

Agriculture Bill

Second Reading

House of Commons

3 February 2020



Key messages

- The Agriculture Bill is an opportunity to transform British farming, placing a new focus on the relationship between the agricultural industry and the environment. Councils are well placed to play a role in this reform. At a local level they can bring together partners to deliver leadership and direction on how best landscapes can be managed to meet need.
- At the core of the Bill are provisions to replace the Common Agriculture Policy (CAP) with a new payment system for farmers based around the concept of 'public money for public goods'. It is essential that there is a smooth and phased transition towards the new system and we will work with the Government to ensure that the Bill is effective in addressing the concerns of rural communities.
- Local government is a key stakeholder in the management of rural land. It works closely with farming communities and land owners on a range of land management issues, undertaking approximately 170 statutory duties across a wide range of interrelated areas. In addition, a number of councils own farms and agricultural land.
- Through the rural growth component of the CAP (Pillar II), European funding has made a significant impact on the local economy. In particular the LEADER programme, worth almost £20 million a year, and the Regional Growth Fund, have created critical opportunities for economic growth.¹
- The Bill does not consider how this rural growth component fits into the proposed land management system, or how it will link to the forthcoming UK Shared Prosperity Fund (UKSPF). This funding is too important to rural areas to fall through the gaps of the new system. We would recommend the Government clarify, through this legislation and guidance, how new growth funding arrangements will be incorporated into post-EU funding.
- The Bill also sets out the powers the Secretary of State has to make interventions in the agricultural market in 'exceptional market conditions'. This focuses on making payments directly to farmers. It does not give the Secretary of State powers to fund a more comprehensive package of support through councils. This wording should be updated to reflect the important role councils can play in maintaining the local economy.
- As the UK begins to trade with the EU as an external partner, and seeks new trading relationships, the regulatory system for our agricultural products will come under increasing scrutiny. Councils have a key role in overseeing animal health and welfare and supporting agricultural businesses. To deliver this effectively, trading standards services will need greater resources.

Briefing

Background information

The Agriculture Bill is an opportunity to transform British farming, placing a new focus on the relationship between the agricultural industry and the environment. At the core of the Bill are provisions to replace the CAP and shift the UK away from direct payments to farmers based upon the amount of agricultural land they manage, to a new scheme based on the concept of 'public money for public goods' such as clean air.

Councils are well placed to play a role in this reform. Local government is a key stakeholder in the management of rural land. It works closely with farming communities and landowners on a range of land management issues, undertaking approximately 170 statutory duties across a wide range of interrelated areas. In addition, a number of councils own farms and agricultural land.

Rural areas are particularly vulnerable to the impacts of climate change and will face specific adaptation challenges, for instance to flooding. In these areas there is a greater need for local leadership and collaboration. Local government can fill this role and bring together partners to deliver leadership and direction on the specific environmental issues in their areas. Councils already take a strong role in advocating for the rural economy in Local Industrial Strategies (LIS).

It is essential that the Government ensures a smooth and phased transition towards the new system. We will work with the Government to ensure that the Bill is effective in addressing the concerns of rural communities.

The CAP funding (Pillar I)

The CAP (Pillar I) current Basic Payment Scheme (BPS) provides farmers in England with £1.7 billion a year to deliver a range of environmental outcomes through payments based on the amount of agricultural land they manage. The Department for Environment, Food and Rural Affairs (DEFRA) has reported that the environmental condition in the BPS are unpopular, add to administrative costs and deliver only modest environmental benefits.ⁱⁱ

The Agriculture Bill will shift this model to a new scheme based on the concept of 'public money for public goods'. This presents a significant opportunity to develop a new policy framework which enables a more a place-based approach to incentivising land management activities that better align with local priorities, such as supporting the diversification of farming activities, protecting important cultural assets or supporting local carbon neutral ambitions. The new framework should aim to simplify the payment system and reduce the administrative requirements.

As local leaders with a mandate from residents, councils are well placed in any future land governance system to bring together their existing statutory land-use duties and wider place shaping role with their ability to convene stakeholders across place to decide which 'public goods' should be prioritised to meet local needs.

The CAP funding (Pillar II)

The CAP (Pillar II), worth about £495 million a year includes funding for rural growth. This has had a significant impact on the local rural economy through the LEADER programme and the Regional Growth Fund. Across local areas this funding has created jobs, increased farm productivity, boosted rural tourism growth, protected the provision of some cultural and heritage activities and provided local opportunities for economic growth, by supporting micro and small businesses and vital rural services.

The current framework for this economic growth funding is a complex system of overlapping local, national and European Union policies. For example, the LEADER programme funds forms part of both the CAP and the European Structural and Investment Fund (ESIF). The Agriculture Bill does not address this complexity or consider how this rural growth component fits into the new land management system and the proposed UKSPF.

Without greater clarity and attention, there is a risk that there will be a funding gap in the transition to the domestic replacement for the EU funding. The next steps of the Bill must clearly set out whether funding for rural economic development is a part of the CAP reform, if it will form a part of the UKSPF and whether on-going funding will be guaranteed. There is currently a lack of information available about the design of the UKSPF and there is an urgent need to consult with local areas. Without this information, it is not possible to assess the impact of the reforms.

It is essential that any domestic replacement for EU funding is driven locally, by councils and their partners, to ensure the successful delivery of priorities. This will allow land-use planning to better align with local need and ensure greater accountability, whilst being mindful of the environment.

Councils already take a strong role in advocating for the rural economy in LIS. Any future local economic strategies must provide councils and their partners with the ability to develop and deliver devolved funding and policy support for their economies based on locally determined evidence. This will be particularly vital in rural, and very rural communities, where the gap between policies designed in Whitehall and the needs of the individual area can be vast.

A key example of the need for local leadership has been the Superfast Broadband Programme. Local government played a vital role in the hard to reach rural areas, partnering with broadband providers to extend coverage and boost the rural economy. To meet its gigabit-capable broadband for all by 2025 commitment, the government should draw on the success of this decentralised model which enables councils to use their experience and local knowledge to hold broadband providers to account and secure greater value for money for local residents.

Exceptional Circumstances

The Bill sets out the powers the Secretary of State has to make interventions in the agricultural market in 'exceptional market conditions'. The Bill currently only makes provision to give financial assistance directly to farmers and does not consider options for a more comprehensive local intervention.

As the UK renews its trading relationship with the world, patterns of trade are likely to change and impact on the agriculture market. Regions will face distinct challenges and opportunities and localised solutions should be available. The Bill should be extended to include the power to give financial assistance to local government in exceptional market circumstances, so that they can continue to support the rural economy using a package of funding and policy measures.

Councils are uniquely positioned to support local farmers as they have important insights into local economies, powers over local infrastructure planning, existing statutory land-use duties, and a wider place shaping role. They also already play a vital role in supporting trade, and the International Trade Select Committee has recommended that they should have a voice in all aspects of the trade policy process.ⁱⁱⁱ

Regulatory Services

Under the Bill, the Secretary of State may make provisions about the standards with which agricultural products must conform. We support the introduction of this power but have concerns about the implementation and the potential burden on council regulatory services as trading standards services have been reduced by around fifty per cent since 2010.^{iv}

As the UK trades with the EU as an external partner and seeks new trading relationships, the regulatory system for our agricultural products will be scrutinised. Councils have a key role in overseeing animal health and welfare and supporting agricultural businesses but need greater resources to be able to do this work effectively. Any new burdens created by this duty will need to be supported with the resources to make this work and demonstrate how our regulatory system ensures the quality and safety of UK products.

ⁱ Savills ‘Councils’ role in the future of rural land management’ (2019)

ⁱⁱ <https://publications.parliament.uk/pa/cm201617/cmselect/cmenvaud/599/59907.html>

ⁱⁱⁱ H/C, International trade Select Committee report, UK trade policy transparency and scrutiny, available at: <https://publications.parliament.uk/pa/cm201719/cmselect/cmintrade/1043/1043.pdf>

^{iv} <https://www.matretimes.co.uk/50-percent-cut-in-trading-standards-budgets-over-the-last-seven-years/>