioner Hogan's review should consider such issues as low farm-gate prices, not necessarily for dairy, because that has been looked into by Commissioner Hogan, but for other areas within the farming sector that have been suffering as a result of low farm-gate prices?

Elizabeth Truss: When I discuss this with Commissioner Hogan, he is certainly very interested in the Groceries Code Adjudicator model and applying that at a European level. That would be interesting right across farm-gate prices. The Groceries Code Adjudicator model looks at the contractual structure, rather than the prices themselves. Our approach has been to say what we can do to help manage price volatility, and that is what should be developed.

Q92 Ms Ritchie: Have you asked Commissioner Hogan, as part of looking at a model similar to the Groceries Code Adjudicator, about the price differential that exists between England and the price of animals in Northern Ireland?

Chair: There is a massive discrepancy in the price of milk, and the price of beef and lamb, from Northern Ireland.

Ms Ritchie: I know that farmers I represent receive a much lower price than farmers here for a comparable animal or for comparable milk. That to us is deeply unfair.

Elizabeth Truss: Northern Ireland of course is very successful at exporting, and that possibly is part of the reason. I have been doing a lot of work with the Northern Irish Executive in terms of exporting products to China.

Chair: They need some special help, if possible, because of their situation.

Elizabeth Truss: In fact, there was additional funding for Northern Ireland as part of the dairy settlement, recognising the fact that milk prices were lower in Northern Ireland. Our approach is to achieve more transparency on contracting. That is what the AHDB working group is looking at: how risk is shared through the chain, rather than price interventions. I do not think price interventions have a very good history.

Q93 Angela Smith: Secretary of State, can you tell me what assessments you have made of the likely impacts on farming sectors, both in England and the wider UK, of a decision by the UK population to leave the European Union?

Elizabeth Truss: We have not made any assessment of that.

Angela Smith: You have not—none at all.

Elizabeth Truss: No, none.

Q94 Angela Smith: You are putting together a food and farming plan for 25 years and there is no assessment of the impact on the farming sectors of leaving the EU.

Elizabeth Truss: No, there is not.

Q95 Angela Smith: What are you going to do about that? Surely it is irresponsible to leave the farming sector in the dark, when there is a real possibility that, by the end of the year, we will have made a decision to leave the European Union.

Elizabeth Truss: The Government overall are not preparing a plan B. We are working on achieving a successful renegotiation to get a reformed position for Britain in the EU, which can then be put to the British public. I have explained, during this Committee hearing, what our priorities are as a Department: the 25-year plan for the environment, working on food exports. Our priority is not preparing the plan that you have outlined.

Q96 Angela Smith: Secretary of State, the opinion polls are increasingly showing a very serious volatility on the part of the electorate on this issue. I am completely in favour of staying in. I will go out there and campaign to stay in, so I hope you are right. I am assuming that you believe too that we should stay in the European Union. Surely, and I repeat the point, it is irresponsible not to have a contingency plan in the event of a no vote, a vote to leave the European Union. Surely it is irresponsible to leave farmers in the lurch.

Elizabeth Truss: First of all, I want to say to you that I am waiting for the outcome of the renegotiation. I know that the Prime Minister is working very hard on the renegotiation, one of the key elements of which is making the UK and Europe more competitive, but we need to see the outcome of the renegotiation. The renegotiation is going to be finished fairly soon. We will then know what the result is and can have this discussion as a country. I am not going to divert Defra's precious resources, which have many important priorities, into looking at this.

Q97 Angela Smith: If we take the vote later this year and we lose that vote, you are effectively saying that farmers will then have no support from Defra, in terms of responding to an effective decision to leave the European Union. It will cost more to respond later than to plan now, surely. Perhaps the Permanent Secretary would like to give a view.

Clare Moriarty: As the Secretary of State says, we remain absolutely focused on our priorities. The renegotiations continue. At the end of that process, the Cabinet will be

able to decide whether there is a reformed deal that it wants to recommend to the electorate. We are focusing on our priorities.

Angela Smith: Most of our payment from the European Union goes to farmers. Farmers expect better than this, Secretary of State. Sorry, Chair. I just think farmers expect better than this.

Q98 Chair: Can I slightly reword it, then? Are the Government going to clearly state, after the Prime Minister has come back with his deal from Europe, the effect on agriculture directly if we stay in the EU and the effect on agriculture if we come out of the EU? At the moment, farmers are left entirely in the dark as to what would happen if we came out of the EU. They have hated the bureaucracy of Europe all these years, but they have probably quite enjoyed the payments that come with it. There does not seem to be any advice to give to farmers.

Elizabeth Truss: There are clearly costs of being in the EU. We have talked about some of the regulations, restrictions and the three-crop rule. There are clearly benefits, like being in a single market, which is a very big market for UK produce. Ultimately, once the renegotiation is completed and the results are put to the British people, it is a matter for public debate. That is what the referendum campaign will be about: do the costs outweigh the benefits? In the case of British farmers, do the costs to farmers outweigh the benefits? I am sure that there will be plenty of views on that, but I do not think that the Government will be providing a definitive view.

Q99 Chair: Therefore, you are saying that it is up to the farmers and the farming unions to make that point or not. Is that what you are saying?

Elizabeth Truss: Absolutely. This is a decision for the British people that we are putting forward.

Q100 Angela Smith: You are abdicating responsibility for preparing for whichever decision is taken. That is not the responsibility of the British people. Your responsibility, Secretary of State, is to prepare for the outcome.

Elizabeth Truss: My responsibility is to make sure this Department is dealing with the key strategic priorities we face, which I consider to be protecting the country from floods and animal and plant diseases, promoting the productivity and competitiveness of the farming industry in exporting, improving the environment and helping the rural economy. Those are my priorities, which I very clearly laid out.

Angela Smith: Whether or not we are in the EU absolutely gives you the context and the framework within which you can discharge that responsibility.

Q101 Chair: Farming as we know it at the moment, rightly or wrongly, has between £2 billion and £3 billion coming in as single farm payment. I suggest that much of it would probably not be sustainable as it is at the moment. Therefore, it would have a dramatic effect, but Defra does not intend to look at that at all.

Elizabeth Truss: No.

Q102 Chris Davies: As someone who sits slightly in the Eurosceptic camp, but is again waiting for the Prime Minister to come back and to see the outcome of the renegotiation, I must say I am quite concerned that we will not be entering into the discussion, perhaps not now, but once renegotiation has happened and we know where we are.

Elizabeth Truss: Forgive me, but we are part of the discussion on how to make Europe more productive and competitive. I have talked about the reforms we are seeking to greening. We are doing a lot of work on the environment side, in terms of how we improve things like the circular economy proposals. We are absolutely involved in the European discussion about how to make Europe more productive and competitive. What I am saying is that we are not creating a plan B and we are not spending Defra's resources doing that, because it would mean that we would have to stop doing something else and I do not think that is a priority.

Q103 Chris Davies: With the greatest respect, Secretary of State, when the gates are open and the horses are away, our farmers need to know what they will be facing if we have a no vote. They know what they will have if we stay in, but they will need to know where we are if we go out. I would be very keen to tell my farmers in Brecon and Radnorshire what I think those outcomes will be, but I will need help from Defra to tell me what they are.

Chair: Will there be some advice coming from the Department?

Elizabeth Truss: Not at this stage, no.

Chair: We will revisit that when we have a little more time, but not now.

Q104 Jim Fitzpatrick: Secretary of State, the Food Standards Agency used to report to Defra, and then the Government restructuring, or structural changes by the coalition, moved it to the Department of Health. The new chair, Ms Hancock, when asked about this at the joint Select Committee appointment hearings, said that she thought that was because there had been a "core conflict of interests". Do you agree with that? Do you think that the FSA should be reporting to the lead food Department or are you happy to see it sitting in the Department of Health?

Elizabeth Truss: We work very closely with the Food Standards Agency. It is obviously very relevant for a lot of the work we do, and I think that relationship works well.

Q105 Jim Fitzpatrick: You do not see a need for it to report to you.

Elizabeth Truss: I do not see a need to change that, no.

Q106 Simon Hart: On bovine TB—just when we thought it was all getting easier—you are on the record at the Oxford Farming Conference talking about expanding the programme of badger culling. Is there any further detail you can provide us on that at all, or is it just an aspiration at this stage?

Elizabeth Truss: It is more than an aspiration; it is a plan. It is part of our 25-year strategy to eradicate bovine TB. By the end of this Parliament, we should be able to declare half of England TB-free, which I think is a very important milestone. Culls were successful in Somerset, Gloucestershire and Dorset. The Chief Veterinary Officer has been very clear that that has disease control benefits and that they need to be carried out in a wider area to realise further disease control benefits. We are clear that it does need to be carried out in a further area. It is a farmer-led process, so obviously there need to be applications for that.

Q107 Simon Hart: When do you think you will be able to publish the full data in terms of herd breakdowns in those areas, data which would give us a clue as to whether or the extent to which culling has played a significant part in reducing those herd breakdowns?

Elizabeth Truss: We produce data on precisely this subject. It obviously takes a few years for the full results to come through, but the advice I listen to is advice from the Chief Veterinary Officer, who is very clear that it has disease control benefits and we need to carry it out over a wider area, as part of a comprehensive strategy that also includes biosecurity measures and cattle movement controls.

Q108 Simon Hart: I have a last question on this bit. Are you content that the co-operation between those responsible for the cull and the police in the areas concerned—this may be a Home Office question, rather than a Defra question—is now absolutely as you would like it to be? First time round, there was significant concern about that relationship and I wonder if we are now completely happy with it.

Elizabeth Truss: What we saw last year was that successful culls were carried out in those three areas, and the proof is in the pudding.

Chair: Thank you very much. Like I said, it is important to eradicate TB. You know my view is that there is a clear connection between badgers that are carrying the disease and then giving it to the cattle. We need to tackle the disease in both cattle and wildlife, so I wish you well in your endeavours.

Q109 Chris Davies: Before I go on to broadband, can I thank you, Secretary of State, for being so bold with TB eradication? There are other parts of the country that have not been bold as you have been, and I am sure you will be delivering excellent results in five years' time.

What progress is being made on rolling out superfast broadband? Now, I know that it is not necessarily within your remit or within your Department, but we are expecting farmers to put their payments on via the computer. They are saying 95% will be the target coverage. In rural constituencies like mine, it is probably going to be 70% to 75%, and that causes big problems. How can your Department help in this way?

Elizabeth Truss: As a Government, we have put in place a universal service obligation to deliver 10 megabits per household by the end of this Parliament. We are now up to 83% superfast coverage across the country, but I recognise that many of the areas that are not covered are rural and remote areas.

In fact, I met John Whittingdale, the Culture Secretary, last week to talk about how we will be able to deliver the universal service commitment and what technologies we might need, particularly in remote locations, to be able to do that. DCMS has carried out a number of trials of technology, which look very interesting. There are some big opportunities to further increase that coverage. The other issue that I discussed with him is getting better 4G and 5G coverage in rural areas. We have a commitment to have 90% voice and text coverage by 2017, but I am very concerned that rural businesses also need access to those high-speed 4G and 5G services. We were discussing how we could make it easier to establish mobile phone masts so that those rural areas are covered.

Q110 Chris Davies: You have had one meeting with him. Are these regular meetings? Is your Department quite heavily involved in this rollout?

Elizabeth Truss: Defra sits on the digital taskforce and this is one of the main focuses of the digital taskforce. We regularly attend those meetings, but I had a separate meeting with him on top of that, because this is an issue of major concern that always gets raised with me, around the country. We are doing what we can to make sure that those targets are delivered. I understand that there will be a consultation coming out fairly soon on the universal service obligation. I am keen to make sure that those customers in rural areas have the most robust service they possibly can.

Q111 Angela Smith: My constituency, which is rural in large aspects, is 606th out of 650 in terms of superfast availability, and 591st in the rankings of average download speeds. It is absolutely in the bottom 10%, which is perhaps what you would expect when you have a large part of a national park in your constituency. One of my local commercial developments, a £42 million development, is being seriously hampered by the failure of BT Openreach to deliver superfast broadband as promised. Tenants cannot be signed up because of the failure to deliver so far by BT Openreach.

I absolutely understand, Secretary of State, that you do not carry responsibility for this area of policy, but do you think there is more you can do to put pressure on DCMS Ministers, and through them BT Openreach, to resolve this issue? Economic activity in my area is being seriously hindered by a failure to deliver by BT Openreach.

Elizabeth Truss: I totally appreciate how vitally important it is for rural residents and businesses to have access to these services, whether it is children doing their homework or whether it is businesses that need to export and get online. It is really important. That is why we put it as part of our rural productivity plan. One of the things that we have announced is that there will be a rural ambassador, a senior official who roves across Government. As well as putting pressure on the ministerial side, we will also be putting pressure on the official side. We are making sure that all the elements of the rural productivity plan that Defra produces are also part of the single departmental plans that

other Departments deliver. Where there is another Department responsible, whether that is DCLG on planning issues or DCMS on broadband issues, that will be embedded on their plan as well.

On the point about BT, one of the things I was discussing was John Whittingdale is the use of alternative providers, because there are some alternative providers that can provide different technology solutions. I would suggest to your constituent that it might be something worth taking up directly with DCMS.

Q112 Angela Smith: Finally, do you, Secretary of State, believe that BT Openreach should be split away from BT?

Elizabeth Truss: That is a matter for Ofcom, the regulator. I understand that they are looking at that now.

Angela Smith: What is your own view?

Elizabeth Truss: It is a regulatory matter. I have to declare an interest, in that I used to work for Cable & Wireless. I used to work in the telecoms industry.

Chair: A little bit more competition would be a good thing then, would it not?

Angela Smith: I would have thought so.

Chair: You are not going to answer. It was perhaps an unfair question.

Q113 Ms Ritchie: The Committee in the previous parliament undertook an inquiry into rural broadband. From our research and evidence base, it was quite clear that broadband speeds were under 10 megabits and maybe down to as little as 2 megabits, particularly in hard-to-reach rural communities. You have said and we understand that it is not a ministerial responsibility for you, but we would be asking you today to use whatever good offices you have and exhortations with your Cabinet colleagues, and also with Ofcom and ISPA, the Internet Service Providers' Association, to ensure that those internet speeds are raised. What steps will you take to ensure that fibre is brought to the premises and not solely to the cabinet?

Elizabeth Truss: I have had discussions with DCMS about this. Sometimes the speed is determined by the number of lines off a particular cabinet space. It is also how close the cabinet is to the end customer. If it is within two kilometres, it is generally acceptable, but it gets worse the farther away it is. A lot of increases in speed can be delivered by upgrading the cabinets. Also, I know one technology that DCMS is looking at is smaller cabinets, which become more economic for smaller areas.

Chair: Secretary of State, you can give us a further written answer. Can I thank you for being so generous with your time? You have stayed here an extra half an hour. We appreciate you coming. We are looking forward to you coming back in the near future. Thank you very much.

Elizabeth Truss: Thanks very much.