
Name:	Policy Board	Meeting Date:	4 September 2019
Location:	NFU HQ	Time:	09:00 – 12.35
Room:	Warwickshire/Henry Plumb	Chair:	Minette Batters
Circulation:	Policy Board	Secretary:	Ian Ludgate
		Tel:	024 7685 8839
		Ref:	PB1004

Present: Minette Batters (Chair), Tom Bradshaw, Ali Capper (ACa), Andrew Clark (ACI), John Davies, Richard Findlay, Terry Jones, Richard Lister, Michael Oakes, Stuart Roberts, Guy Smith and Tom Wornham

By Invitation: Thomas Binns, Trevor Foss, Simon Gadd, Andrea Graham, Phil Hambling, Phil Jarvis, Ian Ludgate, John Marland (for Chris Cardell), John Mercer, John Pawsey, Olivia Seccombe, Alison Taylor and Nick von Westenholz

In Attendance: Ruth Edge, Andrew Francis, Ceris Jones, Michael Parker, Claire Robinson and Jonathan Scurlock

Apologies: Fran Barnes, Chris Cardell and Michael Sly

Policy Board Minutes – 4 September 2019

1. 3 July minutes & actions [PB993]

The Board found the minutes from 3 July to be a true and accurate reflection of the meeting and the document was therefore approved. The Chair declared that all of the actions from the last meeting had either been completed or were ongoing and read out the apologies for this meeting.

FOR DISCUSSION AND ACTION:

2. Opening remarks from the President [Verbal] (*Minette Batters*)

The President thanked the Board for dinner attendance the previous evening (3 Sep).

The President briefed the Board on a recent meeting with Michael Gove. Nick von Westenholz was also in attendance. Michael Gove was helpful on standards. Zac Goldsmith visited the President's farm and stated he was keen to start afresh with the NFU and support the standards piece. He advised that Liz Truss had no plans to support the standards piece. The NFU has written to Defra Secretary of State, Theresa Villiers, regarding this issue, however we are struggling to gain traction.

The Net Zero Pilot policy document will be released on Tuesday (10 Sep) in London. The President highlighted praise received from the New Zealand press for our Net Zero ambition, which is an endorsement for everyone involved.

3. Political Update [Verbal] (*Olivia Seccombe*)

The Prime Minister, Boris Johnson lost the previous evening's vote (3 Sep) on the Brexit bill. The rebel 'Benn' bill will be tabled this afternoon with a vote to follow which is expected to pass. Mr Johnson is expected to call for a general election for mid-October if this vote is lost under the fixed term parliament act, with Labour responding that they will only support a snap general election once the rebel bill is passed. With party conference season approaching, NFU presence will have to abide by electoral law if an election is called. The NFU has plans for a manifesto in motion.

Prorogation is expected to commence at some point next week (w/c 9 Sep), inevitably clashing with 'Back British Farming Day' being held on the 11th September. Regardless, this will still be promoted throughout Westminster, with restaurants clad in associated branding, accompanied by a big social media push.

4. No-deal [PB995] (*Nick von Westenholz*)

The Board heard that the NFU has sent letters to cabinet ministers and the Prime Minister regarding a no-deal Brexit. A letter was sent to the Chancellor ahead of today's one-year spending review, which is primarily focused on supporting a forthcoming general election campaign and so focuses on an increase in public spending. The Treasury made no call for submissions. However, the NFU letter outlined the need for increased public spending across all farming sectors in the event of a no-deal exit. A further letter was sent to the Prime Minister ahead of the expected publication of the "no-deal" tariff. As well as focusing on the Irish border and plans for dynamic market monitoring to assess the impacts of reduced tariffs, the letter highlighted the general risks of no-deal trade tariffs as most sectors are facing less protection than before. Cereals, eggs, fruit and veg have no trade tariff protection. Only protection for sheep is to be maintained at current levels. Meetings with Gove and Priti Patel indicated that no-deal trade tariffs were being looked at.

A letter was sent to Theresa Villiers to ask for the trade and standards commission to be picked up as Government has mixed support for this issue. A letter was also written to the Home Secretary, Priti Patel, regarding labour issues and post-Brexit opportunities.

The paper presented to the Board, Disorderly EU Exit Scenario, details a whole package of measures that the NFU will seek in order to mitigate the effects of a no-deal scenario. The paper contains little that the NFU has not already raised in relation to a no-deal Brexit and covers all government departments. Although details are still to be added, the paper distinguishes between short-term and long-term challenges, both of which must be a priority for Government.

There is concern surrounding how to push both the political and membership message about the NFU's requirements in the case of a no-deal Brexit without compromising on our stance against no-deal. Treasury and Defra officials have responded with implicit acceptance that some measures will be required although no commitments have been made.

The paper was received well by the Board. Suggestions were raised that the paper was too general and should be more financially specific. However, inclusion of financial figures must be impactful and consistent. Trade and standards is a prominent issue in a no-deal scenario and the Board felt there was

a need to force a clear answer on this from Government which can then be communicated to members. Stuart Roberts and Phil Hambling will be going to America in the next few weeks to focus on standards.

- **Emergency Budget / Spending Review (*Andrew Francis*)**

In preparation for the Chancellor's spending review for the fiscal year 2020/21, which will be held this afternoon (4th Sept) the NFU submitted a series of key policy asks to be considered by HM Treasury. Most of these were originally presented in May 2019 to the then Chief Secretary to the Treasury, Elizabeth Truss.

These include the provision of adequate financial support in a no-deal Brexit scenario and to ensure adequate import tariffs are in place. Other asks included the creating of a favourable fiscal environment that supports businesses of all sizes to improve their productivity. Also the maintenance of funding streams for farming, including EU funded projects already agreed and establish a multi-annual budgetary framework. In order to provide the farming industry with the support it needs to move away from direct payments and become self-sustaining, the government must make provision for farm productivity and resilience, which must be significant and early in the move away from direct payments. This needs to be Defra led. There were also a series of asks in terms of driving low carbon solutions for farming and environmental enhancement through improving productivity.

Broadband and mobile connectivity was also included. In addition to government addressing the market failure of rural broadband and mobile provision, the NFU wants to ensure the government makes a full commitment to deliver "full fibre" ultrafast broadband nationwide by 2025 to everyone. In terms of the EU structural funds post-Brexit, the replacement for farm productivity and diversification funding under the current Growth Programme and Leader must continue to focus on these objectives and at the same level and also to avoid 'leakage' to funding wider rural and urban programmes.

- **Farming's Access to Labour (*Ali Capper*)**

On 19th August, the Government scrapped the transitional measures for freedom of movement after Brexit, leaving a policy 'black hole'. This presents a risk to any sector that relies on EU nationals for labour in the event of a no-deal exit. If the UK leaves the EU on 31st October without a deal, the lack of access to labour could jeopardise Christmas productivity, particularly in the turkey and vegetable sector. The NFU will recommend to members to recruit EU nationals now, in order to apply for settle and pre-settle status. At a meeting with Priti Patel, the NFU presented a series of asks and solutions to a lack of transitional measures in a no-deal scenario. Patel will respond to these in two weeks. The Board was asked whether, in the case of no response or an inadequate response, did we want to escalate this issue. Possible actions could include a paid-for PR campaign warning of 'empty Christmas Dinner plates' or 'no Labour, No Food' labels on produce, ensuring retailers buy in to the campaign.

The Board acknowledged that should the Home Secretary's response be inadequate, the NFU will have to respond critically. However, we must be wary of damaging our relationship with Government at such a crucial time and that Government may be in purdah if a general election is called.

The Board felt that the NFU shouldn't be solely responsible for escalating the issue of access to labour, as sectors such as abattoirs and packaging will also be affected by restricted access to EU labour.

5. The NFU Productivity Programme [PB996] (*Andrew Francis*)

This paper builds on the two detailed papers on productivity that have already been reviewed by the Policy Board. The paper outlines a road map for an efficient, productive industry that is ultimately not reliant on government support and describes a suite of measures that we believe, with government and industry support will help improve farm productivity. The productivity programme also overlaps with the NFU's policy ambition to be net zero by 2040 and this paper links this ambition to productivity improvement, whereby 25% of the net zero ambition can be met through productivity improvements.

The paper described seven interlocking workstreams, where productivity improvement can be divided into a series of interlocking areas: (i) skills and training; (ii) information systems; (iii) collaboration; (iv) genetics and breeding; (v) precision technology; (vi) farm infrastructure and (vii) green infrastructure. Each of these components of productivity interact through a series of feedback loops driving best practise.

The paper also described the work on productivity that has been undertaken by Defra and by the Agricultural Productivity Working Group of the Food and Drink Sector Council and to compare it to the productivity programme of the NFU. There are broad cross-cutting themes, with the NFU programme aligning with many of the recommendations of the APWG.

The detail of the NFU productivity programme is shown fully in Appendix 1 of the paper in which it also highlights how the NFU sees the role of government in terms of support or policy implementation (Defra and other departments) and also the role of the wider industry.

6. Defending and protecting the agricultural taxation landscape [PB997] (*Michael Parker*)

The last few months have seen several reports on APR and BPR tax reliefs. Criticism in these reviews has either been around the cost or a lack of linkage to environmental performance, often based on particular political views. However, no major changes have been seen. As a new domestic agricultural policy develops, there is an opportunity to call for change or retention of current APR/BPR schemes. The OTS has recently recommended raising the trading activity criteria for BPR from 50 to 80%, which may put tenant's access to land at risk. Suggestions have also recently been made that the reduced rate of duty on red diesel in the agricultural industry should be dropped as part of a move towards net zero. If this was to happen, the NFU could question the appropriate level of duty and consider pushing for incentives for early stage adoption of alternative fuels.

The Board felt that the NFU should make clear to OTS and Defra that a rise in BPR trading activity criteria from 50 to 80% will disadvantage tenant farmers and therefore does not support the change. The Board recognised the need for the ELMs scheme to provide clarity in due time as to whether wilding land and the growing of perennial energy crops will come under either APR or BPR. The Board agreed that there is support within the industry of pursuing electric vehicles/alternative fuel, as long as there is not a loss of tax benefits.

ACTION: For the NFU to communicate to OTS and Defra that a rise in BPR trading activity criteria will disadvantage tenant farmers and therefore the NFU would not support such a recommendation.

7. Net Zero report and pilot [PB998] (*Jonathan Scurlock and Ceris Jones*)

“Achieving Net Zero: farming’s 2040 goal” is a 12-page public-facing printed version of our net zero roadmap that outlines the policy, mechanisms and support required from government and other stakeholders in order for agriculture to meet the NFU’s aspiration of net zero by 2040. Policy Board received a preview of this important ‘white paper’ in advance of its launch in London on 10th September in front of invited media.

The Net Zero pilot proposal covers tests of awareness-raising, assessing the practicality of on-farm measures, encouraging farm planning and identifying tools and a framework for monitoring and reporting. To be discussed further in a technical meeting of the Net Zero Steering Group chaired by John Davies on 5th September, the pilot proposal is presently incomplete and the input of the Board is requested to further develop it, ready to present to Government when the opportunity arises. The Board recognised the importance of the Net Zero pilot having been signed off and supported by Defra before the current Secretary of State took office. The Board raised concerns about the timeline of the pilot, indicating that 3 – 5 years would be more appropriate than the proposed 2 years, particularly in sectors such as beef. It was noted that 2 years is only a starting point for possible funding. The Board suggested the monitoring review should not occur at the end of the pilot and would be a more useful tool for farmers to know where they stand against a baseline at the start of the pilot. It was noted that the monitoring review will run alongside the pilot. The Board discussed whether the AHDB tool for monitoring was the best one to use and the reliability of the data behind it.

The Board discussed the metrics used when comparing agricultural carbon footprints internationally and their potential unsuitability for UK farming methods – which presents concerns over the accuracy of the UK’s position in international league tables. AHDB is keen to support this issue.

ACTION: CJ and JS to work on completing the Net Zero pilot to present to Government following the Steering Group meeting input on 5th September and to also explore UK baselines work with AHDB

8. ELM Scheme Design – a Possible Model? [PB999] (*Claire Robinson*)

Defra has shared a potential model for scheme design, consisting of three tiers for increasing environmental ambition. Discussions are still ongoing to confirm the contents of each tier. The NFU is lobbying for a simple voluntary scheme that is open to all farmers, offering a fair reward and that operates alongside the productive farm business. It is expected that Defra will hold a consultation on ELMs in the autumn. One of the main concerns of the NFU is flexibility for farmers to make decisions based on local conditions.

The Board felt that the NFU should be involved in the trials of testing of the new scheme and raised concerns as to whether meaningful results of any trials would be established in time to influence new scheme design. It was felt that the NFU should push Defra on the deliverability of any scheme, as well as detailing our thoughts to the Treasury alongside Defra. There is still uncertainty around the rollover of the current HLS scheme.

9. Meat terms – a case for protection [PB1000] (*Ruth Edge*)

As many European farming unions have been lobbying for the protection of meat terms, a proposal has been made to the EU parliament for greater regulation to restrict the use of meat terms. The NFU hold the view that terms that describe specific proteins or cuts of meat should be reserved for meat products only and that the labelling of food and processed products should be very clear about the nature and



content of the food. Food which is using terms such as burgers and sausage, should include clear information on what the main characterising ingredient of the product is on the front of the pack.

The Board supports the call for clearer labelling on food products and rules around the use of purposefully misspelled food terms. The Board also raised concerns regarding the promotion of meat-alternatives as 'environmentally friendly' despite negative global impacts. The Board noted it should be careful when discussing processed foods to not damage industrial and value-added sectors such as sugar.

FOR INFORMATION ONLY:

10. **BPS update [PB1001] (*Richard Wordsworth*)**
11. **Agri-environment update [PB1002] (*Alisha Anstee*)**
12. **Legal update [PB1003] (*Nina Winter*)**

No comments were made on these papers.

AOB:

The President met with Compass food group and discussed its withdrawal from NHS contracts, as the contract is set at £1.50 per meal, which the group cannot provide. It is felt that the focus should be on the quality of food during rehabilitation.

A 1pm today (4 Sep) a briefing is to be held for all NFU staff members, which is regarded as especially important by the President, as she feels she rarely gets the opportunity to talk with staff.

The issue of live export was raised. In response to the latest livestock FIO paper, members want clarification in regards to the Government's plans for live exports.