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My Lords,

Second Reading of the Agriculture Bill

I am grateful to noble Lords for their insightful and wide-ranging contributions to the second reading of the Agriculture Bill, which took place on Wednesday 10 June. In my closing speech, I noted that because of time pressures I could not address all the points raised during the debate. This letter sets out my response to those points that I did not address at the time of the debate.

Financial assistance

Lord Trenchard asked how farming businesses will be able to replace income lost due to reductions in Direct Payments during the three years from 2021. The Government recognises that its agricultural reforms will mean a significant change for farmers and that is why it is phasing these changes in over a seven-year agricultural transition. We intend to phase out Direct Payments in England in a fair way, with higher reductions initially applied to amounts in higher payment bands. To reconfirm what I said in my closing speech, for around 80% of farmers, based on 2018 scheme data, our maximum reductions for 2021 will be modest, at no more than 5%. This will start to free up money so we can continue to offer farmers an improved Countryside Stewardship scheme, launch the National Pilot of our Environmental Land Management scheme and introduce schemes to help farming businesses improve their productivity and resource efficiency.

The Government intends to provide more detail about the early years of the transition, including Direct Payments and future schemes, in the autumn. As you know the Bill contains a requirement under Clause 4 to publish a multi

annual financial assistance plan (MAFA) by 31 December 2020. This MAFA plan will set out the Government's strategic priorities for agriculture across the transition period and describe the financial assistance schemes expected to operate during the agricultural transition, enabling the industry to plan.

Defra has launched a £1m grant funding project to explore how it could provide resilience support to farmers and land managers in England to help them prepare for reductions in Direct Payments in the transition period. The project, targeting c1,700 farmers and land managers, aims to identify how, where and when they may need to adapt their business model and resilience as a result. The results will help inform the design of a national scheme, if justified, which is currently in development for launch in 2022.

Lord Vaux asked that financing arrangements under the Bill should support multi-year financing schemes, to support investment for the future. The Government recognises that farmers need certainty over future funding arrangements. That is why we have committed to a seven-year transition, starting in 2021, and have pledged to guarantee the current annual budget to in every year of this Parliament. In England this will enable the Government to provide financial support for the purposes set out in the Bill.

The intention of the new MAFA plan clause is to require the Government to publish further details about how the financial assistance powers in the Bill will be used, what types of schemes the Government intends to run, and set out what our strategic priorities for agriculture policy will be across a longer time period. This will provide much needed certainty for the sector, enabling it to plan.

Environmental Land Management (ELM)

Lord Jopling asked for clarity on what the Environmental Land Management (ELM) Scheme will provide. The Government is working closely with a range of environmental and agricultural stakeholders to design collaboratively the new scheme so that it is fit for purpose.

On the 25 February the Government published the ELM Policy Discussion Document which sets out their current thinking on the ELM scheme, including a proposed three-tier scheme design. Farmers and other land managers may

enter into agreements to be paid for delivering the following public goods: clean air; clean and plentiful water; thriving plants and wildlife; reduction in and protection from environmental hazards; beauty, heritage and engagement with the environment; mitigation of and adaptation to climate change.

The ELM scheme is due to be piloted from 2021 to 2024 and rolled out across England in 2024. The Government is currently running a programme of Tests and Trials, the priorities for which are the building blocks we will need for the National Pilot.

The National Pilot and roll-out of ELM will coincide with the gradual removal of BPS payments, which are due to be phased out over a 7 year transition period from 2021 to 2027. The agricultural transition period will make sure there is a gradual transition from the current situation to the new, avoiding a cliff-edge for farm businesses. It will give farmers sufficient time to adapt and prepare for the new ELM scheme.

A simplified Countryside Stewardship (CS) Scheme will run until 2024. The Government will ensure there is a smooth transition from Environmental Stewardship agreements and the Countryside Stewardship scheme into the ELM scheme. We propose that those land managers entering into new Countryside Stewardship agreements from 2021 will be able to break those agreements at agreed points without penalty (through annual break clauses), but only once they have secured a place in ELM – including in a limited number of instances the national pilot. Agreement holders will be free to choose to remain on the same terms and conditions for the duration of their agreement and cannot be forced into applying for ELM.

Climate change

Lord Judd asked if the Bill should be aligned more closely with the Climate Change Act and Paris Agreement. The Climate Change Act 2008 (as amended in 2019) legislates for Net Zero UK greenhouse gas emissions by 2050, but does not set sector-specific targets. This is to ensure the Government meets our climate change commitments at the lowest possible net cost to UK taxpayers, consumers and businesses, while maximising the social and

economic benefits to the UK of the transition to Net Zero of the agricultural transition.

The Government has already set out a range of specific commitments to reduce agricultural emissions in the 25 Year Environment Plan and under the Clean Growth Strategy. This includes strengthening biosecurity and control of endemic diseases in livestock, and encouraging use of low emissions fertilisers. However, to achieve net zero more is needed from the industry. We are looking to reduce agricultural emissions controlled directly within the farm boundary with a broad range of cost-effective measures primarily through improvements in on-farm efficiency and land-use change.

As the cornerstone of our future agricultural policy, the new Environmental Land Management scheme will pay public money for public goods, including the mitigation of, and adaption to, climate change. Peatland restoration, for example, will help protect the existing carbon store and reduce emissions of carbon dioxide to the atmosphere. Woodland creation would also deliver this goal by contributing to carbon sequestration.

Access to countryside

Lord Kennedy and Lord Rosser asked how the Government would use provisions in the Bill to maintain, improve and promote responsible public access to the countryside. Lord Sandwich also sought assurance that rights of way grants would be more generous and forthcoming.

Subsection (1)(b) of the Bill will enable the Secretary of State to provide financial assistance to support public access to, and enjoyment of, the countryside, farmland and woodland. This power could be used to contribute to the delivery of societal benefits, including that of improving people's engagement with the environment.

The Government's new ELM scheme will reward land managers with public money for the provision of environmental public goods, including enhanced beauty, heritage and engagement with the natural environment. Public access is an important part of this. For example, ELM could fund the creation of new paths and the maintenance of paths, such as footpaths and bridleways, which provide legal access for cyclists, horse riders and pedestrians. This is part of

the Government's broader commitment to increase public access to, and use of, green and blue spaces, which includes the creation of the England Coast Path.

Trade and standards

Baroness Henig raised concerns that a trade deal with the United States would lead to the UK having to change our own food rules, and raised concern about the issue of chlorinated chicken or beef treated with growth hormones. The Government has been clear that we will not compromise on our high standards of food safety and animal welfare in any trade negotiations, including in ongoing talks with the US. We enter trade negotiations clear that standards will be upheld in future deals and will use the most appropriate levers available to achieve this.

At the end of the transition period, all current food safety, animal welfare, and environmental standards will be retained and form part of our domestic law. This includes all existing import requirements. The UK's food regulators will continue to provide independent advice to ensure that all food imports into the UK comply with those high safety standards.

These import standards include a ban on using artificial growth hormones in domestic and imported products and set out that no products, other than potable water, are approved to decontaminate poultry carcasses. Any changes to existing food safety legislation would require new legislation to be brought before Parliament. Decisions on these standards are a matter for the UK and will be made separately from any trade agreement.

Lord Cameron raised concerns around the importation of goods that would be illegal to produce in this country. In published negotiation objectives for future trade agreements the Government has been clear that we will not compromise on standards.

Lord Campbell, Duke of Montrose and Lord Sandwich made reference to previously tabled amendments in the House of Commons. We recognise the sentiment behind the amendments but, the negotiation, and entering into, of treaties is a prerogative power held by the Executive. The amendments would have undermined the Government's flexibility to negotiate in the best interests of the UK. Lord Burnett and Lord Berkeley both raised concerns around the

implication for sheep meat exports to the EU if the UK were not to secure a deal with the EU. The Government is negotiating and expects to sign a free trade agreement with the EU with zero tariffs. In all trade agreements we negotiate we will stand up for British farming and aim to secure new opportunities for the industry. We will always ensure that UK FTAs are fair and reciprocal, and that any 'opening up' does not cause an unwanted downturn for domestic producers.

Devolved Administrations

Baroness Bennett asked that we give Northern Ireland control and bring in people's assemblies to oversee agricultural policy. As Agriculture policy is devolved it is in the gift of the Northern Ireland Ministers to bring forward their own Agriculture Bill when they choose.

Lord Thomas, Lord Vaux and the Lord Montrose asked about the relationships with the devolved administrations and the co-ordination of multiple regimes. I refer you to my reply to Baroness Henig and Lord Wigley. In addition, on your specific point about the internal market, Defra continues to develop the Agricultural Support Framework alongside the devolved administrations. This is an administrative framework for coordinating future agricultural policy whilst respecting the devolution settlements and enabling effective dialogue between all administrations on how any changes to legislation or policy in one part of the UK may affect other parts. This framework will sit alongside work being led by the Department of Business, Energy and Industrial Strategy (BEIS) and HM Treasury on the internal market.

Baroness Henig and Lord Wigley asked about relations with the devolved administrations on food standards. As the Command Paper laid by the Secretary of State for International Trade in February 2019 stated, the UK Government recognises that while the negotiation of international treaties is a reserved matter, the implementation and observing of international obligations for devolved matters is a devolved competence. Where a new free trade agreement requires legislation in order to implement it, the UK Government will continue to respect the devolution settlements and work with the devolved administrations to seek legislative consent for UK-wide legislation where appropriate.

Lord Hain and Lord Liddle asked about our involvement with the devolved administrations in future negotiations on trade. The Government is committed to working closely with the devolved administrations to deliver a future trade policy that works for the whole of the UK. It is important that we do this within the context of the current constitutional make-up of the UK; recognising that international treaties are a reserved matter but that the DAs are responsible for implementing and observing obligations arising from the UK's international agreements in devolved policy areas. The UK Government is committed to serving the interests of the entire UK, ensuring the devolved administrations have a meaningful role in trade policy.

The Department for International Trade has recently formed a new Ministerial Forum for international trade, which will ensure there is a regular and formal structure to support discussion and engagement between the UK Government and the devolved administrations on trade agreements. There will also continue to be a programme of official-level technical engagement between the Department for International Trade and the devolved administrations, to underpin the Ministerial Forum. Ministers from the four UK administrations also meet regularly to discuss issues relating to the Environment, Food and Rural Affairs, with further official-level engagement between Defra and the devolved administrations. Together, these processes will ensure that the priorities and expertise of the devolved administrations can shape and inform the development of the UK Government's international trade policy and negotiating positions.

Defra is working closely with the devolved administrations to agree the common frameworks that we will need for those returning EU powers that intersect with Devolved competence. The set of principles agreed at the Joint Ministerial Committee for EU negotiations (JMC (EN)) in October 2017 guide Defra in the development of these frameworks.

Food security

Lord Carter asked about the UK's self-sufficiency levels. The UK has a high degree of food security, built on access to a range of sources including robust supply chains across a range of countries, in addition to our own strong domestic production. Over half of the food we eat is produced in the UK. The rest of our food is imported, with 26% coming from the EU and 19% from other

countries. The UK's current Production to Supply Ratio is 77% for indigenous-type foods and 64% for all foods.

Food security is a complex issue and cannot be defined by a single measurement. The Government works closely with the food industry to ensure that the nation has a secure food supply. Self-sufficiency does not equate to overall food security. It is important that we have access to a diverse range of supply through international trade for consumer choice and to supplement domestic production and ensure that any disruption, for example from adverse weather or disease, does not affect our overall security of supply.

I can assure Lord Hodgson that dependency on water will most certainly be considered in the food security report. The most recent projection by the Office of National Statistics of the UK population based on 2018 figures is an estimated 72.4 million by 2043, rising from an estimated 66.4 million in 2018.

I can also assure Lord Caithness that Clause 17 of the Bill sets out a new duty on the Government to report to Parliament on food security. Henry Dimbleby, Defra's lead Non-Executive Director is already leading an Independent Review of the food chain to develop recommendations to shape a National Food Strategy.

Food labelling

Baroness Redfern highlighted the need to keep customers well informed with information and labelling, so that they can make easily informed choices. I can reassure the noble Baroness that there are already comprehensive rules setting out the ways in which information should be given that is clear, legible and unambiguous, and with the most important information being mandatory. Origin information is already mandatory on most meat, most fruit and vegetables and a range of other foods. Following recent legislation, where origin information is given or implied on a label and it is different to that of the primary ingredient, the origin of the primary ingredient must be given, or an indication that it is different. We have no intention of reducing these labelling standards in any way following the end of the Transition Period.

The Government has committed to a rapid review and consultation on the role of labelling to promote high standards and animal welfare, and remains

committed to delivering informative food and drink labelling and marketing standards to protect consumer interests, ensuring that consumers can have confidence in the food and drink they buy.

Skills

In my closing speech I committed to writing further on the issue of skills and the agriculture sector. The Government is working with industry bodies to improve access to the talent and skills required within the industry. The Government is already taking action through our apprenticeship programme and post-16 Skills Plan to reform technical education and new Careers Strategy. We want industry to make the most of this framework to attract more domestic workers.

There are currently 29 high-quality apprenticeship standards available in the agriculture, environmental and animal care sector, including stockperson and crop technician. Employer groups are working with the Institute for Apprenticeships and Technical Education to develop a further 11 standards, including general farm worker and agricultural/horticultural professional adviser.

The apprenticeship levy is an important part of our apprenticeship reforms, supporting employers of all sizes to invest in high-quality training. In 2020-21, funding available for investment in apprenticeships in England will remain around £2.5 billion – double that spent in 2010-11 in cash terms. As well as funding new apprenticeships in levy-paying employers, income from the levy is used to fund new apprenticeships with employers that do not pay the levy.

We are listening to the views of businesses on the apprenticeship levy and are committed to making sure the apprenticeship programme continues to provide opportunities for people of all backgrounds, while meeting the needs of employers of all sizes and delivering for the economy.

Access to labour

Lord Whitty highlighted the need to ensure that there is a new generation of those who work on the land. I would like to assure the noble Lord that it is a priority of this Government to enable an innovative, productive and competitive

food supply chain, which invests in its people and skills. From 1 January 2021, the Government will replace free movement with the UK's Points-Based System and agricultural businesses will continue to be able to rely on EU nationals living in the UK with settled or pre-settled status and there will continue to be other flexibility in the system.

Attracting skills and talent is crucial to realising our ambitions for a thriving agriculture and horticulture sector. Agricultural technologies are transforming farming, creating new types of jobs and requirements for new kinds of skills. By raising awareness of agriculture as an exciting and attractive career path, people will understand the opportunities available to them in the farming and land management industry. For the longer term, we want to work with industry to encourage more domestic workers to enter the profession and attract the engineering, manufacturing, research and other STEM skills necessary for the increasingly sophisticated agriculture and food and drink sector workforces.

Lord Berkeley raised the point that the Government should set up a long-term arrangement to ensure the proper supply of seasonal workers. The Government is committed to supporting the sector in securing the labour it needs. This year there has been exceptional collaboration between industry and Government through the highly successful 'Pick for Britain' campaign to raise awareness of the roles available on fruit and vegetable farms and to link job-seekers with farms looking for seasonal workers. At the same time the Government has continued to implement the seasonal workers pilot and support migrant workers who wish to travel to work in our fields. The expanded Seasonal Worker Pilot in 2020, will enable us to carry out a more extensive evaluation of the systems and processes in place to access labour from non-EEA countries, ahead of any decisions being taken on how future needs of the sector will be addressed.

Pesticides and fertilisers

Lord Whitty raised the need to reduce the dependence on chemical pesticides in farming and Baroness Bennett suggested that the UK should go further than the EU in reducing pesticide use. The Government is clear that we must protect people and the environment from the risks that pesticides can pose, while enabling farmers to protect their crops. This requires robust science-based regulation that protects people and the environment. It also requires policies

that encourage and support sustainable crop protection with the minimum use of pesticides. The Government's approach to these issues was set out in the 25 Year Environment Plan and will be developed in the revised UK National Action Plan on the sustainable use of pesticides, on which we will be consulting in the coming months.

Organics

Baroness Bennett asked about the Bill not having a commitment to supporting the furthering of organic agriculture, referencing the EU's Biodiversity Strategy objective that at least 25% of EU agricultural land must be organically farmed by 2030.

The Government is committed to organic agriculture, which is why we are legislating for a UK organics policy. We intend to use powers in the Bill to amend the present organics regime to support organic farmers further, benefit the environment, maintain consumer confidence, promote research and innovation in the sector, and reflect future trade agreements. This will be done in consultation with the sector.

Organic farmers (and other farmers using environmentally sustainable techniques) will be well placed to benefit from our ELM scheme due to the environmental benefits they produce, such as increased biodiversity and improved soil quality, which contribute to the delivery of the national environmental priorities outlined in the Government's 25 Year Environment Plan.

Carcass classification

The Duke of Montrose asked what effort will be made to achieve common direction between the devolved components of the UK for a common framework for carcass classification. The power in the Bill relating to carcass classification has been extended to the Welsh Ministers and Department of Agriculture, Environment and Rural Affairs (DAERA) in Northern Ireland at their request in Schedules 5 and 6.

The Scottish Government has decided not to take a Schedule in the Bill and introduced the Agriculture (Retained EU Law and Data) (Scotland) Bill in the Scottish Parliament in November 2019.

Existing EU Regulations covering carcass classification for pigs and beef will be retained in legislation from January 2021. Any future proposals relating to carcass classification, such as deadweight price reporting and carcass classification for sheep, will be developed through the working relationship between policy colleagues in Defra and the Devolved Administrations as has been done so to date, strengthened by the development of the Agricultural Support Framework.

Forestry

Lord Sandwich asked about investment for tree planting. The Government has committed to increase tree planting to 30,000 hectares per year across the UK by 2025. To deliver a step change in planting in England, the Government announced a £640m Nature for Climate Fund in the last Budget.

We will shortly consult on a new England Tree Strategy to deploy that funding. The consultation will inform how we can best increase planting, protect and manage existing woodlands, engage people with trees, and support the economy.

I hope noble Lords find this information helpful. I am copying this letter to all noble Lords who took part in the debate and I shall be placing copies of this letter in the Libraries of both Houses.

Yours sincerely,
John Pardon
