

Open Report on behalf of Andy Gutherson, Acting Executive Director of Place

Report to:	Environment and Economy Scrutiny Committee
Date:	15 January 2019
Subject:	The Agriculture Bill

Summary:

In October 2018 the Environment and Economy Scrutiny Committee considered a paper that provided an overview of the Agriculture Bill.

Members requested that the subject be brought back to scrutiny, to create an action plan, identifying positive actions that Lincolnshire County Council can undertake to support the food and farming sectors through a period of dramatic change. The October paper also highlighted the authority's role as a landlord. Members requested further information on this and as such a presentation will be given by corporate property.

This paper provides an update on the position of the Agriculture Bill, as it progresses through parliament. The paper highlights the major issues being raised by the sector nationally and locally in the short and medium term. Consideration is given to support that the authority could provide to enable a thriving sector. Finally, these actions are summarised in an action plan which has been drafted for the committee to comment on and help shape.

Actions Required:

Members of the Environment and Economy Scrutiny Committee are invited to:

1. Input and shape the Draft Action Plan (Appendix A), which is intended to be a live document that can respond to the needs of the sector.
2. Highlight any changes or additional areas of development to the Executive Member for Economy and Place.

1. Background

The Agriculture Bill completed its committee stage on 20th November 2018. The Bill is due to have its report stage and third reading on a date yet to be announced.

The Bill provides the framework for the development of agricultural land use policy, which will replace the Common Agricultural Policy following the UK's departure from the EU. It should be noted that little detail is yet available regarding policy detail. In October, Scrutiny Committee discussed the content of the Bill. In particular:

The current Basic Payment Scheme will remain in place for claim years 2019 and 2020. From the 1st January 2021, a transition period will commence to 2027, during which time the payment scheme will be phased out, replaced by financial support based on environmental land management and public goods.

The Bill allows for:

1. Financial Assistance for natural resource management
2. Exceptional Assistance in the event of market disturbance
3. Supply Chain Assistance to provide competition law exemption and contractual relations controls.

The changes that will occur to the farming industry will be substantial and many businesses will need to reposition themselves. It is very likely that many farmers will seek to leave the industry, indeed the decoupling of subsidy payments between 2021 and 2027, and the ability to receive a lump sum payment is designed to support people exiting the sector (it is also designed to help businesses to restructure).

There remains a lack of detail regarding new environmental "public money for public good" schemes. However, there is a general acceptance that in the longer term the total amount of money available to the sector will reduce. We may see land use diversify with some areas focussing on high intensity production, with others developing niche less intensive products alongside farmland being removed from food production altogether and instead being focussed on environmental schemes such as carbon sequestration or energy production.

Officers have been working with the sector to identify areas of current concern for the industry. In the short term: the nature of the departure from the EU, in the medium term: the replacement of the Common Agricultural Policy.

Short term: The UK's Departure from the EU and the Agricultural Sector

If the UK and the EU reach a deal regarding the withdrawal agreement and declaration, and if this is ratified by parliament, much of the impact of change on the sector will only apply after 1st January 2021, due to the implementation period.

If no agreement is reached, or ratified by parliament, there will be no implementation period. The UK will be treated as a "third country" by the EU and relations would be governed by general international public law. As such the EU will apply regulation and tariffs at the borders with the EU.

The agricultural sector has been given some certainty regarding subsidy support – which will continue in 2019 and 2020 regardless of which scenario occurs.

However, a number of areas of concern continue to be raised by the sector including:

- Access to labour
- Access to markets, in particular the sale of live animals and animal products
- Organic production
- Labelling
- Geographical Indicators

The farming press and sectoral organisation (such as NFU) are publicising the need for businesses to consider what key purchases and sales they are likely to make in spring and summer of 2019. Businesses are being encouraged to: have early conversations with: merchants, suppliers and processors and to check contracts to understand any impacts such as who would be responsible for additional costs. The wider food sector will need to deal with a number of practical issues such as labelling and certification.

This short term or immediate area of pressure is included within this report for information. However, depending on the outcome of departure discussions additional actions may be appropriate within an action plan.

Medium Term: the Agriculture Bill

There is still very little policy detail to accompany the Agriculture Bill, this is in large part because a number of the schemes are still being developed, in some cases through pilots and trials which are currently underway. This does provide an opportunity for LCC to work with key stakeholders, partnerships and local MPs to help to continue to promote the needs of the sector in Lincolnshire. As an informed authority Lincolnshire County Council will be able to **lobby** and **influence** effectively for Lincolnshire, both directly and through partnership arrangements. The authority can also shape and enable the debate – for example: we intend to work with the Lincolnshire Forum for Agriculture and Horticulture, hosting a panel debate on the Agriculture Bill, the Food Strategy and the future of food and farming in Lincolnshire.

For many farms the subsidy money received through the Basic Payment Scheme (alongside other schemes such as Countryside Stewardship) means the difference between profit and loss for the business. The removal of this subsidy, albeit over a 7 year transition period and with the ability to seek out payments for public goods going forward, will mean that many businesses will need to change and adapt to thrive in the future.

It is clear that some businesses are already considering how they will evolve over the medium and longer term, although this is challenging due to the lack of detail currently available. It is essential that as more information becomes available from Defra that businesses start to make informed business decisions regarding their future strategy.

The transition period will enable proactive businesses to adapt, or for those who wish to do so, to leave the industry with a lump sum early in the period. However, it

is likely that some farms will fail to do this and instead continue current practices, while payments reduce over time to a point of financial difficulty.

Lincolnshire County Council can **encourage and enable businesses to plan for the future**. It is therefore proposed within the action plan that a bespoke business support package is co-designed with Business Lincolnshire. Providing the tools to plan for changes and make informed decisions. Early conversations are taking place with key players such as the Lincolnshire Agricultural and Horticultural Forum, NFU and CLA as to how this support package could work. It may be one to one business support or building on the "Agricultural Academy" work previously developed for new entrants, but for those within the sector currently. This package will need to be developed over a period of time as information emerges from central government regarding public goods and the related schemes, but we must be ready to respond quickly.

Through engagement with stakeholders it is clear that there is some appetite to consider the role of the local authority in promoting Lincolnshire as a food production county. This would mean raising the profile of the county regionally and nationally to capture the trend for **provenance** and interest in origin.

Lincolnshire County Council also has a role to play as a **landlord**. There are two elements to this: the authority must remain well informed about changes to the sector to ensure that good value is provided to the public purse, while at the same time being mindful of the responsibility to tenants and to the wider sector.

2. Consultation

a) Have Risks and Impact Analysis been carried out?

N/A

b) Risks and Impact Analysis

N/A

3. Appendices

These are listed below and attached at the back of the report	
Appendix A	Draft Action Plan

4. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Vanessa Strange, who can be contacted on 01522 553038 or vanessa.strange@lincolnshire.gov.uk.

Draft Action Plan

Work Stream	Ambition	Opportunities	Action
Lincolnshire County Council – an informed authority	As a local authority we will be well informed about policy development and sector needs.	Existing partnerships & relationships, GLLEP Food Sector Board, Lincs Agriculture & Horticulture Board CLA, NFU	LCC to work closely with the sector across Lincolnshire, with BEIS and Defra, to ensure that the authority remains well informed on the needs of local business and central government policy drivers.
Lincolnshire County Council as an influencer	LCC will continue to provide a strong voice to government for the food and farming sector in Lincolnshire.	Engage with local MPs Work with civil service	Co-host a panel debate with Lincolnshire Forum for Agriculture and Horticulture, : the Agriculture Bill, the Food Strategy and the future of food and farming in Lincolnshire. Actively engage through key partnerships such as the GLLEP. Engage with land based environmental scheme development.
Provenance agenda	Lincolnshire's strengths in the farming and food sector should be high profile and well recognised by the consumer.	GLLEP Food Sector Board, Lincs Agriculture & Horticulture Board	Explore the appetite for further work on food provenance to support Lincolnshire's food producers.

Work Stream	Ambition	Opportunities	Action
Supporting, engaging and inspiring the sector	Help farm business owners and managers to plan for the transition period and beyond.	Business Lincolnshire Events, such as the Farming Conference, Lincs Show Hosting / co-hosting future events as more information becomes available.	Develop and co-design bespoke business advice through Business Lincolnshire, in partnership with key stakeholders. Support events such as Lincolnshire Agricultural Society: Lincolnshire Farming Conference (26/2/19).
Lincolnshire County Council as an informed landlord	Corporate property will be well informed about, evolving government policy, changing trends and remain aware of risks and opportunities for the LA's property portfolio and the public purse.	Relationship with land agents and E&E	Corporate property working with E&E and their land agents to remain fully aware of the changes brought about by the Agriculture Bill.
Lincolnshire County Council as a responsible and proactive landlord	Corporate property will be well informed about, evolving government policy, changing trends and remain aware of risks and opportunities for tenants and the agricultural community. Corporate property will be proactive in disseminating information.	Corporate property and the agent's ongoing relationship with tenants	LCC to support tenants with information throughout the transition period. Corporate property to promote opportunities to tenants via land agents.

Please note that the action plan is in draft form only and will be developed following feedback from members and following engagement events with central government and local stakeholders in the coming weeks. Subsequently, it is intended that the plan evolve as required.