
Name:	Policy Board	Meeting Date:	14 May 2020
Location:	Remote	Time:	09:00 – 13.00
Room:	Remote	Chair:	Stuart Roberts
Circulation:	Policy Board	Secretary:	Alison Taylor
		Tel:	024 7685 8852
		Ref:	PB1066

Present: Tom Bradshaw, Ali Capper, Andrew Clark, Matt Culley, John Davies, Richard Findlay, Terry Jones, John Mercer, Michael Oakes, Stuart Roberts (Chair), Michael Sly, and Tom Wornham

By Invitation: Fran Barnes, Thomas Binns, Chris Cardell, Andrea Graham, Phil Hambling, Nick Hamer, Martin Haworth, Phil Jarvis, Rocky Lorusso, Robin Manning, Oliver McEntyre, John Pawsey, Kevin Pearce, Alison Taylor and Nick von Westenholz

In Attendance: Zoe Davies, Tom Dracup, Katie Jarvis, Tori Morgan, James Northern and Nina Winter

Apologies: Minette Batters, Simon Gadd and Richard Lister

Policy Board Minutes – 14 May 2020

1. 18 March minutes & actions [PB1054]

The Board found the minutes from 18 March to be a true and accurate reflection of the meeting and the document was therefore approved. The Chair declared that all the actions from the last meeting were ongoing and read out the apologies for this meeting.

FOR DISCUSSION AND ACTION:

2. Opening remarks from the President [Verbal] (*Stuart Roberts, on behalf of Minette Batters*)

Deputy President Stuart Roberts chaired the meeting, opening by praising the successful and efficient transition made by the organisation to working through the Covid-19 outbreak, addressing arising challenges whilst maintaining member services and lobbying efforts. The Deputy President highlighted the work done by the Brexit and External Affairs teams engaging with MPs on both the Agriculture and Trade Bills, with over 2000 emails sent from members to MPs. Thanks were extended to the staff, Chairs and Office Holders involved.

Director General Terry Jones noted the importance of both the NFU as an organisation and the wider industry to 'build back better' from the crisis.

Political update (*Rocky Lorusso*)

The Board heard that the FIO Political update paper [PB1060] detailed the recent work done by the External Affairs team and Office Holders, holding virtual roundtable conference calls with a number of MPs and Peers. The NFU's level of political engagement has outweighed that of other industry organisations, with successful 'write to your MP' campaigns for both the dairy and ornamental sector and regarding the Agriculture Bill. Combined with pressure from individual member engagement, the result has been a number of MPs taking actions and questions forward on behalf of the industry.

The Board heard concern over the level of scrutiny the Agriculture Bill would receive in the House of Lords, due to the drawbacks of remote operating.

3. Banking perspective [Verbal] (*Oliver McEntyre*)

Oliver McEntyre (OM) from Barclays Bank was invited to address to Board, discussing agriculture, the food supply chain and the wider economy from a banking perspective.

The Board heard that at the end of Q1, the net debt across the whole of UK agriculture stood at ~ £10.5 billion, (gross debt at £18.837 bn) with debt demand down by 0.65 %, year-on-year. Barclays claim a 26 % market share of UK farming businesses, approximately 23, 000 clients, with only half of those clients borrowing money. Of those who do borrow money, half borrow < £100,000. Agricultural debt accounts for approximately 1/3 of Barclays UK Business debt book.

The Board heard that through the Covid-19 pandemic, Barclays agricultural managers continued to deal with enquiries on a case-by-case basis, receiving only two complaints through MPs.

The Board heard that the agricultural industry was in a good place financially; a strong asset base and businesses on average being 4 % geared, means that money to invest in the industry could come from within the industry itself.

OM outlined how the roll-out within agriculture of the new Coronavirus Business Interruption Loan Scheme (CBILS) experienced some issues, which was to be expected due to the speed at which the scheme was rolled out. Clarity from Government has since been provided in some areas, such as CBILS loans being state aid exempt and BPS payments would not need to be taken into account.

The Board heard that as of the end of the w/c 04/05/20, Barclays had granted 38 CBILS loans across agriculture, mainly to dairy, diversified and ornamental businesses, totalling over £7 million. Only two applications were declined, unable to prove the serviceability of existing debt.

Addressing the wider economy, Barclays had granted approximately 4000 CBILS loans as of the end of the w/c 27/04/20, totally ~ £750 million.

The Board heard that the roll-out of the Bounce Back Loan Scheme (BBLs), for amounts of £2-50,000 was under high demand, with Barclays agreeing £8 million worth of loans across the UK within the first 24 hours of the scheme being launched. By the end of the first week of the roll-out, Barclays had committed to £2 billion of government guaranteed debt. Due to the sheer volume of loans being agreed, releasing money to customers was experiencing delays, but was moving forward.

Despite the roll-out of the two new loans schemes, many in agriculture turned to options such as capital repayment holidays on mortgages and loans and overdraft increases, perceived to be quicker and simpler choices.

Currently, the interest rate on CBILS loans has not been set, whereas the interest rate on BBLs has been set at 2.5 %.

Aside from the dairy crisis experienced towards the beginning of the pandemic, the agriculture industry has remained relatively untouched by the impacts of Covid-19, relative to other sectors such as hospitality, with very few businesses causing new concerns to Barclays.

Questions were asked regarding the consumption deficit predicted in the hospitality industry over the next few years and the need for farming businesses to be awarded grants rather than loans. Concern was over inaccurate OBR forecasts being presented to Treasury and how these could be correctly influenced.

ACTION: It was agreed that Chair of the Horticulture and Potatoes Board, Ali Capper would discuss this issue along with collected data with Oliver McEntyre.

Questions were also asked on the impact of recent flooding and droughts on cash flow in 12 months time. The Board heard that Barclays were more concerned over the impact of flooding and drought on agriculture than Covid-19 presently and were prepared for increased demand for support in autumn 2020.

4. Brexit update [PB1056] (*Nick von Westenholz*)

The Board heard that negotiations between both the EU/UK and USA/UK have been continuing virtually through the Covid-19 outbreak. The third round of EU/UK negotiations will finish tomorrow (15 May), therefore the outputs can be expected soon. The Board heard that the UK has exchanged draft text with the EU, ahead of the fourth round of negotiations. This will be followed by a stock-taking exercise, which is expected to highlight some considerable differences of opinion on both sides. The UK negotiators have recently conceded that there will be checks on trade from the UK into Northern Ireland, with 'light-touch' border controls in Northern Ireland. This would impact upon farmers who trade across the Irish sea.

The Board heard that USA/UK negotiations were nearing the end of the first round of negotiations. Detailed discussions on trade concessions will not come to the fore until June.

The Board heard that the NFU was currently studying the details of objectives published by the UK for a trade deal with Japan. It is thought that potential export opportunities for agriculture would outweigh the import risks.

The paper circulated to the Board, details how a decision on a possible extension to the Brexit transition period must be made by the end of June, as stipulated by the Withdrawal Agreement. An extension could be for either one or two years, although the UK Government is still adamant that the UK will leave the EU at the end of 2020, with or without a deal.

The paper includes arguments from an agricultural perspective on the need for a transition extension. An official public and Government facing position statement included in the paper is less committal, acknowledging that negotiations are still ongoing. Few trade organisations, other than freight and haulage organisations have yet called for an extension, due to the agreement that it is not yet the correct time politically. If a stronger position is to be taken by the NFU, it is thought that mid-June would be a timely opportunity. The Board were asked to consider the impacts of taking a strong position on calling for an extension, such as the expenditure of political capital.

The Board expressed opinions that arguments to Government should be made before mid-June, particularly in light of recent Government activity, such as the outcome of Parliamentary debate of the Agriculture Bill and the impacts of the upcoming Immigration Bill.

The Board also proposed using the time running up to mid-June to form a strong alliance of organisations, in order to present a stronger argument.

Potential benefits and disadvantages of the various options were discussed. It was agreed that the NFU would take the time to build an alliance of organisations, with the hope of getting retailers and big manufacturers on board.

ACTION: The Brexit and External Affairs team to develop an alliance of organisations, as well as asks around an expansion of the Seasonal Workers Pilot.

5. Covid-19 exit strategy [PB1057] (Andrea Graham)

The Board heard that the NFU was engaged in discussions on an exit from lockdown on two fronts; with the Food Resilience Industry Forum and from a cross economy perspective through CBI groups.

The paper presented to the Board gathers the latest scientific and Government thinking, as well as sector and cross-sector breakdowns of priorities through a phased easing of lockdown restrictions. The paper particularly focusses on areas where social distancing guidelines would hinder steps towards returning to 'normal'.

ACTION: The Board to provide feedback to Andrea Graham by 22 May on areas that may need clarification, additions or alterations.

The Board suggested that the industry currently had an opportunity to increase consumer engagement, as buying and consuming behaviour has changed. The Board also highlighted the value of information around projected short, medium and long-term financial impacts, considering a predicted reduction of the hospitality sector lasting up to four years, resulting in a possible consumption deficit and produce surplus.

The Board discussed the management of long-term over-supply across the sectors, such as how reducing the production capacity of permanent crops may lead to the need to import produce once the hospitality sector has returned to 'normal'. Concern was raised over the possibility of future imports of beef, particularly Irish beef, causing further depression of the market. It was discussed whether issues should be tackled through government intervention or by working with the supply chain. The Board heard how working across the supply chain has already been effective in some sectors.

The Board heard that the NFU had presented asks concerning better market monitoring to Defra, as well as considering how sector asks for Covid-19 recovery can be fed into the FDSC.

6. Covid-19 policy lessons [PB1058] (Andrew Clark)

The paper sets out a project set up within the policy team drawing together the lessons learned through the Covid-19 pandemic. The opinions of the Board are requested to combine with current intelligence on the impacts to the sector, member businesses, the NFU as an organisation, Defra and wider Government. Commissioning additional economic impact analysis has also been considered.

The Board suggested including summary tables from the Forums alongside the commodity sector tables, to pick up areas that may not otherwise be covered. The Board also suggested including analysis of the current capability, capacity and functionality of Defra.

ACTION: The Policy team to contact members of the Board for feedback on the paper. Andrew Clark to evaluate the paper, including the addition of lessons learnt by Forums and bring the paper back before the Board in July, followed by Council in October.

7. Post Covid-19 Agricultural Legislation/Policy [PB1059] (*Martin Haworth and Nick von Westenholz*)

Agriculture Bill update

The Board heard that a briefing had been circulated to MPs ahead of Wednesday's (13 May) debate on the Agriculture Bill. The briefing contained the five key asks from the NFU, modified slightly in light of the Covid-19 pandemic. These asks will continue to be pushed in the House of Lords, expected to occur and the beginning of June. Regarding the voting down of the Neil Parish amendment in Parliament, the Board was reassured that this was the outcome expected and accommodated for by the NFU. The ambition of bringing the standards piece to light was achieved. Despite concerns of the functionality of a virtual House of Lords, there is confidence that some amendments will be achieved. The Board heard that it is still Government's intention for the Agriculture Bill to become law by summer.

The Board heard that the Trade Bill will enter Parliament for a second reading next week (w/c 18 May) and that MPs were told by Government that this would be the correct place to discuss the NFU trading standards piece. The Brexit and External Affairs team will write to MPs and put questions to Government ahead of the reading.

The Board heard that there had been widespread virtual local engagement with MPs and key ministers across the country, with the External Affairs team joining several calls. The Board discussed how increased consumer engagement may be a route towards changing the mindsets of MPs and Government.

Outline of a new Agriculture Policy

The submitted paper asks the Board to consider whether the NFU should use the current opportunity to press for a change in direction of agricultural policy, potentially to focus on productive agriculture. The Board heard that pushing for such a change in direction risks portraying agriculture as asking for money and market protection when in reality many asks, such as for an adequate labour supply and frictionless trade with the EU, would provide revenue for the government. The paper outlines that proposed changes that promote more efficient domestic production risk portraying the industry as indifferent to the environment and losing the support of a number of environment NGOs. Proposed policy changes should emphasise the importance of high trading standards, alongside the climate benefits of more efficient domestic production.

The Board broadly agreed with the direction of the paper and that any asks should be deliverable and achievable. Members of the Board agreed that we should take advantage of the recent change in consumer behaviour and engagement, and that leaving the EU may be an opportunity to have a public discussion on where the UK sits globally in terms of food standards.

It was suggested that the paper include more focus on individual sectors, competition law, water infrastructure and food exports. The question was raised whether going forward, due to the beneficial terroir and climate, the UK has a moral obligation to export to, rather than exploit food production in countries that suffer water scarcity and drought.

The Board also discussed the importance of the paper's messaging when it is circulated to members; prioritising elements such as export opportunities that will resonate with Government, as well as an enabling regulatory regime that will deliver for UK farmers. It was suggested that the paper should address the British consumer's desire for a balance between increased domestic food production and

environmental considerations, as well as stress the importance of the infrastructure of the agriculture industry in delivering any new policy.

ACTION: Martin Haworth to update the paper to reflect comments and suggestions from the Board

FOR INFORMATION ONLY:

8. **Political update [PB1060] (*Rocky Lorusso*)**
9. **Future EU/UK relationship priorities [PB1061] (*Gail Soutar*)**
10. **Sector and cross sector asks [PB1062] (*Phil Hambling and Jack Watts*)**
11. **BPS update [PB1063] (*Richard Wordsworth*)**
12. **Agri-environment update [PB1064] (*Alisha Anstee*)**
13. **Legal update [PB1065] (*Nina Winter*)**

The Board discussed the paper [PB1062] Sector and cross sector asks, suggesting that it should feature multi sectorial contract asks and the potential for sharing the risk currently held by primary producers, within the supply chain.

ACTION: Phil Hambling to discuss this further with Board members and update the paper accordingly

AOB:

Derbyshire cull area Judicial Review outcome (*Nina Winter*)

The Board discussed the outcome of the Judicial Review launched by the NFU against Government's decision not to grant a cull licence to the Derbyshire cull area had been rejected. The Board agreed to support an appeal to this decision.

Covid-19 guidance of safe working practice (*Tom Price*)

The Board heard that a paper has been produced, summarising guidelines released by Government for the safe return to workplaces. Relevant guidelines for agricultural industries come under the government headings of working outdoors, factory settings and retails settings. The guidelines place an onus on business owners to conduct a risk assessment including Covid-19 safe working practises, before employees can return to the workplace. The paper has been circulated online and to CallFirst.

Access to the countryside (*Diane Mitchel and Mhari Barnes*)

The Board heard that a briefing has been produced which draws together recently released guidelines on access to the countryside from several organisations and government departments, including DCMS, MHCLG, Defra and NE. The new guidance emphasises the importance of adhering to the countryside code.

Communication plan

The benefits of a six-month communications plan including political activity, in addition to the individual Commodity Board's communication plans were discussed. Knowledge of the plans would allow Board Chairs to be better integrated into sector and cross sector communications, although the short-term uncertainty due to Covid-19 would make producing such a plan difficult.

ACTION: Fran Barnes and Phil Hambling to further discuss future communication plans with Board members, bringing outcomes to the Board in July.

Cross sector standards

The importance of outlining cross sector standards asks, on topics such as water standards was discussed, in order to understand the implications across the sectors.