



## **Consultation response: Health and Harmony: the future for food, farming and the environment in a Green Brexit.**

### **Chapter 2: Reform within the CAP**

During the period that the UK remains under the CAP rules, there is the opportunity for simplified access to both the BPS and Countryside Stewardship Schemes so that they are fully utilised by applicants and so there can be a systematic evidence base on which to focus any replacement schemes.

**BPS** – Both the application and the claim process should be simplified so as to remove complications and delays in both the application process and the evaluation process. The effect of such delays can be significant with many applicants relying on the BPS for farm inputs and for capital investments in their business. Fines/sanctions for minor mistakes need to be proportionate.

**Countryside Stewardship** – Delivery of the scheme should be improved so as to increase the uptake by farmers and land owners. Simplified packages will reduce the difficulty that applicants have in understanding the programmes and this will increase the amount of applications and will subsequently lessen the complexity of the application forms. Improved communication with applicants in relation to the capital options will also encourage greater investment in improved animal welfare and land management.

### **Chapter 3: An 'agricultural transition'**

It is clear that exiting the EU provides the industry with an opportunity to deliver a profitable and environmentally sustainable sector and it is fair to say that many votes in the EU Referendum were cast with this in mind.

The emphasis in the consultation seems to be on how reductions in direct payments should be administered and this is clearly a vital consideration, however supporting farming businesses to ensure that they can adapt to this change should be equally as important to the government in planning for this transition.

Speaking on behalf of a membership that is very diverse I can say that farming businesses of all sizes can be equally as reliant on direct payments and any reductions in payment should be uniform.

A lack of reference to Pillar 2 of the CAP is worrying in the consultation and reinvestment of funds saved in direct payments into facilitating investments in



productivity and efficiency in the industry will also be vital for the future sustainability of the sector, especially with trade deals and import/export regulations in question.

#### **Chapter 4: A successful future for farming**

##### ***Farming excellence and profitability***

The range of advice on offer to farmers and land managers is vast and in some cases might not be deemed as being cost-effective or dependable. Encouraging farmer-to-farmer learning through industry focussed cooperatives will encourage them to share best-practice and improve standards and coordination. A government subsidised and vetted advice and support service would not only encourage more farmers to seek advice but it would also improve their confidence in the content.

As a not-for-profit cooperative, The AF Group provides members with access to a unique support and advice service which has led to its members benefitting from a disproportionately high amount of grant funding in recent years. I believe that this is partly down to the ethical and trustworthy perception that members have of the service.

The current grant schemes under Pillar 2 of the CAP (RDPE) do provide assistance in new capital investment which has gone a long way to enable businesses to prepare for a post-Brexit future and increase their productivity, efficiency and profitability. Land values, interest rates and commodity prices are all variables that effect confidence in making capital investments and it is vital that these schemes continue soon after Brexit so that farmers and processors can continue to have confidence in investing in improved productivity and efficiency and to maintain and increase profitability, and so that they are incentivised to do so.

##### ***Agricultural technology and research***

In purchasing £250m+ of farm inputs, equipment and machinery on behalf of members, the AF Group are also very close to the decision making process on a significant amount of capital investments. Grant funding schemes under Pillar 2 of the CAP (RDPE) encourage investment in new technologies and processes but whilst these schemes do offer opportunities for farming businesses, the take up has been limited due to the arrangement of the schemes and the impractical and unrealistic timescales for applications. Further communication between manufacturers and farming businesses should be encouraged so that the industry is fully aware of the benefits of investing in innovation and the latest technology.



Research investment is vital in the development of plant and animal breeding and genetics and crop and livestock health and animal welfare, however applying this research to the industry is equally as important. Encouraging research institutes to engage with the industry in their research through hosting and delivering trials, carrying out specific projects with farmers and inviting farmers in to research facilities will improve the adoption of improved practices for the good of the environment and the sector as a whole. More emphasis should be placed on near-market development and support given to those organisations who deliver such.

The current rules in place in relation to RDPE funding mean that grants are only awarded to projects that have little risk of failure and there is an emphasis on evidencing demand and need so as to ensure success. This is not conducive to 'innovation' and this leads to a lack of investment in new technologies. Encouraging investment in Agri-Tech would be beneficial and a scheme similar to GCGP LEP's 'Eastern Agri-Tech Growth Grant' would be a positive step in encouraging investment in agricultural technology.

### **Chapter 5: Public money for public goods**

AF Group membership spans the length and breadth of mainland UK and the priorities of our members will differ depending in their location. Each of the public goods detailed in the consultation provide important results and it is vital that they are supported with public funds for the good of the quality of the food that we produce and for the maintenance of our beautiful natural environment.

Improved productivity and competitiveness is a vital factor in providing public funding for public goods. For example; Investment in improved storage of grain, vegetables and fruit contributes to the improved quality of produce, greater resource efficiency, increased shelf lives, reduced food miles, greater marketing flexibility and less reliability on importing, however the nature of this type of investment leads to high capital costs and in many cases, the investment may not be viable without the support of grant funding.

Another example of this is investment in improved processing which improves productivity and efficiency as well as providing opportunities for producers and processors to add value to produce; thus increasing its value, improving its quality, shortening the supply chain and increasing profit margins. Providing public funds to facilitate this type of investment would be vital in supporting the development of public goods and improving the productivity and competitiveness of the industry.



## **Chapter 6: Enhancing our environment**

Again, the nature of AF Group's vast membership across the country leads to all of the outcomes listed in the consultation as being important and incentivising them is vital to enhancing the environment.

Creating a system which is inclusive and encourages a high rate of participation is the challenge and this has been a failure of the current CAP. The complexity of the schemes has been a barrier and the limitations on their flexibility has also caused issues which have led to a lack of engagement.

Short application windows should be a thing of the past and capital grants that deliver a wide range of benefits and are simple to administer would be beneficial.

## **Chapter 7: Fulfilling our responsibility to animals**

Excellent animal welfare standards have multiple benefits. In addition to the obvious wellbeing of the animals; high welfare contributes to increased quality of produce, less reliance on veterinary medicines and a reduced environmental impact as a result of disease.

Investment in equipment and practices in improved animal welfare can be expensive and there have been incentives by way of capital grant funding to encourage the industry to invest in technological advances, not only to improve animal welfare, but to improve productivity and efficiency.

These types of schemes should continue, but should be much easier to access. The LEADER Programme includes funding for farm investments but for relatively low cost projects, the application process is too lengthy. The recent Small Grant Scheme under the Countryside Productivity Scheme introduced an online application portal based on a Welsh model. This was much easier to access and apply and encouraged a large number of applications. The application window was however too short and the claim period unreasonable which has led to a bottleneck of orders and long lead times from manufacturers.

Another area of improvement should be the level of information provided to the industry on the benefits of investing in the technologies included in the grant schemes so that applicants can base their decisions on a quantifiable business case rather than legislative guidance.



## **Chapter 8: Supporting rural communities and remote farming**

The support of rural communities and those in remote areas of the country is vital to the prosperity and sustainability of people living outside the urban conurbations. Issues around mobile and broadband coverage should be focused on to ensure that people can remain connected and businesses can function seamlessly, wherever they are based. Advance precision farming techniques are becoming increasingly reliant on data coverage and there is an expectation that all businesses should communicate via online networks with increasing bandwidth requirements. Support should therefore be provided to bring poor connected areas up to speed with all other areas of the country so that rural businesses are not left behind or suffer competitor disadvantage.

There has been funding included in the RDPE for investment in rural businesses through the LEADER and Growth Programmes and there have been a large number of significantly positive economic, environmental and social outputs associated with projects funded by these schemes. These schemes are currently administered by local authorities and rural support agencies where a significant amount of facilitation skills would be lost unless these schemes are implemented with a limited phase of transition.

Encouraging investment in rural business is vital to provide higher skilled and better paid employment opportunities in rural areas so as to stimulate local economies and ensure that people are encouraged to work closer to where they live rather than having to commute to urban areas for work.

Farmers and landowners have a huge part to play in rural communities with many involved in Parish Councils and many responsible for the upkeep of roadways and green areas.

## **Chapter 9: Changing regulatory culture**

Again, leaving the EU provides the UK Government the opportunity to create a system that is right for us rather than being obliged to comply with regulations designed for a much wider area. This is another factor that led a large proportion of the farming industry to vote to exit the EU. It is vital therefore that the industry is consulted with directly to ensure that any new system that is introduced is well designed so as to protect the industry as a whole and not be a burden.



## **Chapter 10: Risk management and resilience**

There is no other industry sector in the world that is more exposed to risk from weather conditions, disease, pests, market fluctuations and global exchange rates. Volatility within the farming industry can be catastrophic and makes it very difficult for businesses to plan for future investments. Good years are swallowed up by poor years and the effects of volatility can last for long periods of time.

Good procurement is key to on-farm risk management and resilience. Procurement businesses such as AF typically save members up to 15% on their major spend items. However as a not for profit organisation, such co-ops have to compete with the commercial sector for talent. Training grants to co-ops would help alleviate this.

Increased productivity and profitability in the industry should be a key area of investment in any future scheme and farmers and processors should be encouraged to constantly review practices so as to remain sustainable. The UK Manufacturing & Engineering sectors have prospered through investment in support for productivity and efficiency improvements, not only through capital investment programmes but through support from professional advisors in LEAN and Six Sigma methods.

Index Insurance such that developed by British Sugar for sugar beet farmers is also very interesting and if managed correctly, could provide greater resilience and continuity across other areas of arable and livestock farming.

## **Chapter 12: Ensuring fairness in the supply chain**

As a purchasing cooperative, the AF Group works very hard with members and suppliers to ensure that we can provide members with the best possible value in terms of price and service so that they are purchasing as efficiently as possible and can focus their efforts on the practical aspects of their business. Having a well-established, loyal and continuously growing membership base, we are working very closely with supply chains such as Tesco, Waitrose and BQP to name a few, as well as developing fuel supply chains across the country.

Having recently developed a new 5-year strategy in consultation with our members, we are focussing on shortening supply chains; working closer with manufacturers and distribution to ensure our members have the best opportunities to maintain and increase profit margins.

DEFRA have recently announced a £10m fund to support cooperatives which will go a small way in helping to develop collaborative working amongst supply chains, but



this support must continue after Brexit and further support should be made available.

### **Chapter 15: Legislation: the Agriculture Bill**

The proposed powers of the Agriculture Bill seem to cover all of the aspects necessary however the emphasis should be on implementing this as quickly as possible so that the transitional period is as short as possible and the industry can plan for the future.

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