

**The County Farms Estate**  
**The Agriculture Bill and Policy Statement**

**Report of the Head of Digital Transformation and Business Support**

*Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.*

**Recommendation(s):**

That the Committee notes the report and welcomes the help being proposed by DEFRA in the Policy Statement for Local Authorities who want to invest in their Council Farms.

**1.0 Agriculture Bill 2017-2019**

- 1.1 On the 12<sup>th</sup> September 2018 the Government introduced the Agriculture Bill to Parliament.
- 1.2 The Agriculture Bill sets out how farmers and land managers will be supported over a seven year transition period as we leave the EU's Common Agricultural Policy (CAP) and move towards a new system based on public money for public goods.
- 1.3 It follows DEFRA's Health and Harmony consultation, which saw over 40,000 responses from a wider range of stakeholders (including Devon County Council).
- 1.4 The Bill provides the foundation for a new Environmental Land Management (ELM) policy, underpinned by natural capital principles, which will help deliver many of the key outcomes set out in the 25 year Environment Plan and the Clean Growth Strategy.
- 1.5 The Agriculture Bill will spend public money on:
  - Improved air and water quality
  - Improving soil health
  - Providing habitats for wildlife including hedgerows, food sources for birds and nectar sources for pollinators
  - Reducing flood risk
  - Preventing climate change – as by peatland restoration
  - Improving public access- the example is of replacing gates
  - Maintaining drystone walls and other iconic landscape features

The Governments July White Paper on the future relationship with the EU indicates that it would seek the freedom to set payment rates outside the restrictions currently imposed by the EU's state aid rules and so, potentially, on a natural capital basis recognising the benefits of such measures rather than the costs incurred in delivering them.

- 1.6 The Bill will:
  - Spend public money on public goods

- Improve farming productivity
- Enforce compliance with conditions attached to payments to farmers and land managers
- Strengthen transparency in the supply chain through improved data collection and data sharing
- Strengthen fairness in the supply chain
- Intervene in times of extreme market disturbance
- Set common marketing standards
- Comply with the World Trade Organisation Agreement on Agriculture

## **2.0 Health and Harmony: the future for food, farming and the environment in a Green Brexit – policy statement**

2.1 Implementation of the new system will be introduced gradually, as part of a planned and controlled transition. The Policy Statement, summarised below, sets out a clear strategy for change.

### **2.1.1 Transition period**

2.1.1.1 Direct payments will be phased out which will free up funding to reinvest into the delivery of public goods. A new land management system will be introduced gradually. During the transition support will be provided for farmers to invest in equipment, technology, and infrastructure. This is designed to help deliver public goods, improve the productivity and resilience, and put farmers in a strong position to take up offers through environmental land management. Support might be in the form of grants, loans, loan-guarantees, or capital allowance.

2.1.1.2 Farmers and land managers will be able to earn money delivering two types of goods and services: through selling products on the open market; and providing environmental services and benefits that society relies upon. It will be up to farms and land managers to decide what types of goods or services they want to produce. This does not need to be a trade-off, as many land management activities will have multiple benefits.

### **2.1.2 Simplifying the CAP (2019 and 2020)**

2.1.2.1 Direct payments will be paid in 2019 in the same way as in 2018. The EU rules for the Basic Payment Scheme, greening and young farmer payments will apply throughout the whole of 2019.

2.1.2.2 The direct payments for 2020 are expected to be paid in much the same way.

### **2.1.3 Transition period (2021 to 2027)**

2.1.3.1 Direct Payments will be phased out in England with the last payments being made in the 2027 scheme year, giving farmers time to adjust.

2.1.3.2 The payment reduction will be applied in a fair way, with higher reductions initially applied to amounts in higher payment bands. In 2021 the payments will be reduced according to the table below which is expected to free up around £150 million to reinvest in the delivery of public goods.

Direct Payment Band	Reduction Percentage
Up to £30,000	5%
£30,000 to £50,000	10%
£50,000 to £150,000	20%
£150,000 or more	25%

2.1.3.3 The Central Association of Agricultural Valuers (CAAV) have estimated the following typical phased payment reductions by 2028.

2020	£15,000	£30,000	£50,000	£80,000	£120,000	£250,000
2021	£14,250	£28,250	£46,500	£70,500	£102,500	£201,500
2022	£12,200	£24,400	£39,900	£60,400	£87,900	£172,700
2023	£10,200	£20,400	£33,200	£50,400	£73,200	£143,900
2024	£8,150	£16,300	£26,600	£40,300	£58,600	£115,100
2025	£6,100	£12,200	£19,900	£30,200	£43,900	£86,400
2026	£4,100	£8,200	£13,300	£20,100	£29,300	£57,600
2027	£2,000	£4,100	£6,700	£10,000	£14,700	£28,800
2028	£0	£0	£0	£0	£0	£0

2.1.3.4 The Government has given an assurance that the present funding for agriculture will remain for the life of this parliament and so perhaps to March 2022.

## **2.1.4 Delinking Payments**

2.1.4.1 To help new entrants get into farming and give existing farmers flexibility to plan for the future, payments will be 'delinked' from the land. This will remove the requirement to farm the land in order to receive these final payments. Some farmers may elect to use the money to invest in their business while others may choose to use the money to diversify or decide to stop farming altogether and use the money to contribute towards retirement, which may help new entrants acquire land.

## **2.1.5 Lump sum payments**

2.1.5.1 DEFRA are looking at the potential of offering farmers the option of taking the delinked payments as a one-off lump sum in place of all their annual Direct Payments.

## **2.1.6 Enforcement Mechanisms**

2.1.6.1 All farmers must continue to comply with good land management and husbandry standards. Alternative enforcement mechanisms will be introduced before Direct Payments are delinked so that agricultural and environmental best practice can be maintained.

## **2.1.7 Environmental Land Management (ELM)**

2.1.7.1 As Direct Payments are phased out, funds will be released so that the new environmental land management contracts and other measures to incentivise public goods can be introduced gradually.

2.1.7.2 Environmental Land Management contracts, which may span several years, will be available to farmers and land managers who wish to improve the environment. The contracts should ensure the environmental benefits farmers deliver, but which cannot be sold or bought, are paid for by the public purse.

2.1.7.3 The land management plans will be developed by farmers and land managers. They will have the flexibility to decide how best they can deliver environmental benefits from their business and their land. Plans will be adaptable and encourage local solutions, but they must be rooted in strong evidence and best practice.

2.1.7.4 The new ELM scheme will see tests and trials from 2019 with 'pilots' starting in 2021 and continuing into 2022-2024. ELM is intended to be fully up and running by 2025.

2.1.7.5 In the meantime Countryside Stewardship agreements, potentially simplified, would remain available until 2024 although the numbers of agreements in each year from 2021 to 2024 would depend on the development of the ELM scheme.

2.1.7.6 Higher Level Stewardship (HLS) contracts coming to an end between 2019 and 2024 might be extendable.

## **2.1.8 Helping new entrants**

2.1.8.1 The Policy Statement clearly recognises and values the importance of encouraging and supporting new entrants into the farming sector. Copied below is the statement made in the Policy:

***'We have a thriving community of young and new farmers who have a strong drive for producing the very best quality food in a way that will be sustainable for future generations. We will consider how to help Local Authorities who want to invest in their Council Farms, so that they offer real opportunities for new farmers to start a foundation business and gain the experience they need to progress onto a larger unit'.***

## **2.1.9 Other objectives**

2.1.9.1 Other objectives of the policy statement include delivery of:

- High standards of animal health and welfare
- Healthy crops, trees, plants and bees
- Preserving rural resilience, particularly in upland areas
- Innovation, research and development
- A skilled workforce adaptable to seasonal peak production periods
- Effective risk management and resilience
- Maximising trading opportunities
- A changed regulatory culture

## **3.0 Options/Alternatives**

3.1 Alternative options have been considered and discounted as they are believed to either be contrary to current Estate policy and/or not in the best financial interests of the Estate.

## **4.0 Consultations/Representations/Technical Data**

4.1 The views and opinions of the Devon Federation of Young Farmers Clubs and the Estate Tenants Association will be presented by the two co-opted members to the committee.

4.2 No other parties have been consulted and no other representations for or against the proposal have been received

4.3 The technical data is believed to be true and accurate.

## **5.0 Considerations**

5.1 The Author is not aware of any financial, sustainability, carbon impact, equality, legal, risk management or public health issues arising from this report

## **6.0 Summary/Conclusions/Reasons for Recommendations**

6.1 The Author has prepared this report in accordance with the findings of the County Farms Estate Strategic Review (April 2010).

Rob Parkhouse, Report of the Head of Digital Transformation and Business Support

Electoral Divisions: All

Local Government Act 1972: List of Background Papers: None

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