

Non-Verbatim Minutes

Agriculture Bill: A new opportunity for the water industry

DATE: Wednesday 15 July 2020

TIME: 17:00-18:00

Method: Zoom Meeting

CHAIR: Baroness McIntosh, Co-Chair of the All-Party Parliamentary Water Group

MINUTES

The Chair, **Baroness McIntosh** welcomed speakers and attendees to the second virtual meeting of the All-Party Parliamentary Water Group (APPWG).

Baroness McIntosh briefly gave an overview of the APPWG as an informal cross-party forum for parliamentarians to discuss water as a key policy area. She outlined that the APPG's focus for this year was on the environment and climate change, given the pressing climate emergency. She highlighted the key role the water industry will play in meeting climate change targets as it became the first sector in the UK to commit to net zero carbon emissions by 2030.

She set out the meeting's focus which would look at the Agriculture Bill and what it means for the water industry. She noted that the Bill proposes giving the Secretary of State new powers to provide financial assistance to those managing land and delivering public benefits such as air and water quality, public access and productivity.

She added that these funds could be a potential new income stream for water companies, which could help in meeting ambitious targets to tackle climate change. Additionally, she stated that the Bill presents new opportunities for water companies to work with other environmental stakeholders such as farmers on land management.

Baroness McIntosh noted apologies from the Department for Environment, Food and Rural Affairs Minister, Rebecca Pow MP. She indicated that instead, civil servants from the Department had joined the meeting to provide some background and answer questions in relation to the Agriculture Bill. With that, she introduced the first speakers.

Guy Horsington, Deputy Director for Future Farming Policy and the Agriculture Bill and Will Lacey, Team Leader, Water Quality and Agriculture, DEFRA

Guy Horsington began by setting out the background on the Agriculture Bill, explaining that it presented the first major opportunity to reform agricultural policy since the UK joined the European Union. He noted that the Common Agricultural Policy (CAP) spent large sums of money but had not achieved the desired environmental outcomes and productivity gains for the UK. He said that the vision for the farming industry in the UK is one where it is more productive and competitive, but critically one that spends public money for public goods.

He added that this vision should also include nature-based and farming friendly solutions which will improve the environment.

Guy said that DEFRA has made a good start on this vision but feels that there is room for progress, in particular by working with farmers and land managers. He added that there are land management practices that can reduce the impact of flooding which can be beneficial and sustainable. Guy then passed over to Will to discuss the role of water and environmental land management.

Will Lacey set out his position and the key areas of his work which focuses on water quality, flood risk and water supply. The main priorities of Will's team is to encourage best practice and appropriate industry incentives to form the basis of effective, productive and successful farming. Additionally, they look at how there can be an appropriate regulatory framework that enforces rules and advice that farmers have access to.

He said that water companies are providing a good amount of advice to farmers which leads to an effective ecosystem. This helps farmers to make intelligent decisions, for example in improving soil quality, which he added is essential to water quality and water retention.

Will said that if there is a framework in place with the right regulations, advice and incentives, there can be better agricultural decisions made. This was part of DEFRA's vision to look at a better joined up and intelligently designed British agricultural policy. He concluded that this ultimately would lead to farmers having the information and support they needed to make effective decisions, which can lead to lower flood risk and better water quality for everyone.

Daniel Johns, Head of Public Affairs, Anglian Water Services Limited

The Chair thanked Guy and Will and introduced Daniel Johns from Anglian Water.

Daniel Johns set out that the main focus of the Bill for water companies was in relation to 'public money for public goods' and the Environmental Land Management Scheme (ELMs). He said that the Bill provides a good opportunity to blend public and private investment to deliver real gains in the natural environment, but also raised concerns on making sure that ELMs fulfils its expected potential.

He said that currently investment from water companies into the natural environment is not helping to achieve a good ecological status for the UK and that this is largely because of what is happening on farmland. He stated that ELMs is a game changer in achieving good ecological status. He argued that the scheme effectively provides value for money for the taxpayer and encourages and rewards farmers for making the right land management choices.

Daniel spoke about the three-tier system under ELMs and said that many farmers should take part in Tier 1 as much as possible, which incentivises environmentally sustainable farming. This includes actions to improve nutrient management, pest management, livestock management and soil management. He said that Tier 2 and Tier 3 are the tiers that most water companies are interested in. These focus on land management which

deliver environmental outcomes at a local and landscape level. Daniel said that these tiers present an opportunity for water companies to work with public bodies and land managers to understand the potential of land to deliver major environmental objectives.

He spoke about the Broadway Initiative's [report](#), released that day, in accelerating private investment in nature-based solutions. He noted that the Broadway Initiative is a broad coalition of environmentally minded organisations which proposes policies to the Government to help improve the natural environment. He said that the report sets out why private sector funding and investment in the natural environment is necessary to meet the goals of the Government's 25 Year Environment Plan.

Daniel highlighted that there is still a lot that is unclear about ELMs and wondered if the original vision for the future for food, farming and the environment underpinned in the Government's Health and Harmony [paper](#) is now lost. He added that it was not clear how water company advice services will provide farmers with the trusted advice they need to make long term environmentally friendly choices. He also said that he did not want to see a two-tier ELMs where one tier includes farmers who focus on the environment and public money for public goods and another tier which includes farmers who do not contribute to the wider environment and are solely focused on the market.

Paul Hammett, National Specialist in Water Resources, National Farmers Union

The Chair thanked Daniel Johns and welcomed the next speaker, Paul Hammett.

Paul Hammett explained that for the NFU, their interaction with the water industry is largely in relation to farmers' use of water to produce food, which reflects the National Farmers Union's main interest in food production and water security. He said that with regards to the Agricultural Bill, the NFU's primary focus has been on food standards.

He commented that there is a long way to go in designing and developing ELMs. He did note however that the ambition to reward farmers for plentiful water is important to the NFU, as it closely ties to his point about the importance of water security and how this should become a national priority. He added that the UK can become a global leader in delivering food security while meeting net zero targets.

Paul said that the NFU believes that the key to delivering an integrated management of water will be the construction of better and more innovative water infrastructure. This includes reservoirs and improving the way in which farmers manage their land. He added that it was clear that the approach to flood and drought risk management needed to be joined-up and be more ambitious.

He noted that the NFU is conscious of discarding freshwater into sea, which can be usefully captured and stored for agricultural production. It was therefore important that the Government puts in place infrastructure that can improve water efficiency measures on farms.

Paul said that the NFU are encouraged by the Government's updates to the National Planning Policy Framework. He added that the NFU is committed to the multi sector approach in planning and is looking forward to working with regional planning groups,

which he says will be crucial in deciding who gets water when there is not enough. He concluded that in the context of COVID-19, there also needed to be a policy recognition that food production requires an essential use of water.

Shadow Secretary of State for Environment, Food and Rural Affairs, Luke Pollard MP

The Chair thanked Paul Hammett and introduced the Shadow Secretary of State for Environment, Food and Rural Affairs, Luke Pollard MP.

Luke Pollard began by thanking the Chair for the invitation and setting out that the agricultural sector faces many challenges including the climate emergency, COVID-19 and the uncertainty around Brexit. He noted that for many, the focus of the Agricultural Bill is in relation to food standards, which can mean that other aspects of the Bill are not getting sufficient attention. He also raised concerns about ELMs being delayed.

He said that it was key to talk about the role of water in agricultural production, as it is very carbon intensive. The Bill presented a key opportunity to forge better links between farmers and water companies and the private and public sector. He stated that despite being pro-EU, he was not supportive of the CAP. He said that the Labour Party supports the public money for public goods approach taken forward by the Government in this regard.

Luke expressed that there needed to be certainty around ELMs pilots from 2021 and that he wanted them to be successful and for farmers to understand them. However, he noted that the Government will be taking out a third of the funding for farmers in encouraging them to do different things with their land management under ELMs.

He expressed that he wants to see water companies sharing best practice of working with farmers, adding that there are opportunities for water companies to seize the initiative, especially as unemployment increases, and work with those who own land to join-up outside of ELMs. This collaboration could provide employment opportunities and deliver quick wins for both water companies and the farming industry. It could also form a basis for how elements of the ELM schemes can be successfully piloted. This reinforced his point that water companies and the farming sector should not just wait for ELMs to begin in order to share best practice around successful agricultural policy.

Question and Answer Session

After the speakers finished their presentations, Baroness McIntosh welcomed questions from participants. The first question came from Baroness McIntosh herself, who asked the speakers about their thoughts on the ambition of the Agricultural Bill.

Daniel Johns said that he recognised that at the heart of the Agricultural Bill there is a tension between food production and environmental benefits but that both can be achieved. He warned that in moving back towards arguments about food security, this can lead to a negative outcome where subsidies for farmers are linked to food production.

Paul Hammett added that different and improved land management and crop productivity can also be achieved. However, he argued that this requires appropriate levels of funding and that businesses needed time to transition and adapt. He highlighted that he is

disappointed sometimes with references to the CAP being poor value for money, as it protects agricultural food production from volatility, and that this is still worthy of consideration once the UK is outside of the CAP.

Guy Horsington expressed that in his opinion the ambition behind the Health and Harmony paper has not changed from its original intention in February 2018. He added that this ambition will continue under the Secretary of State for Department for Environment, Food and Rural Affairs, George Eustice who he noted was a junior Minister at the time of the paper's publication, which represented continuity in the Department.

Will Lacey noted that the decision to move from subsidies to public money for public goods was a conscious one, as there are a lot of problems that result from subsidies. He said that there is a recognition that the farming sector is resilient and profitable on its own, and that there are some farms where subsidies are important, but that the Government does not need to intervene on the basis of propping up the sector.

Luke Pollard said that the country is broad and diverse and that the different farming methods need to be flexible in different parts of the country to reflect this. He said that it was key for the water sector to work with farmers and implement better land management and introduce different ways of planting trees and hedge rows to improve water efficiency.

Co-Chair of the APPWG, Alex Davies-Jones asked how we can integrate a national planning policy statement with water management and if we need a plan with regards to flooding and drought.

Luke Pollard said that there does need to be a plan for water which will be useful and argued that the Government frequently deals with the water sector in its silos and that there is a space for a joined-up water management policy.

Kate Jackson, Associate at Arup stated that the integrated multiple outcomes from collaborative investments are aligned with promoting a circular economy approach to the economic recovery. She asked if this is likely to be encouraged further across multiple stakeholders in relation to the management of land and the environment.

Luke Pollard said that it was too soon to tell if this would be the case and that the circular economy approach for the water industry and farming sector is positive but not easy to come about.

Richard Atkinson, Policy Officer at British Canoeing said that connecting people to nature is a key part of the Government's 25 Year Environment Plan for a number of reasons, including health and wellbeing. He asked if there are plans for DEFRA to include managed public access within ELMs, such as incentives for landowners to place recreational facilities like entry landing points for canoeists or open water swimmers on rivers.

Guy Horsington said that there are plans for these incentives and that under Clause 1 of the Agricultural Bill, the Secretary of State has powers to provide financial assistance for initiatives which support public access to the countryside, for instance.

Brian Smith, Retired Drainage Strategy Manager at Yorkshire Water said that improved links between land and water management presents opportunities for farmers, land managers and water companies to co-invest and work together. He asked how this sits within the regulatory framework of the water industry.

Daniel Johns said that there needs to be a change in the water regulations when it comes to the environment. He added that there are questions about the organisation, architecture, and governance on who wants what for the natural environment and where the money comes from. He said that there is a role for the Government to facilitate this discussion.

Conclusion

After the question and answer session, Baroness McIntosh concluded the meeting by thanking the speakers for their contributions. She also thanked the attendees for submitting questions and providing insightful comments. She outlined that the Group will hold its next meeting in September after the summer recess.