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DEFRA consultation - Health and Harmony: the future for food, farming and the environment in a Green Brexit, Spring 2018

Response from the Greater Lincolnshire Agriculture and Horticulture Forum¹, in conjunction with the Greater Lincolnshire Food Board and Greater Lincolnshire LEP.

Introduction

In the response below we set out:

- Some background data on why the agrifood sector is critical to the Greater Lincolnshire economy and our aspirations for this sector;
- Some basic principles which we believe must underpin changes in the support provided to the industry post Brexit as the UK develops a new UK food, farming and environmental policy;
- Some specific proposals for future policy, which aligned with the main themes identified in 'Health and Harmony: the future for food, farming and the environment in a Green Brexit'.

Greater Lincolnshire Food and Farming Sector

Greater Lincolnshire developed a sector plan for the agrifood sector in 2014², which identified that: 'The agricultural sector in Greater Lincolnshire is the market leader in many intensive crop and livestock product categories with 25% of vegetable production, 21% of ornamental crops, 19% of sugar beet, 17% of meat chickens, 18% of duck and 21% of turkey production. The result is that 10% of English agriculture is in the GLLEP area and GVA per employee is over £30,000 against only £18,000 nationally.

This strength in primary food production carries through into food processing with 5% of UK food processing jobs in the area, including plants belonging to many of the largest companies in the UK food sector. Built on local strengths the area is firmly established as the centre of the UK fish processing sector with 70% of the market and is at the heart of the UK fresh produce industry. The impact of the sector on the economy is however, much wider than farming, fishing and food processing, with sectors as diverse as logistics, packaging materials, professional and businesses services all dependent on the food chain for much of their livelihood.

¹ The Greater Lincolnshire Agriculture and Horticulture Forum is a member of DEFRA's Rural and Farming Network and meets to debate the issues affecting the industry. Its membership includes farming and horticultural representatives, environmental bodies, the NFU, CLA, Councils and LEP, chaired by Mark Tinsley who also chairs the Greater Lincolnshire Food Board

² Greater Lincolnshire LEP (2014), Greater Lincolnshire Agri-food Sector Plan 2014-2020

The food chain is estimated to generate a GVA of over £2.5bn and employs 56,000 people in the GLLEP area.’

The sector plan committed to doubling the value of the food chain by 2030. Recent analysis shows that since the plan was developed in 2014, sector GVA in Greater Lincolnshire (up to the ‘factory gate’) has risen to £3.1 billion with employee head count staying broadly the same. Thus over the last 4 years productivity per capita has risen by nearly a quarter. The end to end food chain accounts for 21% of the Greater Lincolnshire economy and 24% of employment (including food retail and catering). The continued growth and vitality of this sector is therefore essential to the area.

During 2017, Greater Lincolnshire refreshed its AgriFood Sector Plan³ to take account of major strategic changes including Brexit, the introduction of the National Living Wage and the development of new technology. The refreshed plan stated that the ‘core issues which we must deliver on regardless of how the future relationship with Europe unfolds are believed to be:

- **Production efficiency** - labour productivity and automation, resource efficiency, transport and other aspects of productivity will be critically important. Greater Lincolnshire can be rightly proud of its food chain efficiency, but if we failed to continue to lead in this area we will inevitably lose market share to those who invest in productivity improvements.
- **Focus on meeting consumer needs** – by recognising that consumer food demands and markets will continue to change rapidly in the UK and across the World, leading to both the decline in demand for some products and the growth of other markets. Lincolnshire must ensure it produces for tomorrow’s market opportunities and embraces the global market for food;
- **Supply chain focus** – so that we work along the supply chain to deliver efficient and effective solutions which meet customer and consumer needs for high quality, traceable and cost effective food products.’

To deliver these priorities the plan made 6 recommendations for the period 2017-20, Greater Lincolnshire should:

- Pursue an active programme of investment to support the growth of the food sector within Lincolnshire, but where synergies with other LEP areas or nationally can be found should seek to play a leading role in programmes over a wider area.
- Work with education providers to develop a programme of integrated skills and innovation support to facilitate the development of more productive AgriFood systems, through a national centre for food chain automation based in Lincolnshire.
- Work with government to ensure that the food industry is supported to invest in the skills and automation needed to meet future challenges on labour supply and to create more productive, higher skilled, higher paid jobs to reduce the longer term need for migrant staff.
- Develop its programme to support food companies that wish to increase their exports, by working closely with DIT and the Great British Food Unit. Particular attention should be focused on increasing exports to growth markets outside the EU.
- Focus on developing clusters of food companies both within and linked to the three FEZs (Food Enterprise Zones) in the GLLEP area and use these FEZs both to attract further inward investment into the food sector and as hubs for business support services for the food chain.
- Work with partners to promote the need for continued investment in transport infrastructure to support growth of the food chain with a focus both on UK connectivity via the strategic road network and international markets via the Humber and other ports.

Basic Principles for Future Support for Farming, Food and the Environment

We believe that the Health and Harmony consultation document lacks a clear vision of the type of farming, food and environmental outcomes we want to deliver in the UK.

³ Greater Lincolnshire LEP (July 2017), Greater Lincolnshire AgriFood Sector Plan refresh

Whilst a cheap food policy can be politically attractive, it will come with environmental and social costs, both in the UK and in the countries we import from, particularly if we import food from countries with lower production and environmental standards than the UK.

Exporting our industry, by being too far ahead of the standards (welfare, environmental or supply chain) adopted by other countries, will have major negative economic impacts in the UK's largest manufacturing sector and increase the global environmental footprint of UK food consumption. We must aim to deliver better standards of production through efficiency, innovation and investment and not simply by unilaterally imposing standards in the UK which drive production overseas.

We have a real concern that the proposals set out in the consultation do not recognise the need to address economic competitiveness at the same time as environmental objectives. Without a successful, competitive and profitable food chain, from farm to fork, the industry will not be able to invest in the higher welfare and environmental standards we all wish to see.

The consultation proposals also fail to address two fundamental issues which are prerequisites of our ability to deliver a competitive and sustainable industry: trade; and, labour supply.

The UK exports over £20billion of food and drink and imports over £40billion⁴, meaning that clarity on the post Brexit food trade position, both with the EU and rest of the World, is essential before detailed plans on farming and food can be developed. In a food chain worth £200billion, exports and imports are very significant to commercial success and clarity on future trade, particularly with the EU (70%+ of imports and exports) is needed before industry can make firm plans.

The agrifood sector has recruited large numbers of EU migrants in the last 20 years to fill workforce gaps^{5, 6}. These staff are integral year round to businesses from pig farms to slaughterhouses and food processing, whilst many arable and horticultural companies rely on seasonal labour at harvest. Many migrants have managerial and supervisory roles and have brought new skills to the industry. It is essential to have clarity about workforce supply to allow industry to invest for the future.

5 principles should underpin our future approach to farming, food and the environment:

- A **competitive, profitable industry** which can invest in growth markets and sustainability;
- A focus on our **food consumption's environmental footprint** whether imported or from the UK;
- **Trade which is fair and transparent** underpinned by clear production standards for imports;
- **Access to the workforce needed** to drive competitive, sustainable businesses in the food chain;
- A focus on **using innovation to deliver a competitive and sustainable** industry.

Food Chain First

The food chain is the UK's largest manufacturing sector and in considering the future of agriculture it is essential to understand how the food chain functions and how its performance, end to end, can be improved. The best way to deliver a profitable agricultural industry and one which is sustainable, is to ensure that it has a viable customer who values sustainably sourced products, which for over 95% of all farm output will be other food chain companies. Unless the whole food chain is mobilised to support changes in the industry, any policy initiative or government programme is likely to flounder.

⁴ DEFRA (2017), Agriculture in the UK 2016

⁵ House of Commons Environment, Food and Rural Affairs Committee (2017), Feeding the nation: labour constraints, Seventh Report of Session 2016–17

⁶ Terry McGuinness, Gabrielle Garton Grimwood (2017), BRIEFING PAPER Number 7987, 12 June 2017 Migrant workers in agriculture, House of Commons Library

Transition Period

The principles which should underpin the transition period are:

- **Capping or across the board reductions** - the transition should apply equally to all claimants. There is no logic, economic or environmental, to differential capping or payment reduction rates being applied to different BPS claimants. An equitable approach will ensure that time is not wasted in businesses changing their structures, but instead all current claimants will be encouraged to change their businesses to prepare them for the future at the same time.
- **Start date** - the transition period cannot realistically start until the future context for the industry is resolved. Critical to this are decisions about future trade rules and labour supply so that companies can plan sensibly for how they remain competitive.
- **Speed of transition** - the speed of transition needs to balance allowing farmers and the food chain to prepare for and adapt to a change in support systems, whilst being fast enough to drive change. In our opinion a progressive 20% per annum straight line reduction in direct farm support each year, i.e. elimination of the BPS over 5 years, strikes this balance.
- **Use of funds released** - the process of transition from the current BPS to a new approach will release funds. To help the industry prepare for a new period in which agriculture has to be competitive without support, this funding needs to be used to help farming businesses prepare for the future through investing in competitiveness, supply chain development or to address buildings blocks of their businesses such as the provision of sustainable water supplies.
- **Environment** - support for environmental sustainability during the transition period should seek to help businesses adopt policies which deliver whole supply chain sustainability. A focus purely on the UK farmed environment ignoring the environmental impact of food imports or issues such as food waste, is unsustainable. Encouragement to adopt World class sustainability end to end in the food chain, coupled to standards ensuring imports deliver the same standards as UK production can deliver a truly 'green' Brexit.
- **Business advice and support** - the transition period will be a time of considerable change for the industry. To assist the industry in embracing change, whilst securing its competitiveness and sustainability, there is a need for investment in impartial, targeted and flexible business advice, skills development and innovation support. A time limited intensive programme lasting through the period of transition will help prepare farming businesses and the food chain for the future.
- **Reduced bureaucracy** - to help facilitate the transition and to help the industry prepare for a more competitive future, there is a need to reduce bureaucracy to help businesses focuses on growth and productivity.

Long Term Ambition

Much of the Agriculture Bill will inevitably focus on short to medium term change, given the challenges of facilitating change as we transition to a UK policy, Greater Lincolnshire would like to see a clear long term ambition for the food chain post transition set out. Our proposed ambition would be for the sector and government to work together so that by 2025 we deliver:

A competitive, profitable food chain meeting the needs of consumers in the UK and export markets whilst providing World class traceability, animal welfare and environmental sustainability delivered by dynamic businesses which provide attractive careers

Cross Government Action

Delivering this long term ambition will require action across government to ensure that farming and the food chain is supported to ensure it is both competitive and sustainable. The Agricultural Bill must therefore be owned across government and should be supported by all departments, with in addition to championing by DEFRA, specific commitments needed from:

- **Business, Energy and Industrial Strategy (BEIS)** - to ensure that the UK's largest manufacturing sector is supported with innovation and skills and a supportive energy supply system which enables it to compete globally. The sector also needs to be promoted as a key plank of the Industrial Strategy at both national and local levels (via LEP led Local Industrial Strategies);

- **Department for Education (DfE)** - to ensure that the industry has the educated and skilled workforce which will be needed to embrace innovation and new business models;
- **Department for Transport (DfT)** - to ensure that a sector which accounts for nearly 30% of domestic road freight has the road and port infrastructure to support efficient UK and international supply chains;
- **Department of Health (DoH)** - to ensure that the food industry can work with the health economy to reduce the incidence of diet related ill health and to promote longer, healthier lives;
- **Department for Communities and Local Government (DCLG)** - to ensure that spatial planning policies and economic development (via LEPs and similar structures) promotes food chain growth, competitiveness and sustainability;
- **Treasury** - to ensure that there is a long term commitment to providing funding to support the UK's largest manufacturing sector which is also responsible for the maintenance of 70% of the UK's land area.

DEFRA's Food and Drink Sector Council should play a key role in ensuring that a strong food chain voice is available to government to help guide the implementation of the Agriculture Bill. National support has to be co-ordinated with local economic development structures, notably the LEPs, to ensure that Local Industrial Strategies recognise the scale, potential and constraints which need to be addressed in the food chain.

The future policy framework must also recognise the differences between areas in terms of the agrifood economy, e.g. in Greater Lincolnshire any consideration of the future food chain must consider and integrate the fish processing industry into the overall policy (one of our largest sub sectors supporting nearly 5,000 direct job in fish processing alone).

Detailed additional responses to the Questions posed in the Consultation

Section 2 - Reform within the CAP

The most important reforms are to stop the constant remapping process which is contentious, very time consuming and the cause of most delays in payments. In similar ways, pragmatism (and recognition of farming reality) from inspectors on issues such as single missing ear tags would do a great deal to improve farmers trust in the current system. Trust will be essential if farmers are to willingly embrace the change process proposed.

Uptake of environmental schemes would be improved if the bureaucracy was reduced and more flexible management prescriptions were available which recognised the differences between areas of the country.

Section 3 - An 'agricultural transition'

During the transition it is important to simplify the rules, but we believe the public relations impact of removing 'greening' rules would be counterproductive as the word greening is synonymous in the public mind with environmental. The one area we would argue should be removed is the three crop rule, which was never desirable in a UK context.

Allowing current claimants to leave the land but to take payments with them would leave 'naked acres' which would create an uneven playing field and restrict the ability for this land to be used productively. We favour retaining a need to farm the land to obtain any payment, not least because any reduction in farm output leads to large consequential reductions in economic output further down the food chain.

Section 4 - A successful future for farming

Farming excellence and profitability

During the agricultural transition it will be critical to help farmers and land managers acquire the knowledge needed to thrive in the new environment, but in recent years public sector support for this has been dismantled and now focuses only on environmental land management and ignores the need for advice on productivity and business management.

Whilst the agricultural supply industry and technology suppliers provide a wide range of advice on farm input innovation, there is a gap in the provision of business and leadership skills development which is now urgently needed. The proposed Shared Prosperity Fund should be used to help prepare the industry for the future by supporting new skills for farmers and the food chain in emerging technologies such as automation and the business skills needed to adopt these new systems. The Greater Lincolnshire LEP and University of Lincoln are partners in a new Interreg project addressing this topic which will start in summer 2018.

Evidence from the UK (former ATB Rural Training Groups, supply chain KE programmes) and overseas shows that facilitated farmer led groups are very effective at delivering bespoke training and should be supported.

Capital Investment

The main barriers to new capital investment in farming and the food chain is uncertainty about the post Brexit business environment (b). Until clarity on trade (the market) and labour supply (the staff to run operations) is provided, businesses will naturally be reluctant to invest. Investment is also constrained by low profitability (e), which needs to be addressed through a focus on productivity and investment in productive capacity.

For other businesses a lack of business scale makes investments in the modern equipment needed unfeasible and has been driving the development of larger farm units. If national policy is to withdraw payments from production, we would expect to see more consolidation in the industry during the agricultural transition, and, would welcome recognition of and support for this from government to help the industry prepare for the future. This requires access to support and advice (a), both for those leaving the sector and those who wish to remain and expand.

It is untenable to think that all new entrants can be 'farmers' given the level of capital needed. However, the industry does provide many exciting career options as managers in larger companies, in advisory or supply companies or for some as farmers (enabled with positive tenancy and business support policies).

Agricultural technology and research

The priority research topics that industry and government should focus on to drive improvements in productivity and resource efficiency are: automation and robotics; data and smart systems; food waste and resource efficiency.

Across the World, over half (circa 60%) of all investment in agricultural technology is now being focused on engineering, automation, robotics and sensors, because access to labour and the need for productivity growth are global challenges. If the UK wishes to be competitive it is essential that the industry embraces this change. In Greater Lincolnshire the University of Lincoln now has the largest of agricultural roboticists in Europe, driven by an exponential increase in interest from industry in the last 3-4 years. The technology being developed in Lincolnshire is World leading and has recently been recognised in the AI Sector Deal published by government⁷:

'Trailblazing UK AI companies and projects

Accurate fruit farming

Berry Garden Growers Ltd based in Lincoln:

The company is working with the University of Lincoln at the cutting edge of agri-food to use advanced autonomous systems in the production of fruit. The project will deploy novel digital technologies including vision systems, robotics and autonomous systems in order to detect, locate and measure the size and colour of fruit in real time, and aims to directly stimulate new markets and supply chains in the production of systems to support agricultural producers.'

⁷ BEIS (April 2018), AI Sector Deal

The delivery of AI, robotics and automation as well as improved supply chain knowledge are all supported by data driven and smart agricultural systems (c).

Food waste and production efficiency (option d - managing resources sustainably) is our third priority given that the food chain continues to have too many companies whose resource productivity is too low and/or waste levels which are too high.

Collaborative applied research projects led by industry, such as the Berry Gardens project above, need more support.

The main barriers to adopting new technology include the need for new skills and cultural change, as well as challenges for early adopters in securing finance for unproven systems. This can be addressed by supporting early adopters with grants and advice in return for a commitment to then showcase these new technologies with other farmers. The majority of farmers are unlikely to invest until new technology is proven in the field and therefore the critical issue is to support farmers and their technology partners to demonstrate new technologies in a commercial environment. These demonstrator projects can be used to rapidly scale up the domestic market which will both drive UK productivity whilst providing a springboard to export technology to other markets across the World.

Labour: a skilled workforce

Given the uncertainty about labour supply, the most critical short to medium term skills issue is in how to deliver labour productivity. This requires skills in engineering, automation and the business and process skills needed to successfully adopt more labour efficient processes.

Marketing skills and awareness will also be essential in the future as the industry has to develop its competitive position in the UK and global marketplace. This should include supply chain awareness and skills to build effective partnerships in the food chain.

More broadly business and financial (a), risk management (b) and leadership (c) skills will all need more prominence as the industry adopts a new policy framework.

Government has to invest in skills alongside the industry, both for new entrants (e.g. apprenticeships and degrees) and for those already in the industry. The change process proposed by Health and Harmony needs to be facilitated by a major programme of upskilling and reskilling for industry members before and during the agricultural transition period proposed. However, unless the industry maintains access to skills from overseas it is almost certain to shrink in scale and some activities are likely to become unviable (e.g. over 90% of vets in abattoirs or fruit pickers are from overseas, but are essential for these businesses to operate).

Implementing our new agricultural policy in England

Section 5 - Public money for public goods

The most important public good is the supply of UK food through improved productivity and competitiveness. Unless this is supported we will export our food industry and, in the process, increase the environmental footprint of our food consumption by creating more demand in other parts of the World. This would lead to land use change and production in conditions which in virtually every case are less ideally suited to food production than the UK. The lowest environmental impact comes from efficiently farming land which is already in agricultural production in the UK or other high output regions of the World.

Of the public goods proposed in the consultation the most important are:

- Soil (a) and water health (b) linked to effective water management including water supply. In Greater Lincolnshire our Water Management Plan⁸ champions the need to unite flood prevention and water supply projects, using innovative solutions including changes to agricultural land management. These principles are also picked up by the Water Resources East programme in which Greater Lincolnshire is an active participant;

⁸ Greater Lincolnshire (2015), Water Management Plan 2015-2040

- Increased biodiversity (d) but linked to soil health (a) as the health of soil is fundamental both to agricultural productivity and the health of the environment.

The consultation also places too much emphasis on the delivery of public goods in the uplands. Lowland areas such as Lincolnshire also have unique habitats such as the Fens, Wolds and coastal marshes which are important for biodiversity, water management and the visitor economy.

Section 6 - Enhancing our environment

The areas in which we believe that collective action, at landscape scale, between farmers could deliver the greatest benefits are: recreation (a); water quality (b) and flood mitigation (c); habitat restoration (d) and species recovery (e). Action in the other areas proposed would show fewer benefits from collaborative investment.

The principle of subsidiarity should be applied wherever possible given that local conditions: farming systems; environmental features; local structures and socio-economic priorities (e.g. water quality, tourism), vary considerably across the UK. It would make sense to allow local discretion in which environmental options are supported by devolving decisions to the local level, ideally based on National Character Areas (NCAs) which unite areas with similar land use and features.

Section 7 - Fulfilling our responsibility to animals

The UK already has amongst the highest animal welfare in the World and evidence from the pig industry over the last 20 years shows that when the UK moved forward with improved welfare before other countries we halved the size of industry and instead imported more pork produced in systems banned in the UK. This is nonsensical and not only negatively affects our economy it also leads to a net loss on animal welfare.

Action on welfare should focus on enforcing current standards and incentivising and supporting improvements through innovation and skills. In the ideal scenario this would create enhanced standards in the UK by applying new technology (e.g. to reduce antibiotic use) which both helps the UK industry and which is in itself exportable as a technology to other global markets.

The other critical area for animal welfare is ensuring higher bio-security and improved inspection at ports so that the UK controls the spread of disease from other countries.

Section 8 - Supporting rural communities and remote farming

The most important three issues to address to support rural communities are:

- Mobile phone (b) and broadband (a) coverage linked to transport (g) - without access to modern communications, both virtual and physical, rural areas cannot thrive. With the rise of the internet of things, the importance of mobile signals will grow rapidly;
- Access to skilled labour (f) is a critical issue to all businesses in rural areas, which in many cases currently suffer from a reliance on migration and which lack local training provision to enable rural areas to fulfil their potential;
- Affordable housing (d), particularly in more accessible or attractive rural areas makes it hard for these areas to attract young families and the professionals needed to drive growth. Overly restrictive planning regulation, CIL and other costs make it very hard for small scale (10 houses or less) rural developments to secure support and finance and weights the planning system in favour of large national housebuilders often at the expense of local provision in rural areas.

It is critical for DEFRA to work with other departments to address the needs of rural areas. With 20% of the UK population in rural areas, the aspiration should be for 20% of all public sector expenditure on everything from roads, to communications, health, education and affordable housing to be in rural areas. Numerous reports over many years have demonstrated that this is not the case.

Section 9 - Changing regulatory culture

Many farming and food businesses are subject to multiple checks from different bodies, including the public sector, farm assurance schemes (e.g. Red Tractor, LEAF) and systems run by the supply chain (e.g. supermarket audits). In most cases the systems operated by the supply chain and farm assurance are more rigorous than regulatory requirements, but every audit increases business costs and thus reduces UK competitiveness. Reducing the public sector audit requirements for those who are already audited by their supply chain would reduce the burden of inspection faced by these businesses without increasing risk and reduce the cost for the taxpayer of inspections.

Regulatory culture should be risk based and focused on driving improvement, through support and advice to improve performance, rather than being focused on inspection and penalty.

Section 10 - Risk management and resilience

Most farms insure their physical assets such as buildings and machinery and their businesses for public liability and similar risks. The take up of revenue protection insurance is, however, very low and experience in other parts of the World show that revenue insurance is almost invariably underwritten by public funding to make premiums affordable. Revenue insurance, unless very well designed and monitored, is also very exposed to moral hazard, because of a need to separate out the impact of natural events from the impact of good or poor management decisions by farmers themselves (experience in countries with revenue insurance shows high levels of fraud where these controls are not in place). As a result we do not see this as a good use of scarce public funds.

There are already ways in which farmers can manage risks, by using contracts and forward pricing options, by pooling their risks (as in grain co-operative pools) or by diversifying their income streams. All of these approaches have the advantage of being transparent, commercial and can be implemented without ongoing public sector support. Equipping farmers with the skills and knowledge to implement these commercial solutions would be a better use of public funds.

Price instability is also a major challenge for food chain companies and encouragement should be given to supply chain partnerships, such as the dairy partnerships set up by supermarkets or the pig rearing contracts offered by major pork companies, whereby risks are shared in the chain.

Section 11 - Protecting crop, tree, plant and bee health

The most important action which government could take is to strengthen border checks on bio-security to ensure that, wherever possible, the UK protects itself from imported diseases and pests.

When disease or pest outbreaks occur, in most cases unless dealt with very quickly, they will spread from farm to farm. There is a clear public interest in arresting this spread through rapid action co-ordinated and funded by government. Relying on private businesses to take the necessary action alone is likely to lead to more diseases spreading out of control, with ultimately higher costs to the economy and public sector than if government takes immediate and comprehensive action.

Section 12 - Ensuring fairness in the supply chain

Ultimately the food chain is a competitive environment, but companies at every level of the chain are recognising that a true partnership can help to reduce costs and drive efficiency. The collection of data on volumes, stocks and prices is unlikely to add significant benefits to farmers.

Instead what is needed are supplier partnerships, of the type championed by some supermarkets and food processors (e.g. milk, pig or poultry production), which offer farmers smoothed or guaranteed prices and in return offer access to advice, guidance and in some cases manage input costs risks as well.

In the soft fruit sector, the large UK co-operatives which have developed in recent years have co-ordinated industry investment (via Producer Organisation status) and helped with collective marketing giving their farmer members more power in the supply chain. The result has been a rapid increase in the percentage of this growing market supplied from the UK.

A programme of farmer co-operative development supported with skills programmes, investment support and tax breaks could help to position more sectors to compete not only in the UK but internationally⁹.

Working collaboratively can help improve performance through knowledge exchange¹⁰, give critical mass and allow collaborative investment. Experience from other countries, however, shows that collaboration needs active support to establish and grow co-operatives.

The framework for our new agricultural policy

Section 13 - Devolution: maintaining cohesion and flexibility

It is critical to the UK farming and food chain industries that a common position on external trade and labour supply is adopted. If this is not adopted, it would distort trade, potentially set up internal borders or cause businesses to relocate to access labour.

In other cases, notably economic development of the food chain, it is important to provide more autonomy to LEPs in England and the devolved administrations in Scotland, Wales and Northern Ireland to allow them to tailor support to local industrial needs and priorities.

Environmental land management options and policy should be driven by local autonomy at a level beneath administrative regions rather than by administrative boundaries. In Greater Lincolnshire the needs of the Wolds and Fens are different with a different mix of landscape, land uses and environmental features. Similarly in Scotland the Highlands and cereal and potato fields of Aberdeenshire have different needs. Targeting land management at National Character Areas, which group together similar landscapes, would be a more effective way to ensure that investment in the environment meets local needs.

Section 14 - International trade

The principles are broadly correct, but we think that the focus on agricultural exports is incorrect. There is far more economic value in exporting finished food and drink products, rather than basic agricultural products.

This would also allow the UK to position itself in the premium parts of the global food chain, where value growth is highest. Key issues in these markets tend to focus on product quality, provenance and traceability, with animal welfare and environmental protection currently less valuable product attributes.

There is also, through creating a more competitive industry, a real opportunity for import substitution. In Greater Lincolnshire and the Humber regions a recent consultation with the food industry showed more enthusiasm in the short term for import substitution than exports. It is also important to promote inward investment, particularly from larger global food companies, into the UK to provide the commercial market pull for agriculture.

⁹ Major global farm co-ops such as Fronterra in the milk sector and Danish Crown in the pig sector have been developed over many years and now help their farmers members have a more stable income as they not only 'own' the farm production but also have a significant stake in supply chain added value

¹⁰ Dutch farm and horticultural co-operatives routinely engage in knowledge exchange between groups of their farmer members, supported by the Dutch Farming Unions (LTOs). They have adopted a cultural position that regards other Dutch farmers as partners in making the Netherlands the best farming location in the World to enable it to compete effectively with other countries

More investment in DIT targeted at the food chain could be very beneficial to the long term vitality of the industry. In developing overseas markets we have to be aware that we are not alone in targeting major growth markets such as SE Asia and the Gulf States. Many other countries, in Europe, Australasia and the Americas are investing substantially more than the UK in promoting their food and drink exports and if the UK wishes to compete we have to increase government and commercial investment in building new trading relationships.

Section 15 - Legislation: the Agriculture Bill

As set out in our answers to the other sections, we question whether it is right to focus on agriculture alone.

For agriculture to prosper in a more market focused regime, it is essential that agriculture is seen as part of the food chain, not as a separate policy area. We would therefore advocate a Bill which dealt with agriculture, food and environmental land management as three essential legs of the same agenda.

As DEFRA develops the Agriculture Bill (hopefully with a wider focus on the food chain), we would welcome an effective and ongoing dialogue on the detail with DEFRA, so that the experience, needs and aspirations of our farmers and food companies can be considered as the detail is developed. A partnership between DEFRA and the regions must also underpin the future delivery of the Bill, the successful execution of which will rely on an effective partnership between DEFRA and the business community and other stakeholders at regional and local level.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ruth Carver', with a long horizontal flourish extending to the right.

Ruth Carver
LEP Director