



CLA MEMBER BRIEFING: HEALTH AND HARMONY: THE FUTURE OF FOOD, FARMING AND THE ENVIRONMENT IN A GREEN BREXIT. WHAT YOU NEED TO KNOW

On 27 February the Government announced a consultation on Future Farming Policy. This consultation is a crucial part of the Government's planning for farming and land management policy post Brexit.

The Consultation is called 'Health and Harmony: The Future for food, farming and the environment in a Green Brexit'. You can view it [here](#). It is a pre-cursor to legislation that will be introduced to Parliament later in 2018. The Agriculture Bill is intended to give Ministers the necessary powers to design, implement and enforce a new farming and land management policy for the UK once it is outside of the Common Agricultural Policy.

The Consultation builds on nearly two years of policy work with Government. The CLA has been working on your behalf at the centre of this work. We are therefore uniquely placed to explain what the consultation means and what happens next.

This document is your guide to a fast-moving, dynamic debate that will shape the future of our industry.

Here to help

The CLA team is here for you, to answer your questions and guide you as best we can through the decisions you need to make for your land and business.

In the first instance any queries should be directed to Chief Land Use Policy Adviser Susan Twining (susan.twining@cla.org.uk)

The consultation

The CLA will be making a formal submission in response to the consultation. We will develop this in consultation with members on our national and branch committees. We are also keen to hear your views directly. If you would like to share your thoughts on the consultation with us, contact Land Use Policy Adviser Stefan Jimenezwisler (stefan.jimenezwisler@cla.org.uk).

The Government is also inviting you to submit your views to them directly. We encourage you to do so – you can do this by viewing the consultation online [here](#).

Guide to reading this document

This document provides a comprehensive summary of the consultation section by section along with CLA analysis. It provides an overview of what the Government policy intentions are, what it means for farmers and landowners and what happens next.

The CLA have also produced a bespoke Q&A document following the release of the consultation which addresses some of the immediate questions you may have. The document can be found [here](#).

SECTION 2 – REFORM WITHIN THE CAP

Overview

This section acknowledges the challenges for farmers, land managers and Government with complying with Common Agricultural Policy (CAP), noting in particular the low uptake of Countryside Stewardship due to its complexity, and issues related to delayed payments. Based on feedback from applicants and stakeholders, there are plans to simplify the Basic Payment Scheme (BPS) and reduce evidence burdens within the rules of the CAP. Similarly, there are plans to improve Countryside Stewardship for 2018 (most of which have already been announced) including focussing on four simplified packages, improving the application process and cutting red tape to the minimum and an improved Hedgerows and Boundaries Grant.

Further simplification of Countryside Stewardship is planned for 2019 through to the launch of a new environmental land management scheme in the future. A key point is the “Gove guarantee”, successfully lobbied for by the CLA, which ensures no farmers/landowners signing up to Countryside Stewardship now will be disadvantaged when a new scheme is launched.

What this means for farmers and landowners

The UK will remain within the Common Agricultural Policy for 2018 application and possibly during the anticipated implementation period following exit in March 2019 subject to the negotiations. Many of the proposals are already in place for Countryside Stewardship in 2018 and are to be welcomed.

It is anticipated that these proposals will significantly improve the experience of CLA members applying for BPS and Countryside Stewardship and increase the overall uptake of Countryside Stewardship.

What happens next?

The CLA will continue to engage with the Rural Payments Agency (RPA) and Natural England (NE) to ensure these promised reforms are delivered. The CLA is an active participant of the national monthly technical stakeholder groups which is the key forum for proposing and sense-checking future changes.

SECTION 3 – AGRICULTURAL TRANSITION

Overview

This section outlines the Government’s proposals on the ‘agricultural transition’. The agricultural transition is essentially the plan for the move away from the current direct payments under the Basic Payment Scheme (BPS) before replacing it with a new system based on delivery of public goods such as environmental enhancement.

For 2019, BPS will be paid on the same basis as now, but after that the intention is to apply reductions to all direct payments over an as yet undefined period of time until they have been phased out completely. This agricultural transition period is intended to allow business to adapt through efficiency improvements, although it is acknowledged that this will be a challenge for some businesses and sectors, and offers possibilities of engaging with new environmental land management schemes and possibility of ‘tailored support’ in remote areas. The consultation document outlines two methods for

applying reductions for the first year that will release £150 million; (i) Reductions to direct payments based on bands similar to income tax; and, (ii) Capping the largest payments, with an open question about what the thresholds and reductions should be.

Alongside the methods of reducing direct payments, there is consideration of the scheme requirements which could include removal of cross-compliance requirements, greening requirements and the need to be an active farmer in order to receive payments.

What this means for farmers and landowners

This signals a major change in support to the industry. How the agricultural transition is implemented will impact all recipients of direct payments. The current options make it clear that larger recipients are likely to be more affected in the initial year, but all recipients will be subject to changes during the remaining transition period. Both the scale and time period of cutting, will influence how easily businesses can adapt, as will the opportunity to access the new environmental management scheme and other support. The current total budget has been guaranteed until 2022, so any funding released from transition will be reinvested in the industry in some way possibly to boost productivity.

What happens next?

The CLA has been gathering evidence on impacts of different transition methods and it is clear that it need to be managed carefully to avoid unintended consequences. We need to avoid early and large cuts in direct payments and have a more gradual and manageable change, and critically it should only start when there is clarity of how the new environmental and management system so businesses can make appropriate plans. However, the message from Government is clear on their intention to remove direct payments so all businesses should take immediate action to consider how this will impact their business.

SECTION 4 – A SUCCESSFUL FUTURE FOR FARMING

Overview

This section outlines the Government's view on how it can support farming excellence and productivity to underpin any new payment for public goods policy. Areas highlighted as important include improving research at all levels, encouraging best practice sharing, improving skills and training through continuous professional development, benchmarking, collaborative working adoption of new skills and technology. Alongside this is the recognition of the need for continued investment in research and innovation to boost productivity. The intention is to drive this activity through the AHDB who will be working with Government to facilitate resource efficiency and sustainable growth.

What this means for farmers and landowners

The focus on farming excellence and profitability is to be welcomed, as is the recognition that the farming sector is a valued part of the economy, and the opportunities available through technology, new farming and business practices, as outlined in the CLA How to on profitable farming and forestry in October 2017. This signals a move to improve support for investing in businesses, undertaking training, and incentivising good business practice. It needs to be remembered that AHDB do not cover all the

sectors within farming and driving productivity needs to have a joined-up Government approach to ensure rural connectivity and application of planning rules does not act as a barrier.

What happens next?

Farm productivity needs to improve if businesses are to be viable without direct support. This needs greater commercial focus from farmers to assess business performance and personal circumstances and make appropriate changes to the farming systems, business structure and management. It is vital that the Government can support this change through targeted incentives.

SECTION 5 – PUBLIC MONEY FOR PUBLIC GOODS

Overview

In this section, Government sets out its case for a payment for public goods policy and details what goods it plans to pay for. These public goods are namely environmental and include wildlife biodiversity, soil health, water quality, air quality, climate change mitigation and heritage & engagement with the countryside. However, the following public goods are also specifically named: animal health and welfare, farm productivity and competitiveness, rural resilience and maintenance of public access.

Details are provided for each of the public goods and consultees are invited to rank the environmental and 'other' public goods separately.

What this means for farmers and landowners

The new environmental land management system will be underpinned by a public money for public goods system. However, there is a wide range of public goods being suggested. Responses to the consultation will determine if any areas should be prioritised over others, however more detail is needed from Government in what many of the non-environmental public goods would entail, both in terms of work required and payment rendered.

What happens next?

The CLA has been integral in broadening the scope of public goods from purely agri-environmental options and the Secretary of State Michael Gove has recognised and thanked our organisation for this input. Now that this list is in the consultation document it is crucial that we make the case for the importance of all public goods and ask members to do the same in their own responses.

SECTION 6 – ENHANCING OUR ENVIRONMENT

Overview

In this section Government sets out its ambitions for environmental enhancement across all areas, from wildlife and water quality to climate change and more efficient resource use. It introduces a new environmental land management system that will could involve a range of actions including new environmental land management schemes with multi-annual payments for environmental delivery, capital grants and large-scale collaborative projects, all delivered with a 'user friendly' design and administration and new mechanisms for tendering and encouraging private investment.

What this means for farmers and landowners

The new environmental land management system is likely to see an extension of the current agri-environment schemes – building on the good. We are likely to see increased focus on soils and carbon sequestration alongside the more familiar biodiversity and water protection aspects. Large collaborative projects are likely to be targeted at certain habitats or outcomes which suit delivery at scale building on previous successful pilots. Outcome-based-payments and local priorities may also have a greater role in the future which will change how auditing and monitoring is done.

It is clear there is an intention to improve how schemes are administered, so that there is reduced bureaucracy and greater flexibility and customer satisfaction for farmers and landowners, which is a CLA priority.

What happens next?

The CLA has advocated for many of the changes suggested in the consultation document but it is crucial to still make the case for each and ensure that it is implemented in the correct way. While the right ideas have been detailed in the consultation, the detail is still missing and we will push Government to provide greater clarity on the key issues, particularly, the importance of making farmer and landowner participation attractive and providing clarity early on the payment rates that will be set.

SECTION 7- FULFILLING OUR RESPONSIBILITY TO ANIMALS

Overview

This section outlines the Government's position on animal health and welfare. There is already a strong regulatory framework in place and they reiterate the intention to build on this to ensure that the UK retains its world leading reputation. A positive message is the intention to classify animal welfare as a public good and represents a lobbying success for the CLA which has been actively influencing Defra to ensure its inclusion in any payment for public goods model. It also outlines the opportunities to improve productivity by tackling endemic disease through industry, veterinary, supply chain and Government partnerships. A proposal to clarify consumer information on livestock products in support of higher welfare production is also given.

What this means for farmers and landowners

The recognition of the importance of animal health and welfare and the associated costs to farming businesses are welcome. This will provide opportunities for livestock keepers to access financial incentives for health and welfare actions that go beyond the regulatory baseline and deliver traceable, safe and healthy food. This might include participation in livestock health accreditation schemes and innovation around data collection and sharing to improve the functioning of the supply chain .

What happens next?

There is expected to be further work to develop the ideas around endemic diseases with Government working in partnership with industry, as well as further work to identify how animal welfare can be incentivised. The CLA has a key role in this engagement through industry boards and consultations to ensure that plans are practical and achievable.

SECTION 8 – SUPPORTING RURAL COMMUNITIES AND REMOTE FARMING

Overview

In this section Government sets out its recognition of the unique challenges faced by all rural businesses and particularly those farming in upland and remote areas. The consultation acknowledges the particular problems of the uplands and remote areas with dependency on current direct payments and constraints on production and alternatives to farming.

Regarding rural businesses and communities, it is recognised how infrastructure - connectivity and suitable housing - are holding back the prosperity of rural areas and proposes a cross-Government approach to designing the UK Shared Prosperity Fund. Any consideration of the barriers placed by application of planning rules is absent.

What this means for farmers and landowners

The Government intention is to support rural communities and remote farming through tackling the barriers to improved productivity including rural connectivity, but also ensuring that these businesses can take on opportunities for food production, environmental management and diversification. The question really is how future support should be structured to balance the needs of the rural communities and the role of land use management within this and there is no clear direction on how this is to be achieved. Upland and remote farming areas will require some form of bespoke support to keep people on the land for the variety of benefits they produce.

What happens next?

The CLA will continue to make the case to Government on the importance of the upland and their importance for the environment, tourism and cultural heritage. We are also working to protect the Shared Prosperity Fund. There is already a degree of local responsibility through Local Enterprise Partnerships, but for many there need to be greater representation of rural issues. This will be covered in our work on the Local Enterprise Partnership (LEP) review.

We will continue to push Government to act on making it easier to create suitable housing in the places it is needed.

The CLA has proactively been advocating the need for greater rural connectivity since 2002 and are continuing to fight for universal coverage, for both mobile and broadband. We are doing this through the creation of uniform wayleave agreements and are in the process of negotiating a National Rural Wayleave with the Government Business Connectivity Forum.

SECTION 9 – CHANGING THE REGULATORY CULTURE

Overview

This section acknowledges that although the environment and consumers need protection through well designed regulations the plethora of different inspections and sets of rules can be a burden to farm businesses. The options for alternative inspection and regulation processes have been considered and although there may be some increases in regulatory baselines to ensure continued protection, the Government is looking to move away from disproportionate enforcement procedures- a positive for farm businesses.

What this means for farmers and landowners

There is unlikely to be dilution of regulation, and indeed the adoption of the “polluter pays principle” highlighted in the 25 Year Environment Plan, is likely to lead to a change in some of the baseline regulatory standards, and we have already seen the introduction of the new Farming Rules for Water which come into effect in April 2018 and others are expected to follow. A positive to farming will be the move away from disproportionate penalties applied through cross-compliance and opportunities to revisit how auditing and inspections can be streamlined with a more targeted and effective mechanism.

What happens next?

The CLA will be ensuring that farmers and landowners have a say in the design and implementation of any new regulation. We will also ensure the recently announced review into inspection processes is thorough and evidences any new regulatory framework.

SECTION 10 – RISK MANAGEMENT AND RESILIENCE

Overview

The Government argues that the most effective risk management strategy to promote a resilient sector is to support productivity increases. Other proposals include looking at the factors that influence farmer take up of insurance and other volatility mitigation products. They also suggest improved data management and sharing can improve the ability of farmers to deal with risk and mitigate volatility and are looking at ways to facilitate this.

What this means for farmers and landowners

There may be more options available to farmers to take up insurance products that smooth some of the peaks of income volatility that farmers face. The use of data sharing and management is something that the Government may look to promote. It is unlikely the Government will offer a Government funded insurance product so the onus is on businesses to ensure their resilience through effective cost control and efficient management.

What happens next?

The CLA position on insurance is reflected in the Government's proposal that productive and profitable farm businesses offer the best way to manage risk. We will continue to push the Government on its productivity agenda and work with other stakeholders to understand how best to facilitate improved data management and sharing at a farm level.

SECTION 11 – PROTECTING CROP, TREE, PLANT AND BEE HEALTH

Overview

This section outlines Defra's recognition of the importance of crop protection through regulation and improved use of plant protection products. In line with the 25 Year Environment Plan, the greater uptake of integrated crop protection is integral to the long-term sustainability of the sector across agriculture, horticulture and forestry. There is particular note of problems of pest and disease outbreaks and the need to support landowners to take appropriate and timely actions such as tree felling, treating infections as well as pre-emptive actions. Improving biosecurity practices and standards throughout the supply chain is an ambition.

What this means for farmers and landowners

The Government wishes to offer greater support to landowners to take action against pests and diseases and build on the already strong biosecurity levels the UK maintains as a member of the European Union. There may be requirements for land managers to adopt alternative crop protection measures and to increase their on-farm biosecurity in partnership with the supply chain. This will be subject to consultation responses and the latest scientific evidence.

What happens next?

Ensuring the UK's effective working with EU and international plant health bodies as EU exit progresses for both imports and exports of plant material is pivotal and is something the CLA will be working on. The opportunity for land managers to upskill is also important if other crop, plant and tree health protection measures are to be part of future Government agricultural policy.

SECTION 12 – ENSURING FAIRNESS IN THE SUPPLY CHAIN

Overview

In this section Government recognise that the supply chain is complex and that greater cooperation, transparency and fair practice is needed going forward. It proposes to build on collaborative traditions and maintain the status of Producer Organisations (POs) and to push attitudes to change and embrace greater cooperation.

Regarding the Grocery Code Adjudicator (GCA), the Government has said it will continue to support its role in the food supply chain, but as announced prior to the consultation release, will not extend its remit beyond retailers and processors. Lastly, Government states its aim to explore how collecting and sharing market data could improve the supply chain.

What this means for farmers and landowners

While there are ambitious ideas presented here, little change is likely to come into place soon. Government will continue the GCA and POs in their current forms and begin to examine what role greater availability and dissemination of data could play in ensuring a fair supply chain by putting producers on a more equal footing to often larger processing and retail businesses.

What happens next?

The CLA fully endorses a reduction in the fragmented approach throughout the supply chain and there needs to be greater coordination. However, some of the biggest barriers to collaboration in the UK are cultural and trust is a key component of greater integration and transparency throughout the supply chain.

To address this, we will push Government to reverse its recent decision and extend the remit of the GCA to primary producers. We do not believe greater statutory codes of conduct will benefit the industry without a tool for identifying and rectifying unfair practices.

The CLA is also calling for a structure that will replicate protected place designations, such as Protected Geographical Indicators (PGIs), and encouraging producers to take greater advantage of these trademarks to add value to their products, such as Welsh lamb or Melton Mowbray pork pies.

SECTION 13 – DEVOLUTION

Overview

The document states the following specifics:

- The commitment in the Conservative manifesto to maintain agricultural support at current levels to the end of this Parliament applies to the whole UK although it provides no clarity on how this funding will be made available to the Devolved Administrations
- In the long term, the UK Government see Brexit as an opportunity to enhance the powers of the Devolved administrations.
- There is common agreement that there is a need for Governments to work together to establish common frameworks and sets out the principles of where such frameworks are necessary

The UK Government is also keen to understand what the impact on Brexit and devolution could have on cross border farms and other landholdings.

What this means for farmers and landowners

Devolution and Brexit is one of the hottest political issues being discussed and agriculture policy has been the case study which highlights the challenges presented.

The progress of the European Union (Withdrawal) Bill has been slower than anticipated due to the complexities in understanding how EU laws will be returned into domestic law. UK Government and the Devolved Administrations have hugely different interpretations of how this should happen and measures to seek agreement to date have not been successful.

Without the agreement of the Welsh or Scottish Governments it is unclear whether or when the Withdrawal Bill will become law or what the outcome is likely to be for in terms of who has responsibility for agriculture policy in the short and medium term. This will of course impact farmers and landowners.

What happens next?

Negotiations are likely to continue between the UK Government and the devolved administrations to try and find a solution that is acceptable to all sides. In the meantime, the EU Withdrawal Bill continues to be debated in Parliament. In parallel both Scotland and Wales have published their intention to prepare emergency Continuity Bills in the event that they do not feel able to offer their consent to the Withdrawal Bill.

The CLA will continue to make the case to both the Welsh and UK Governments that a solution must be found to ensure that there is clarity for all businesses to operate in post Brexit.

SECTION 14 – INTERNATIONAL TRADE

Overview

The comments on international trade are largely a repeat of the Government's existing position that it wants to negotiate a free trade agreement with the European Union that ensures as frictionless trade as possible as well as trade deals with other countries. The Government also wants to ensure farmers continue to have access to the markets they do currently through trade deals other countries have with the EU post Brexit.

Within the document the Government is clear to state that *"maintaining and enhancing the UK's high standards of food safety, animal welfare and environmental protections will remain paramount"* and there is also an explanation of how support to farming industries is governed under World Trade Organisation rules.

What this means for farmers and landowners

This section of the document tells us very little that was not already in the public domain about the Government's trade position.

In reality the Government is still struggling to make a choice between agreeing to closely follow EU regulations, as advocated by the Chancellor, in theory making securing a trade agreement with minimal friction with the EU easier or following the path favoured by Michael Gove and Boris Johnson of the UK setting its own standards and regulations.

The accepted logic of Mr Gove and Mr Johnson's position is that it would give the UK greater freedom to agree trade deals with other countries but harder to secure a free trade agreement with the EU.

What happens next?

The EU and UK are due to meet towards the end of this month to try and finalise agreement on a transitional deal. Once agreement on this is reached the negotiations will move onto what any future trade relationship between the UK and EU could be.

The CLA is clear that securing a free trade deal with the EU that provides for as frictionless trade as possible is vital and must be prioritised over securing any free trade agreements with other nations.

SECTION 15 – LEGISLATION: THE AGRICULTURE BILL

Overview

This section sets out the Government's plans for an Agriculture Bill, due to be introduced into Parliament in either June or July. The Bill is designed to provide the Government with the powers to:

- Continue to make payments to farmers and land managers.
- Reduce unnecessary bureaucracy.
- To create a new system of payments to farmers and landowners based on the delivery of public and environmental benefits.
- Introduce a new compliance or inspection regime.
- Ensure continuity during the transition period for some elements of the CAP.

What this means for farmers and landowners

This will be the first time most Members of Parliament have had a chance to vote on agricultural and farming issues with these historically being decided in Brussels. This Bill will set into law the UK Government's policies and priorities for the industry. It is also important to remember that all MPs will have an opportunity to vote on the Bill, including those who have limited exposure to rural issues such as MPs who represent urban constituencies.

In contrast to the Common Agricultural Policy where reforms have required the agreement of all or a majority of EU member states, future Governments will have the power to alter policies and priorities to reflect their views or the changing needs of the industry.

What happens next?

The outcome of this consultation will help to influence the final content of the Bill, which is likely to be published in June or July. Following this the Bill will be debated by MPs and Peers over the course of several months before coming law. The Government is aiming to have the Bill in law by Brexit. How realistic this is depends on how controversial the Bill is and how much time is available for debate as other Bills may take priority.

The CLA will be fully engaged in the Parliamentary process surrounding the Bill and ensuring that MP and Peers are fully aware of the CLA's views as they debate this important piece of legislation.

