This document sets out the Government’s response to the questions raised by the Committee in its call for evidence. As agriculture is devolved, we have only provided responses to those questions which can be answered from a UK Government perspective; the future of agricultural policy for Scotland is for the Scottish Government.

1. What funding will Scotland’s agricultural sector require post-Brexit? What should future agricultural support in Scotland look like, and what goals should it seek to achieve?

The UK currently has a single agriculture budget, which is allocated across all four nations. It is for the Scottish Government to set out how its funding should be spent on agriculture in order to achieve particular goals. After we leave the European Union (EU), the UK Government has pledged to continue to commit the same cash total in funds for farm support until the end of this Parliament, expected in 2022. This includes all funding provided for farm support under both Pillar 1 and Pillar 2 of the current Common Agricultural Policy (CAP). The average annual cash total for farm support under the existing 2014-20 multiannual financial framework (MFF), and the average annual national Exchequer funding provided for farm support under Pillar 2, will be rolled forward year by year until the end of this Parliament. This applies to the whole of the UK. It will be for each administration to decide whether to commit the same element of its existing block grant.

The UK Government has guaranteed that any projects where funding has been agreed before the end of 2020 will be funded for their full lifetime. This means, if the UK leaves the EU with no deal, the UK Government would fund any remaining payments to farmers, land managers and rural businesses due after March 2019. This would ensure continued funding for these projects until they finish. The guarantee also means that Department for Environment, Food and Rural Affairs (Defra) and the devolved administrations can continue to sign new projects after the UK leaves the EU during 2019 and 2020.

On 16 October 2018 the UK Government announced a review of the intra-UK allocation of domestic farm support funding which will recommend factors that should be taken into account to ensure an equitable intra-UK allocation of domestic farm support ‘convergence’ funding to the end of this Parliament. The review is being chaired by Lord Bew, supported by a panel drawn from England, Scotland, Wales and Northern Ireland, and is likely to report in spring 2019.

The Government has also ruled out simply applying the Barnett Formula to Defra’s replacement CAP funding beyond this Parliament. This means that farmers in Wales, Scotland and Northern Ireland will not just be allocated funding according to the
population size of each nation, which are in each case significantly smaller than England.

2. What should be included in common frameworks between the UK and devolved administrations in relation to agriculture? What balance should it strike between having a common UK-wide approach and providing flexibility to Scotland's needs?

The Joint Ministerial Committee for EU Negotiations (JMC(EN)) agreed a set of principles on 16 October 2017. These are guiding the joint work Defra and the devolved administrations are doing to develop frameworks that:

- enable the functioning of the UK internal market, while acknowledging policy divergence;
- ensure compliance with international obligations;
- ensure the UK can negotiate, enter into and implement new trade agreements and international treaties;
- enable the management of common resources;
- administer and provide access to justice in cases with a cross-border element; and
- safeguard the security of the UK.

Agriculture is devolved and, outside of the EU, each UK administration will have the flexibility to develop agricultural policy suited to their own unique circumstances, while pursuing common approaches where it makes sense to do so. The Agriculture Bill was introduced in September 2018 and legislates mostly for England, although there are some UK-wide clauses for policies reserved to the UK Government that deal with competition and our obligations to the World Trade Organisation (WTO). The Welsh Government and Department of Agriculture, Environment and Rural Affairs (DAERA) in Northern Ireland will also take powers in the Bill until they pass their own primary legislation. The Scottish Government has chosen not to take any powers in this Bill at the moment and Fergus Ewing MSP has recently announced that the Scottish Government intend to introduce their own Agriculture Bill in the Scottish Parliament this session. The precise timetable for the Bill will be determined when the Scottish Parliament’s legislative programme is confirmed. Common frameworks will therefore be desirable as this legislation allows each administration to diverge from the Common Agricultural Policy and one another.

For the vast majority of agricultural policy areas we do not believe at this stage that legislation is required to create a common UK wide approach or framework: this approach will allow all administrations the flexibility to respond to the needs of each part of the UK within each administration’s area of responsibility. Defra is working with the devolved administrations to find administrative approaches that work for the whole of the UK. We all want the flexibility and responsiveness of administrative
frameworks in this area, and we are working through a process to identify precisely where common approaches are necessary.

In the joint statement we made with the Welsh Government on 12 September 2018, we made clear that we will continue to work with DAERA and the Scottish Government to develop an administrative framework for co-ordinating agricultural support spending and changes to marketing standards. We will also be working together to ensure good collaboration and coordination on policies affecting cross-border holdings, the use of powers in exceptional market conditions, and data collection and sharing. Defra will also work very closely with the devolved administrations on the regulations and processes under the UK-wide Producer Organisations and fair dealing clauses within the Agriculture Bill, as we are already on the provisions ensuring compliance with our WTO obligations.

There is also a UKG-DA workstream considering internal market issues in the round. This is looking at the functioning of the internal market across framework areas and any cross-cutting arrangements agreed in this area would link into and complement sector-specific workstreams, including on agricultural support and marketing standards frameworks.

Our aim is to reach agreement on all of these areas in order for frameworks to be in place by the end of the Implementation Period, or by the time new agriculture legislation comes into force. We envisage frameworks to be agreed in the form of a Concordat, and in some cases lighter-touch mechanisms. We already have a number of productive, informal agreements with the devolved administrations: for example, veterinary and fisheries concordats such as the Concordat on Management Arrangements for Fishing Opportunities and Fishing Vessel Licensing in the United Kingdom (2012).

We are working very collaboratively with officials in all of the devolved administrations, giving effect to our commitment to consult them extensively on matters that affect devolved policy areas and in order to jointly develop long term frameworks. Defra and devolved administration officials had 20 meetings between May 2018 and Bill introduction in September 2018 and there have been four joint ministerial meetings in the past nine months: 14 May, 5 July, 17 September, 19 November and 14 January. We continue to liaise on the development of frameworks and intend to discuss plans with stakeholders in due course.

It is the UK Government’s view that a UK-wide framework is not required for 2019 in a “no deal” scenario while the whole of the UK relies on CAP regulations, and changing anything part way through a CAP scheme year (January – December) is highly unusual.

3. What should be done to meet the long-term labour needs of Scotland’s agricultural sector?

Defra works to support agriculture across England, and the Scottish Government works to support their sector in Scotland, however Defra works closely with colleagues in the devolved administrations to take a UK wide approach to the labour
needs of the sector. Whilst the UK prepares to leave the EU, Defra is working closely with the Home Office to ensure that there is a long term strategy for the food and farming workforce as part of future immigration policy. After we leave the EU, we must have an immigration system that works in the best interests of the UK – controlling immigration whilst continuing to ensure we have access to the labour we need. That is why the Government is considering the options carefully, and will ensure that businesses and communities, including representatives from across the food chain, have the opportunity to contribute their views.

Citizens’ Rights

Under the EU Withdrawal Agreement, EU citizens and their family members will be able to continue to live, work and study in the UK under the current free movement rules until 31 December 2020, and those arriving before that date will be able to stay. The Home Office is introducing the EU Settlement Scheme to enable those resident before 31 December 2020 to obtain their new UK immigration status, and the deadline for applications will be 30 June 2020. The scheme, which is currently open on a test basis, will be fully open by 30 March 2019 when applications will be free of charge. Any applicant who has paid a fee during the test phases will be refunded. Further information about the EU Settlement Scheme can be found here: https://www.gov.uk/settled-status-eu-citizens-families

In the event that an agreement is not reached with the EU, the EU Settlement Scheme will continue to operate for those resident in the UK by 29 March 2019, to ensure that they can stay, but there would be some necessary changes to reflect the fact the government had not reached a deal with the EU. For example, as there would be no agreed implementation period, the deadline for applications to the scheme would be 31 December 2020 and there would not be a six-month ‘grace period’ beyond this.


New arrivals after 29 March 2019 in deal or no deal

In either a deal or no deal scenario, EU citizens will be able to continue coming to the UK after 29 March 2019. In a deal scenario, during the implementation period, EU citizens coming to the UK after 29 March will be able to live, work and study as they do now. Individuals who want to stay beyond the end of the implementation period will have to apply to the EU Settlement Scheme for their UK immigration status by June 2021. In a no deal scenario, EU citizens arriving in the UK after 29 March 2019, will be able to come to live and work without applying for a visa for up to three months. They can continue to stay in the UK by applying, within the three months for ‘European Temporary Leave to Remain’, which, subject to identity, security and criminality checks, will be granted for 36 months.

Further information about the immigration arrangements for those arriving in the UK after free movement ends can be found here:
New immigration framework

The White Paper, ‘The UK’s Future Skills-Based Immigration System’, published on 19th December 2018, sets out the foundation for a single immigration system, where it is workers’ skills that matter, not where they come from. The future immigration system would take account of the needs of all nations of the UK – Scotland, Wales, Northern Ireland and all parts of England. There will be a new route for skilled workers, open to all nationalities. The skills threshold would be reduced to include medium-skilled workers too, subject to a salary threshold and sponsorship requirements.

The Government would also introduce a time limited route for temporary short-term workers of all skill levels. This will cater for seasonal and low-skilled work, and for short term work undertaken by skilled workers. This route will be fully reviewed in 2025.

The White Paper is not the last word on immigration, but the start of a new national conversation. The Government will launch an extensive programme of targeted engagement with stakeholders across the UK, and with the EU and international partners, to capture views and unique challenges and ensure that the future system works for the whole of the UK.

Seasonal workforce

Defra understands the importance of seasonal labour in supporting a successful and effective agricultural sector, and is considering how best to support the needs of the sector both before and after the UK exits the EU. In either a deal or no deal scenario, EU nationals can continue to come to the UK to work seasonally. If there is a no deal, after 29 March EU nationals will be able to come to live and work in the UK without applying for a visa for up to three months. They can continue to stay in the UK by registering for ‘European Temporary Leave to Remain’ which, subject to identity security and criminality checks, will be granted for 36 months.

The Government is considering the longer term future of seasonal work, which is why we have announced the introduction of a new nationwide pilot scheme for 2019 and 2020 enabling up to 2500 non-EEA migrant workers to come to the UK to undertake seasonal employment in the edible Horticultural sector. This will be a nationwide pilot, with a nationwide quota. We will place a specific duty on the selected scheme operators to ensure that all regions of the UK benefit from this pilot. The Home Office and Defra will work closely to ensure the successful operation of this pilot. This pilot will run in 2019, in either a deal or no deal scenario.

4. What role can innovation & technology have in improving productivity in Scottish agriculture?

Investment in R&D and Innovation is a key part of this Government’s Industrial Strategy and we are committed to meeting the Manifesto Commitment to invest 2.4% of GDP in R&D within 10 years. Through the 2013 Agri-Tech Strategy £160 million
has been invested over five years in a Catalyst fund and four centres for Agricultural Innovation with the aim of improving the flow of ideas and solutions from laboratory to farm. Three of these centres are partnered with research institutions based in Scotland.

One such partner in the Agri-Tech Strategy is the James Hutton Institute, which is one of the Scottish Government’s main providers of research into environmental, crop and food science along with being one of the most successful Research and Technology Organisations in the UK. Agri-Tech Strategy Catalyst Projects that the James Hutton Institute have been partner applicants in include the Crop Health and Protection Centre (CHAP), which is building its Controlled Environment Farming Commercialisation Centre with Liberty Produce at the James Hutton Institute and is expected to open in the summer of 2019.

The agriculture sector is also one of the big beneficiaries from the Industrial Strategy with a £90 million public investment in “Transforming Food Production”, which aims to support the development and use of precision agricultural technologies that boost the efficiency and productivity of UK agricultural systems. By investing in the rapid development and deployment of novel advanced precision agricultural technologies and solutions that will enable optimum use of resources (e.g. water, nutrients, crop protection products, antibiotics) and more effective decision making, the UK has a unique opportunity to lead a global revolution in precision farming.

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