



Horticultural Sector Committee

Corrected oral evidence: The horticultural sector

Thursday 7 September 2023

10.30 pm

Watch the meeting

Members present: Lord Redesdale (The Chair); Baroness Buscombe; Lord Colgrain; Baroness Fookes; Baroness Jones of Whitchurch; Lord Sahota; Baroness Walmsley.

Evidence Session No. 24

Heard in Public

Questions 272 - 287

Witnesses

[I](#): Rt Hon Mark Spencer MP, Minister for Food Farming and Fisheries, Department for Environment, Food and Rural Affairs; Tim Mordan, Deputy Director of Innovation, Productivity and Science, Department for Environment, Food and Rural Affairs; Danny Roff, Deputy Director for Food Security and Co-ordinator, Department for Environment, Food and Rural Affairs.

Examination of witnesses

Rt Hon Mark Spencer MP, Tim Mordan and Danny Roff.

Q272 **The Chair:** Thank you, Minister, for coming along this morning to give evidence in front of the committee. Obviously, this being the House of Lords, we will be extremely polite and courteous in our questioning. I get to ask the first question, but before that if there are any points you or your officials would like to raise, perhaps we could deal with them now.

Mark Spencer MP: No, not at all. We are delighted to be here, and we look forward to your questions and your report. You are looking at an important part of the agricultural and horticultural economy, and if we can assist, and you can assist, on that journey, we are delighted to be partaking in that.

Q273 **The Chair:** Thank you. The first question has been raised at almost all our sessions. Why have the Government dropped the horticultural strategy for England?

Mark Spencer MP: As you will be aware, horticulture and agriculture are very dynamic industries. The situation in which we find ourselves at this current time in history is very dynamic. Although strategies can be useful, they are also a snapshot in time. We are very aware that, in such a fast-moving situation, what is required is not a document that is in effect historical the second you produce it, but one that is action to support and intervention to assist, so rather than start writing things down we have chosen to take action and to intervene.

Quite helpfully, the NFU did a report into horticulture. We have already committed to doing many of the things that it has requested we do. The Prime Minister's Farm to Fork summit was a big part of that. We have decided to concentrate much more on action than on documentation.

The Chair: The NFU report was very helpful, and there have been a number of reports from the HTA and a number of other organisations, but there does not seem to be a mechanism for dialogue with your department. Is there any way in which can be addressed?

Mark Spencer MP: I am not sure that I wholly accept the premise of that question. We spend a lot of time engaging with the sector in round tables, and not just at ministerial level; my officials talk a lot to those involved in the sector and to representative bodies such as the NFU and the TFA, and to those involved in horticulture. We do an awful lot of engagement. I have done a number of ministerial visits to go and see things first hand and to listen to those in the industry and try to assist.

Q274 **The Chair:** I know you have an enormous number of titles associated with your job. One question we have been raising is this. Considering horticulture is such a large element—of course, we have been looking at ornamental as well as vegetable—would the Government not consider having a specialised Minister for Horticulture?

Mark Spencer MP: The difficulty is that if you go down that route there are not enough Ministers to deal with all the individual sectors. If you have a personalised Horticulture Minister, why would you not have a Dairy Minister, a Livestock Minister or an Arable Minister? I am not sure that would improve things. I like to think that I am across those details. I understand the sector. Many of the challenges that the horticulture sector is facing also apply to other sectors in food production. Sometimes you just need the department to make sure that it understands the challenges, that it can think outside the box to find solutions to assist with those challenges, and that it can work across government to assist with challenges over which it does not have control.

Baroness Fookes: One of the problems in the past and why there has been anxiety to have somebody with special responsibility is that horticulture, particularly ornamental horticulture—or environmental horticulture, as I prefer to call it—has been the Cinderella and left out of most things. We need some understanding that it will be given due weight whoever is the Minister dealing with it.

Mark Spencer MP: Yes. I accept the challenge that ornamental is an important part of the economy. It certainly assists our economic output, but you can make that case for lots of other sectors that are equally important in producing food. We try to approach these matters across government and within the department to assist all those sectors without specifically targeting one or favouring one. We try to be all things to all people.

Baroness Fookes: I am not necessarily asking for it to be favoured beyond all others, but for it to be recognised as important.

Mark Spencer MP: I am more than happy to go on the record and say that it is very important, but you can also attach that to other sectors.

Baroness Fookes: Yes, but I am beating the drum for horticulture.

Mark Spencer MP: Yes, you are doing a very good job. Tim, do you want to add to that?

Tim Mordan: Thanks, Minister. I want to make a point about the engagement with the ornamental sector. We used to have the Ornamental Horticulture Roundtable Group, which morphed into the Environmental Horticulture Group, and we meet with it very regularly and discuss all the problems it has. There is a lot of crossover with edible horticulture, of course. We meet on the same frequency and rhythm as edible horticulture.

Q275 **Baroness Jones of Whitchurch:** Minister, during our inquiry we have received a lot of evidence from suppliers about how they are being squeezed by the supermarkets. The payments they get are static and bear no resemblance to their increased import costs. Lots of them are going out of business or leaving the business because they cannot see profitability in it any more.

At the Downing Street Farm to Fork summit, the Prime Minister promised that there would be an inquiry into fairness in the horticulture sector. Can you give us a little more information about where that inquiry is going? Will it include edible and ornamental, or environmental, however you describe it? Where is that at? There is a lot resting on it. A lot of people are very anxious about the issue.

Mark Spencer MP: We have committed to four of those inquiries. We have done one into dairy, and we are about to legislate. Before the end of the calendar year, we will introduce legislation to assist in the management of dairy contracts. We have also said that we will do the same in the pig sector. We are concluding those two investigations and are taking action. We are about to launch horticulture and eggs this autumn, as you indicated. I expect we will be starting next month on that process. We have had preliminary discussions and thoughts as to the scope of the investigation, what we may look at and possible outcomes. We are about to start that full inquiry into behaviour within the sector.

I am more than happy to go on the record to say that we have to have fairness in that supply chain. There has to be a sharing of risk, responsibility and reward on the part of the retailer, the processor and the primary producer. You are right to identify that it has felt a little imbalanced in the past. We need to get it right, because we do not want to drive food inflation in the wrong direction. We need to drive co-operation across the whole of that supply chain and make sure that there is fairness in the supply chain.

I am looking forward to that inquiry. At this stage, it will probably be into food produce, because I do not want to make the scope of the inquiry too wide. The danger of bringing in other sectors is that we lose our focus and cannot deliver the outcomes we want to deliver. It will have repercussions across the whole sector. Certainly, the dairy inquiry sends a very strong message to the industry—to primary producers, processors and retailers—that if we see there is unfairness and imbalance, we will intervene and try to address that. I think it is recognised now that that is where the Government are coming from, and I hope that drives a message to all sectors of agriculture and horticulture that they need to get their ducks in a row and make sure that they work for the long term.

Forgive me. I know this is a very long answer, but I think it is important to get it on the record. If ever there was a moment in history when we needed the best and brightest young people to come into our sector, it is right now. If they do not feel that there is an economic future to build a career and a lifestyle in our sector, they will look to other industries to build their career in. We cannot afford that happening. We have to inspire the next generation to come in and help to find the solutions to keep the world fed and meet our climate change challenge.

Baroness Jones of Whitchurch: But surely the key problem here is the supermarkets. They are the ones that have the stranglehold on the farmers and the producers. It is very easy to say that the producers should get their ducks in a row, but should the supermarkets not have

more responsibility for managing this?

Mark Spencer MP: That is my point. Let us be clear: having gone through a global pandemic and huge challenges with a war in Ukraine, our supermarkets and retailers have done a very good job of keeping food on the shelves and keeping our constituents and our society fed. We need to recognise that that is a huge contribution to society. If that food were to run out, it would give us a huge political problem.

We need to recognise what a good job our retailers are doing, but at the same time we have to make sure that there is fairness in the supply chain. There is some evidence that there has been an imbalance of power, and that is what I want to address in these investigations. I want to make sure, as you indicate, that primary producers get their fair share of the profit that is available in that supply chain.

You cannot just point the finger at retailers; it is also the processing sector. Most farmers and horticulturalists do not deal directly with a supermarket; they deal through a third party, through a processor or a wholesaler. Of course, they have a right to make a profit, as does the retailer. We just need to make sure that those profits are shared equally.

Baroness Jones of Whitchurch: We already have a mechanism for dealing with this, which is the Groceries Code Adjudicator, who is meant to deal with the fairness issues. What is the future of the Groceries Code Adjudicator? It does not seem to have been sorting out the problem that we have all identified.

Mark Spencer MP: That is the nub of the problem. The Groceries Code Adjudicator only has power to intervene in the relationship between the farmer and the retailer. The majority of those suppliers are not supplying a supermarket, so their contract is not with the retailer; it is with a processor. Very rarely will a dairy farmer have a contract with a retailer, for example; it is with Müller or Arla. It is the same with pork producers; they are often dealing with the abattoir or the meat processor, not the retailer. The same will apply to horticulture; they tend to deal either with groups where they have come together, or with the wholesalers or processors that take their products. The Groceries Code Adjudicator cannot intervene in those contracts.

The Chair: We tried very hard to get the supermarkets to give evidence publicly. They were prepared to give evidence privately, but only Tesco gave public evidence. There seems to be an accountability issue. If a Lords committee, which is not the most savage of environments, cannot get people to come and talk to it, and taking the point from the farmers that accountability is a big issue, will the Government look at that?

Mark Spencer MP: We meet them on a regular basis behind closed doors. We can have very direct conversations with them, and that is helpful for me as a Minister in understanding their challenges and where they are coming from. I understand to a certain extent their reluctance to

do that in a public arena, because these are private financial arrangements and there is commercial sensitivity around that.

The retail sector in the UK has done a very good job of keeping us supplied with food. We just need to make sure that that is sustainable for the next 20 years. My concern, going back to the point I was making, is that if we do not get the balance of risk and reward right, we will drive out the next generation from our sector.

Baroness Walmsley: When you do meet the supermarkets, which do you prioritise: keeping cheap food in the supermarkets or the fairness and sustainability of the producers and the businesses?

Mark Spencer MP: They go hand in hand. It is quite easy to make short-term gains in driving down the cost of food in the supermarket, but it has to be at a sustainable level. We saw that quite markedly in the egg sector, where in effect the processing and retail sector drove down the price of wholesale eggs, and egg-producing farmers basically just folded their arms and said, "We're not going to fill our sheds". By the time that came to the fore and hit the supermarket shelves, it was very difficult to turn the tap back on. That is a very good example of where the system may have got it wrong, and they did not respond quickly enough to support the long-term sustainability of that sector. It is a wake-up call for all of us to make sure that we get that right. I think retailers and processors have learned that lesson, and I hope those negotiations and the fairness in that system are starting to come to the fore.

Q276 **Baroness Walmsley:** Thank you. Moving on to my main question, Minister, you mentioned earlier the possibility of food running out. My question is about the UK's self-sufficiency in both edible and ornamental horticultural products and whether there need to be targets. We want to ask about, because we have been hearing that last year the UK produced only 17% of its own fruit and 55% of vegetables. With many of those products, that was less than we produced in 1990.

There were two main factors that we have been hearing from different parts of the horticulture industry. In order to fulfil our potential to produce all our salad crops, salad growers need investment in protected crop facilities. That requires some financial support, and they are finding that difficult. The business cycle of some other parts of the industry, such as apples and pears, is very long. It takes trees a long time to come into fruit, and they need certainty.

We have been hearing about various factors. I know the Prime Minister has committed to an annual monitoring of domestic food production. Will he mandate that, if he is sticking to that? Can you answer the general question about the concerns that have been raised with us and the potential for doing a lot better?

Mark Spencer MP: We have to work within the rules of the WTO, of course. It is my understanding that we cannot legislate to say specifically that we will procure products from only UK producers, so we have to operate within those WTO rules. But there is scope for the Government to

assist UK producers to become more productive and competitive, and that is certainly what the new ELM schemes are designed to do—the new grants that are available for new investment in technology to try to make sure that UK producers remain at the cutting edge of production and productivity.

It is important to make sure that we get the balance right between UK domestic production and the import of food. Sometimes people can confuse domestic production with greater food security. That is not often the case. Lord forbid that we end up with a disease outbreak within the United Kingdom that wipes out a food product. That would leave us without the international contacts to be able to procure that food to get us through that very difficult situation. We have to get that balance right between making sure that we have contacts internationally that we have used in the past, and supporting our sector to produce the vast majority of the products we require—and, of course, bearing in mind seasonality: the economic challenges of seasonality also mean that it makes better climate sense and economic sense to import certain products at certain times of the year.

Q277 Baroness Fookes: I want to take up the issue of the ornamental side, because there is a tremendous worry about the import of pests and diseases that we know are hovering out there. The more we can produce our own under safe conditions, the better I would have thought that would be. Is there any target or aspect in mind? My understanding is that we import far more plants than we export.

Mark Spencer MP: I think that is true. The border target operating model that we have just launched focuses a great deal on our phytosanitary security to make sure that we are not going to import a pest or a disease of that nature. The good news—I am certainly detecting this anecdotally—is that there is quite a fashion towards using UK-produced flowers. Lots of people now think long and hard about the flowers they use at their wedding, for example. There seems to be a fashion now whereby people are very keen to use seasonal UK flowers in their wedding bouquets and at their wedding services, and that is a fashion that we should encourage. It is good for the planet and our economy.

Baroness Fookes: A fashion too, I hope, for importing plants that they will put in their gardens.

Mark Spencer MP: We have always done that, I think. From Walter Raleigh bringing back a potato to sycamore trees, we have always imported plants—Spanish bluebells, for example. I certainly hope that we are seeing more thought from our consumers about where they buy their flowers and the impact that that has on the climate. That is good news for our sector, and we need to encourage that and try to support those who are trying to meet that challenge.

Baroness Fookes: Defra is doing that, is it?

Mark Spencer MP: Yes. If I am honest, we are putting a lot of time and investment into productivity in food production. Obviously, I picked up on the fact that you are very keen to support the ornamental sector. There is an argument to say that it is not as high a priority as food production. I suppose my constituents would want me to make sure that the cost of their food basket remains affordable, which I suppose is quite a driving force behind the Government's desire to help and support that productivity.

Baroness Fookes: I was not thinking of "either/or" but "both/and".

Mark Spencer MP: I accept that challenge.

Q278 **Baroness Buscombe:** Minister, actually it is more than a fashion; it is a real trend out there to buy British and something, as you said, that we should support. Certainly, the more we learn about plant life and the more we learn about where food is produced and its seasonality, the more people want to buy British.

If you are in a supermarket in France, you cannot buy fruits out of season, and that is surely the right way forward. Discussions with the supermarkets could perhaps help there and it could be something that we put to the supermarkets. If something is on a shelf, like a Kiwi fruit, people will buy it. If it is not on the shelf, will they really be crying out for it? That is my question. We need to put that to the supermarkets. Whatever the WTO rules are, which let us down pretty badly during the Covid crisis, I think we should focus very much on producing and supporting our British producers. Do you agree?

Mark Spencer MP: The liberal, free-market Conservative in me wants to support your choice of product.

Baroness Buscombe: That makes it expensive as well.

Mark Spencer MP: To an extent, but I want you to make an informed choice. I defend your right to buy Kiwi fruit or avocados, but you—

Baroness Buscombe: You should pay more.

Mark Spencer MP: You must do that in a way in which you are informed that there may be a choice that is better for the environment, and that buying UK-produced asparagus when in season as well as being much tastier is also better for the planet. We need to think about our choices as consumers, and I think many more people are doing that. The days of buying strawberries in January are diminishing.

Baroness Buscombe: I think you are kicking at an open door. That is what I am saying.

Mark Spencer MP: Yes, I agree, but I defend your right to have choice, and to be able to make choices in the food that you buy. We are blessed with a retail sector that has been very effective at supplying choice for consumers.

Baroness Buscombe: And it also made huge profits during the Covid crisis. We have to take that into account with the supermarkets, and that is something that people out there are very conscious of.

Mark Spencer MP: Of course, supermarkets make very large profits, but they also have a very large turnover. Their margin of profitability is not as large as some other sectors, but they are very large figures. I think the general public see those profitability figures and recognise that they are eye-watering in their number. I do not want to be retail supermarket-bashing too hard, because they have done a very good job of keeping us well fed, and we should be grateful to an extent for that, but we need to make sure that they work with us to spread fairness within the supply chain, and that is what we are calling on them to do.

Q279 **Lord Sahota:** My question is on the border control posts and control points for high-risk plants and plant products. How will the Government support the horticultural sector to adapt to the new border target operating model, including the movement of inspection to border control posts or control points?

Mark Spencer MP: We have done a lot of work with the sector to make sure that it works. It is very important that we do not import a plant disease or insect or pest that is going to cause huge damage to our sector. We have very good supply chains. For those coming from the EU, instead of inspecting at the port, we can certainly use phytosanitary locations where we can isolate products and test them either before they depart to their point of departure or when they arrive in the UK, so that if there is a problem, they can be quarantined and returned. The most important thing is dialogue with the sector to make sure that that model works for them. I do not know whether either of my colleagues wants to add to that.

Lord Sahota: That is the point that the representative of the NFU raised. It no longer takes place at a destination, but at another place. The representative of the National Farmers' Union said that the current system is working well. Why do you change it?

Mark Spencer MP: We need to remove as many barriers to trade as possible to make sure that there is free flow, and if that is free flow of disease-free material, I do not think the Government have a place to put in barriers. As long as we have protections in place to make sure it is disease-free and we are buying from companies and from countries where we know that it is secure, we are safe, and we want to encourage that free trade in both directions, of course. We just need to be careful that we do not buy from a location or from a source where there is infection. That is what the model is designed to do: to expedite the process where we are safe but to put in regulation where there could be a problem.

Q280 **Lord Colgrain:** I have a supplementary relating to red tape and form filling. We have heard comment and evidence to the effect that there was hope and expectation after Brexit and with ELMS that red tape and form

filling would reduce. There has not been much evidence that that has happened. First, would you accept that criticism, and, secondly, can you give some evidence to us that there will be a reduction in form filling and that the whole system will be made easier?

Mark Spencer MP: Again, we have to get the balance right between protecting ourselves from possible disease and pests and oiling the wheels of trade. There have been wrinkles on that Brexit process that have been challenging. The EU has insisted on more documentation in some circumstances, but we are in a better place politically in our relationship with our friends in the EU. As you will be aware, there were challenges around the relationship with Northern Ireland, and the Windsor Framework has been a huge step forward in our relationship with our friends in the EU. Now that we have a solution to that challenge, we can certainly start to engage to help economic exchange between the EU and the UK, and we are starting to see some evidence of that.

Lord Colgrain: I am not referring specifically to foreign trade; I am thinking more about prosaic things like mapping. The whole mapping system here is still not working properly. People are still having to spend time going back over maps that relate to 2010, because your department is raising questions that they have already answered, which take time and money to re-answer where the changes in the mappings are minuscule. It is a waste of everyone's resources; it is a waste of the Government's resource and it is a waste of the resource of the producers.

Mark Spencer MP: I am not aware of those challenges, because under SFI you do not have to supply maps. It is done on an area basis.

Lord Colgrain: But with pre-SFI you do.

Mark Spencer MP: In the 2023 model that is about to come out, if you have a 10-hectare field it is possible to put multiple uses in that 10-hectare field as long as the accumulation does not exceed 10 hectares. You do not have to supply a map that says, "Here will be my flower mix, here will be my pesticide-integrated pest control buffer zone, and here will be my crop", as long as the accumulation of the acreage does not exceed the—

Lord Colgrain: You are saying that there is an improvement in hand.

Mark Spencer MP: A huge improvement in the new SFI 2023. It will be a much simpler system. The website is being specifically designed so that it stops you making those mistakes and so that you cannot overclaim. It guides you through what you can and cannot claim for. If you were farming in Norfolk and you wanted to apply to maintain stone walls, it would not allow you to do that through Countryside Stewardship, and it would direct you towards SFI. The website will be much more farmer-friendly and easier to understand. I am quite optimistic that, in the trials we are doing, the farmers who are engaging with it find it easier to engage with.

Q281 **Baroness Fookes:** Minister, I want to turn to the ban on the professional

use of peat. Originally, the cut-off date was 2030, which was brought back to 2026. What conversations did you have about that change of date with those interested, and were representations made to you about the reasonableness or otherwise of the new date?

Mark Spencer MP: I had the privilege of going to the Chelsea Flower Show this year. I met the Royal Horticultural Society, and within 15 minutes of my visit I had been lobbied in both directions by people involved in the sector. It is a huge challenge. We need to remove peat from our usage as soon as is practically possible. Of course, we do not want to cause economic damage while we do that, so those conversations are very much ongoing. The Secretary of State is very much engaged with that decision-making process. We have not made a final decision at this stage, but we all recognise that we want to remove peat from our growing mediums when possible, and we want to make sure that that is of benefit to the environment without crashing our economic output from the horticulture sector.

Baroness Fookes: I think it is understood that some growers find it easier to manage without peat and are already doing so—I believe the use of peat has declined—but for others it is still very much a major issue. Are the Government undertaking any research into alternatives to peat of the quality and the quantity that is needed?

Mark Spencer MP: We are doing a lot of engagement with the industry and with the sector to try to drive best practice. As you have indicated, lots of people in the sector are doing that themselves and are experimenting and leading the way. We have not got to a point where we are able to make a final decision on the future, but it is something we will have to address very soon.

Baroness Fookes: Indeed, but are the Government themselves undertaking any research into alternatives to peat, or are you leaving it to the industry?

Mark Spencer MP: We are leaving that to the sector but working with the sector to drive the research. The Government are not horticultural specialists. There are people out there such as universities and those who are right at the cutting edge of this sector. We need to help and support them to come forward with the evidence.

Baroness Fookes: With money?

Mark Spencer MP: I would have to check what funding we have put in place, because obviously there are many streams of funding that we are doing research in, and I do not know off the top of my head whether we are funding research into peat at the moment. Peat is a huge focus of the Government not only in horticulture but in agriculture, where we have lowland peat, which is quite an emitter of our greenhouse gases.

Baroness Jones of Whitchurch: Why has it taken so long for the Government to begin to engage in this? It was originally flagged up that we needed a voluntary ban back in 2011. In the evidence that we took, it

felt like people have come late to the table and realised only now that there is a deadline. There was a huge opportunity over those previous 10 years to do all the research that was necessary, to bring people together and to have a common programme across the horticultural sector. Why was that not done at an earlier stage? Why are we now running up against a deadline at this late stage?

Mark Spencer MP: We can hope for solutions, and we can hope for science to find the necessary solutions to our challenges, but we can only progress at the speed at which those scientific breakthroughs come forward. The industry has been working very hard to try to solve this challenge. We have seen significant progress. We have seen huge reductions in the amount of peat that is being used in horticulture, but it is a question of whether we can fully turn that tap off at this moment. The Government are weighing up whether turning that tap off will drive the final step to meet this challenge or whether it will cause huge economic damage in doing so.

Baroness Jones of Whitchurch: You are implying that it is only the sector that has a responsibility for this. Should the Government not have a responsibility, having set that deadline, to manage the situation so that it can be delivered?

Mark Spencer MP: Absolutely. That is why we have been working with the sector to try to help to find solutions, but they need to be solutions that are good for the planet and good for the economy, and strike the balance that we are trying to reach in working with our friends in the sector.

Baroness Buscombe: Minister, it could be helpful to you to know that we have talked to an enormous number of people and we have had a great body of evidence on this. I do not think anyone has said that they are against the ban; it is simply a question of timing. According to our evidence so far, it would make an enormous amount of difference, particularly for the ornamental sector, if that date could be pushed back, preferably to 2030. That is certainly what we have found so far, if that is of any help to you.

Mark Spencer MP: I will be interested to read your report if there is reference to that in it. I want to get there as quickly as possible.

Baroness Buscombe: Yes. That is why I am making the statement now.

Mark Spencer MP: I feel like I am being lobbied both ways by the committee. Clearly, there are those who want to go more quickly and those who want to go more slowly.

Baroness Buscombe: We are not saying that.

The Chair: The committee is divided.

Baroness Buscombe: We have to have a ban, but it is the timing, and the ornamental sector in particular will be hugely affected economically if

it were to be 2026 or even 2024. It has to be pushed back a little further.

Mark Spencer MP: I think the committee has demonstrated exactly the challenge the Government are wrestling with.

The Chair: Minister, we have been talking to a lot of the industry, and there does not seem to be one body that represents standards in peat when they come forward. That seems to be a big problem in a fragmented industry. Are the Government looking at setting up an implementation body or a body made up of the sector that they would recognise, especially when we are looking at something that will be very difficult for companies to meet?

Mark Spencer MP: The Royal Horticultural Society is a huge part of that, particularly the ornamental sector, but there are also other representative groups, including the NFU, that make representations to the Government. There is no plan to set up another body. The industry is well represented by a number of bodies. It is important that government engages with all the people in the sector and we hear their views before taking a decision.

The Chair: Would it not be better if there was one body that government specified?

Mark Spencer MP: It would cause a lot of trouble if the Government were just to pick one of those bodies.

The Chair: A body that was made up of all the different bodies.

Mark Spencer MP: In effect, that is what we have. In doing a round table and having all those people in the room and discussing it behind closed doors, that is, in effect, what we have. That is the right way to do it—by having round tables and listening and engaging—and not just at ministerial level; my officials do a lot of work with the sector.

Q282 **Lord Colgrain:** What consideration has been given to the impact of biodiversity net gain on horticultural businesses and allotments? Will there be an exemption for them in the policy framework?

Mark Spencer MP: I do not think there are plans currently. We are stepping slightly into DLUHC territory on planning. That is one of the challenges that Defra faces. Many of the challenges the industry faces are representative of other government departments, and I see it as my role to go and lobby the government departments that are considering those things at the time. The planning system is very much the responsibility of DLUHC. We make representations to DLUHC about horticulture and agricultural planning applications to try to make sure it does that in an informed way.

There is a strong argument that, if I were to build a greenhouse on a greenfield site, the topsoil would remain in place for the duration and the lifetime of that greenhouse. After 20 years, I could remove that structure and the topsoil would remain in place and could be returned to whatever

it was in the past. That would not be the same if I was building a cinema or a supermarket. There is also an argument that rainwater harvesting often takes place on those greenhouses, and they can form part of a flood alleviation scheme in managing rainwater flows downstream. horticultural sector has a lot to offer in helping to mitigate some of the challenges of climate change on our journey to net zero.

Lord Colgrain: Do you think your voice is being heard sufficiently well by the other departments?

Mark Spencer MP: I never feel like that, if I am honest. It is always a constant battle with my colleagues in government, but they have difficult decisions to make as well. I just need to make sure that they are making those decisions in an informed environment. It is my job as the Defra Minister to make sure that I liaise with those other departments and they are fully informed when making those decisions.

Baroness Fookes: I am delighted to know, Minister, that you are liaising with other departments, because one of the things we have noticed in our inquiry is the fact that horticulture affects a number of different departments, and they tend to be in silos, which makes it very difficult. For example, there is the question of the qualifications of people going into horticulture, which impinges on education for a start; health, and the value of horticulture for the maintenance of health; and planning, as we have already discussed. Anything that you can do as a Minister to facilitate that would be very welcome indeed.

Mark Spencer MP: Yes. It is difficult, because you cannot always do that in a public forum. Just because we do not hear about those discussions or there is no readout of those conversations does not mean that they do not take place on a regular basis. I often meet colleagues from DLUHC and from the Home Office to talk about labour supply and from DESNZ on some of the challenges we face in our journey with energy and towards net zero. We have healthy conversations, and I am very keen that we continue to do that.

Baroness Fookes: We do not need to know about them as long as we get results.

Mark Spencer MP: Yes. That, I suppose, is a primary part of my job.

Q283 **The Chair:** Thank you. Moving on to research and innovation, we have talked to a number of bodies about the lack of core funding from Defra for their activities. A case in point was when we went to Kent and talked to British Berry Growers. Those growers are now surviving on Innovate UK grants, which of course are competition-based, and if they lose a couple of those grants they might disappear. They talked about viruses coming in, and if they had not been the ones dealing with the tomato virus we could have lost all the tomatoes in the country. They raised the issue that their funding is very precarious. Are the Government looking at moving to a model where some of those bodies have much more Defra core funding?

Mark Spencer MP: Certainly, we have issued a number of grants in the past. We are very keen to support our research industry. The good news is that we genuinely have some of the best research institutes anywhere in the world, with the John Innes Centre, the Roslin Institute and NIAB. There are a number of institutes around the country doing real cutting-edge research. We can work better together. I would like to see some of those institutions link up to make sure that we are not double-funding the same research. There certainly are discussions between those research institutes to try to make sure that we get the best bang for our taxpayers' buck. The Government have a big part to play in help and support to make sure that there is the finance available to do that.

The Chair: I have worked on Innovate bids in other fields, and you do not necessarily win Innovate bids. Having an organisation reliant on winning Innovate bids on a regular basis is a recipe for disaster, is it not?

Mark Spencer MP: We have a responsibility to make sure that we get good value for taxpayers' money. We need to make sure that the research they are conducting will deliver something for the nation and is in the right area, but I do not want to micromanage that, so it is about getting the balance right between freely funding and supporting those institutes to go and do their research. Sometimes you can discover things by accident, and, whatever you think you are researching, something else pops up on the side, so I do not want to overrestrict that research, but we have to make sure that we get value for taxpayers' money.

Tim Mordan: On the funding point, we have quite a good story to tell on the amount of funding that we have provided to the industry across agriculture. Going back 10 years, the agritech strategy had £160 million on the table for setting up the agritech centres and various innovations in agritech projects. Following that, a few years later there was the transforming food production money, which was £90 million, and some of those projects have come through. Of those, about a third were horticulture.

More recently, as we go through the agricultural transition away from the common agricultural policy, we have a £270 million fund, the farming innovation programme. There is some confusion that that is Innovate money because Innovate delivers it for us. It is actually Defra's budget, but we work very closely with Innovate UK, which is our delivery partner. If people are saying, "This is Innovate money. What about Defra?", it might be our money, but when they go on to GOV.UK they might just see "Apply to Innovate UK".

More generally, it is something we are quite aware of. It is fair to say that horticulture has not always fared well in some of the competitions for R&D, but more recently we have taken a close interest in making sure that all the sectors get a fair share of the cake, and horticulture, I would say, is doing pretty well at the moment.

Baroness Jones of Whitchurch: Our concern and the evidence that we were getting was that, because most of the funding is under the UKRI

umbrella, horticulture was not seen as a priority; it was a minnow and there were other bigger priorities. We have been slightly reassured that that is no longer the case. Certainly, that was the experience until now for a number of the research institutions that we spoke to.

Tim Mordan: Historically, that was probably correct. A lot of the money would probably go to the livestock side and the cereal side. Before we sign anything off via Ministers, we make sure that there is a good spread of projects across all the sectors, and we are satisfied that horticulture has that.

Mark Spencer MP: I do not know if the committee is allowed to go on visits, Chair, but I can highly recommend going to the University of Lincoln to look at some of the innovation that is taking place there, particularly in the soft fruit sector where they now have robots that can harvest strawberries. They have automatic robots that can go and collect strawberries from the field and return them to the packhouse. They have ultraviolet light systems to reduce mildew in the crop. They automatically go up and down at night and zap the strawberries with ultraviolet light to remove mildew. Some of the stuff that they are doing there is really quite inspiring.

The Chair: We have a budget, but obviously not as much as the Commons, which is very unfair.

Q284 **Baroness Walmsley:** The committee made a visit to the Netherlands where, of course, horticulture is a much bigger part of the economy than it is in the UK, but could be more important here, actually. We think there is a lot of potential. We were impressed by their development of automation in the sort of way that you described. They were much further ahead of the curve than we are.

At a strategic level, what particularly impressed us was the very close relationship—a sort of tripod—between government, research and producers. There was a very formal and close relationship, and it worked very well. It made sure that government money such as was available went into the right research and fed through to the producers in a much better way than it does here. Has your department looked at that structure to see what we could learn from them? I know it is not one size fits all. There is a different situation here, with a very diverse and fragmented industry, as the Lord Chairman said earlier, but it had a lot to recommend it, and I wonder if you would like to have a look at that.

Mark Spencer MP: Yes.

Baroness Walmsley: It might be mentioned in our report.

Mark Spencer MP: I smile, because you are asking me to create a sort of agricultural ADAS—development and advisory service—which is turning the clock back 25 years.

Baroness Walmsley: No, it is about sharing intelligence.

Mark Spencer MP: There is definitely a role. We need to find connectivity between the research that is taking place and the practical implication of that research. You are right to identify that the Government need to think about how we can get some of this cutting-edge research in a practical sense down to farm level to make sure that it works and to really test it and to innovate. We are certainly giving some thought as to how we can link that up. I think Tim wants to answer that.

Tim Mordan: Thanks very much. This is something we hear quite a lot. We have had various visits to the Netherlands. They have the luxury of having Wageningen University, which is the—

Baroness Walmsley: Where we went.

Tim Mordan: Yes, I know. It is really impressive, but, as the Minister says, we have equally good, if not better, research institutions around the UK, although they are more fragmented. That is the problem.

The other point, which we are looking at very closely and try to build into all our R&D projects is, first, before we do the R&D, making sure that it is relevant R&D and getting more farmer-led ideas coming forward. Then we do the research. Then, as the Minister said, the real trick, which is where Wageningen is very good, is getting it into the marketplace—the knowledge exchange. We are building more and more of that into the research projects that we are doing. We bring it all together. We have various governance structures where we look at the whole R&D landscape across all agriculture sectors, but it looks messier than the Netherlands.

Q285 **Baroness Fookes:** I want to challenge, Minister, your assumption that the best value for taxpayers comes from competitive tendering for research projects, because there are some very serious drawbacks to that. First, they are very often short term, and the research needs to be for longer. People spend a lot of time preparing the bid, which may or may not be successful. For people to work in research, which tends to be long term, they need to have some security in the amounts of money coming to them. I would like you to consider that. We saw this, as Lady Walmsley pointed out, in the Netherlands, where they have core funding.

Mark Spencer MP: I hear that plea. It is getting that balance right, is it not, between giving those institutes the confidence that they have the funding to keep themselves functioning and can explore things that may pop up, and making sure that the taxpayer gets value for money?

Baroness Fookes: I am saying that you have not got the balance right.

Mark Spencer MP: I will reflect on that challenge. It is something that we constantly battle with to make sure that we are making the right choices. I am sure it is possible to critique that in both directions, but it is something that we give a lot of consideration.

Tim Mordan: To add to what the Minister said, we have had a number of projects, including the one he mentioned earlier, which is called Robot Highways, a collaboration between a robotics company and the University

of Lincoln. It is a good example that is innovative, ground-breaking and quite game-changing. We probably would not have had that if we had not gone out to tender. There are lots of small projects and small robotics companies that have benefited from that open tendering process.

Equally, we offset that with some long-term projects. We have in the plants and crops area genetic improvement networks that comprise various research institutions. Those have been going on for 10 years, and we expect the funding to go on for a lot longer. They are long-term projects because genetics work is not quick. I think that meets a longer-term strategic approach.

Lord Sahota: Talking about research and innovation, there is something quite topical this morning. We are returning to being a member of the EU Horizon project. That was announced this morning. I hope it was, because I quoted it. Will it have any impact on the horticultural industry that we are going back into the EU Horizon project?

Mark Spencer MP: I think there will be opportunities from rejoining. It is probably too early to tell. You can never do enough research, can you, because you never quite know what you are going to stumble across? The United Kingdom has had a very good track record of being at the cutting edge of innovation for generations. We need to maintain that reputation and that innovation if we are to succeed in the future. I am enormously proud of what we have done. I want to remain proud as we go into the future.

Lord Sahota: The horticulture industry will benefit from it.

Mark Spencer MP: Yes. We mentioned the Dutch and how innovative they are in the horticulture sector, but I struggle to admit that they are better than us. I am pretty proud of what we do in the UK. I encourage you to visit Thanet Earth in Kent. It is the most cutting-edge technology available in horticulture, actually managed by a guy from Holland.

The Chair: We are going on Thursday.

Mark Spencer MP: Are you? I promise you that you will be inspired by the place. It really is impressive. That tells me that we are right at the cutting edge of this stuff.

The Chair: We are going to the largest vertical farm in the same visit. It is called Grow Up Farms.

Mark Spencer MP: Very good. I wish I could come with you, to be honest. You will enjoy it.

The Chair: Lovely.

Q286 **Baroness Buscombe:** I agree with you, Minister, that we are world-class in innovation, but, of course, the challenge is to hang on to the brilliant results that we achieve in this country further down the chain in producing the very things that we innovate, and keeping the expertise in

this country.

Part of our inquiry is looking, naturally, at the impact of climate change. We know that Defra has announced a new £15 million joint research initiative with UKRI to build the evidence base for effective climate adaptation action. Will horticulture be within the scope of that £15 million grant?

Mark Spencer MP: I do not know the direct answer to that. I sincerely hope so. We have a lot to offer to the global challenge that we face. Of course, horticultural production will be an important part of keeping the world fed and in meeting that climate challenge. I do not know off the top of my head the full scope of that grant. I could certainly write to you with a direct answer.

Baroness Buscombe: That would be great.

Mark Spencer MP: We have a really important part to play in global politics in showing the world what we can do and how we can meet some of these challenges, and that will also bring us economic opportunity with our friends around the globe. In a post-Brexit Britain, we can look to other parts of the world as well as our friends in Europe to try to help them meet that challenge, and that will bring economic opportunity and food security at the same time.

Baroness Buscombe: Thank you.

The Chair: One area that we have been looking at closely as a committee is water. Anglian Water has said that it is not allowing any more houses to be built in East Anglia because it has no water to supply them. I know that Ofwat is an agency of Defra. In the 2014 Act, there was meant to be a resilience committee, but it met only once, in 2015, and it has not met since. Is Defra taking Ofwat to task for not acting on resilience?

Mark Spencer MP: We are doing a lot in that area, actually. We are working with the Environment Agency. There are also grants available for water storage. We are very keen to help farmers and growers build up their infrastructure so that they can protect themselves and harvest water in the winter when it is plentiful and then deliver it in the summer on to crops. It is right to be more careful with the water that is available to us, and we are very keen to drive innovation and investment in the infrastructure.

Baroness Buscombe: One of the key points that was made during evidence on the issue of water was the possibility of using the incredible system of waterways in this country to move water from the parts of the UK that are short to those parts that are more plentiful. I gather that work is being done on that now. It has been close to my heart for a long time, and I think it makes economic sense and is practical and could be relatively simple to do.

Mark Spencer MP: I have heard of that project. Moving from the north-west to the south-east is the right thing to do. At the same time, we need to be very careful with the water that we can harvest in the south-east. As I said, horticulture has an important part to play, because there are often quite large glass structures. You could catch every raindrop that lands on a greenhouse and deploy it in the right way. They are often contained structures, so the water you put into the plant then, through transpiration, drips down and back again. They are very efficient.

Baroness Buscombe: It is a circular system.

Mark Spencer MP: That is right. It is very efficient. The sector has a lot to offer to help us with the challenges we face.

Baroness Walmsley: On water storage, we hear that although there may be grants available, many farmers willing to have a reservoir on their farm cannot afford it and need financial support. Secondly, there are sometimes planning issues. When you talk to other departments, would you raise that?

Mark Spencer MP: We have already done so on a number of occasions. We have done two things. First, we made the scheme available for people to get together and co-operate. Instead of one farm funding that investment, several farms can get together. We also made sure that if you are a tenant farmer you can work with your landlord on a joint application to access some of the grant funding schemes. As you identify, we need to make sure that the Environment Agency and local planning authorities are sympathetic to the applications and expedite the process of planning. At the same time, we must make sure that we have protections in place so that they are not put in the wrong location.

The Chair: Thank you. I think we have had 18 sessions and 24 panels. Lord Colgrain, you get to ask the last question, although it is probably one of the most contentious.

Q287 **Lord Colgrain:** Indeed. This question is about the seasonal workers scheme. Do the Government have any plans to extend the seasonal workers visa to nine months or to guarantee the scheme for five years, as recommended by the independent review into labour shortages? The whole question of labour has been drawn to our attention time and again in this committee.

Mark Spencer MP: There are lots of things that we can do to help in this. We have made significant progress. The Prime Minister's Farm to Fork summit was a big step forward, in that we have already committed to next season. In the past, there has been a challenge. We would get to December and be discussing with the Home Office how many visas we could have for the next calendar year. The Home Office has really engaged with us as a department and has now committed for next year to the 45,000 visas we need, with an extra 10,000 if required. At this moment, we have not had to trigger the extra 10,000 workers.

The other thing we can do is through technology and innovation. Last week, I talked to strawberry farmers in Kent who said they struggled to get enough staff to harvest strawberries and raspberries. In my own constituency, a carrot producer has been able to introduce technology so that his carrot-packing line, instead of requiring 50 members of staff, now requires two because it is operated by robotics and cameras. That frees 48 people who used to work in vegetables to be available for work in soft fruit. We can link those different sectors and help in areas to free up labour.

Of course, it is not only in horticulture. There are challenges in the fishing and butchery sectors as well. There are lots of things the Government can do and are doing. We work with our friends in the Home Office to make sure we have the visas. We help support productivity and make sure that we have innovation that reduces the amount of labour needed. We also work with DWP across government to help UK nationals engage and feel rewarded for the work they do in the sector.

Lord Colgrain: We heard that the direction of travel with regard to technology is evident across the sector and that mechanisation will definitely come through, but it is quite a number of years away yet. Secondly, certain fruits and vegetables will be difficult to mechanise. Some are quite straightforward. With things like strawberries, you can alter the height of the trays and get everything to work properly. With top fruit such as apple trees, it is much more difficult.

Lastly, on your point about domestic-sourced labour, we have heard about that many times. I previously had conversations with Thanet Earth, which ran trials trying to get locals to come and work for it. It failed time and again. We have to acknowledge that there are very few manual workers in this country prepared to do these jobs, which is why it is so important that we have the licences to bring people in from outside.

Mark Spencer MP: Yes.

Lord Colgrain: It may be true that we can reduce the numbers every time, but we have not got to that point yet. It is rather the opposite: we have a big pressure point coming up for the next five years. The Farm to Fork initiative for next year was extremely welcome. I suspect you will find that you are asked to expand the numbers again and to continue to give as much lead time on the numbers as you can.

Mark Spencer MP: We conducted the Shropshire review into labour. We have now received John Shropshire's report, which we are reading through, and we will respond very soon. There are a number of innovative ideas in that report that obviously we would like to consider and respond to in due course. We recognise the challenges. We are working with industry and the Home Office to overcome them. We need to make sure that people coming from abroad do so in a safe environment, that they are not exploited in their own country and are not in effect brought into a slavery system in the UK. We are a modern

country and we do not want to exploit people. Getting that balance right is the tightrope we walk.

Danny Roff: The government response to the Shropshire report due this autumn will look at three areas: migrant labour; domestic labour; and automation, which we talked about earlier. All three things are important. How they overlap and combine is how we have a sensible workforce as a whole. The other thing worth reflecting on is sector attractiveness and skills, as mentioned at the beginning of this session. That is another critical part of how we staff and resource the food sector. Again, that will be reflected on and considered in the government response to the Shropshire report, due in the autumn.

Lord Sahota: We talked to seasonal workers and a journalist who covered the issue. Are the Government aware that some seasonal workers are exploited, abused and mistreated?

Mark Spencer MP: We are working very hard to make sure that that is not the case. There will always be examples where unscrupulous individuals, maybe in foreign countries, try to charge a registration fee or something of that nature. We work hard with the agencies bringing people to the UK to try to drive out that behaviour and protect the individuals engaging in the system. We have made huge progress. Certainly, when they get to UK farms, they are well looked after. Employers care, and make sure that their welfare needs are met. We should be proud of that as a sector. We look after those individuals. There will always be examples of where that goes wrong, but there are laws in place that will lead to prosecution if that is the case.

Baroness Walmsley: Minister, a few minutes ago you suggested that workers might move from one part of horticulture, or one crop, to another. We hear that there is little flexibility in the system. Obviously, we are dealing with natural systems where climate has an effect, so one crop might finish and there is no work. The worker still has a visa and needs to earn money for the whole period, but it is not terribly easy to move to a different farm. Have you looked into improving the flexibility of that system?

Mark Spencer MP: Part of our discussions with the Home Office is certainly about trying to bring some flexibility into that system. Of course, we want to make sure that when you sign up to the scheme you know the location to which you are going and that your employer remains the same. We must get that balance right. I do not want to make those people so mobile that we lose track of where they are and they are then exposed to exploitation by unscrupulous individuals. That is rare, but we do not want it to happen.

Baroness Jones of Whitchurch: One of the big asks from growers was that the visa should be for a longer period and extended to nine months, allowing multiple moves around the country, which makes sense. Otherwise, they have to bring over different people because of the nature of the growing season. Does that interest you? Are you talking to the

Home Office about it?

Mark Spencer MP: It is certainly part of our discussions. We would like to consider it seriously. There are implications to it, because you become subject to certain healthcare taxation once you extend beyond six months. We would need to make sure that it is financially viable for those individuals. I think both Defra and the Home Office are open to ongoing conversations reflecting the current position and trying to assist the industry. For the first time in my political and farming history, we have a Prime Minister in No. 10 who is very engaged in this. That was demonstrated in his Farm to Fork summit. No. 10 wants to make sure that we are focused in the right direction. That is very healthy for our sector.

Baroness Buscombe: Wearing my hat as a taxpayer, I know that time and again potential domestic workers currently on benefits, of which we know there are several million, say they cannot do this work, particularly when it is seasonal, because they would lose their universal credit. Danny, you worked at the Department for Work and Pensions on benefit reform and so on. Is there a way to get the message across—as surely we must—that domestic workers would be properly looked after if doing seasonal work and would not suffer in that way if they stepped forward to support the horticultural sector through work?

Mark Spencer MP: Danny, do you want to comment on that?

Danny Roff: It is one of the things we will consider in the response to the Shropshire report. For me, it is part of a wider issue about the attractiveness of the sector and making sure that people understand the advantages of working in the food sector and what it can offer them. At the moment, there is a bit of an image problem. That came through very strongly in John Shropshire's report and in the work they did engaging with the sector. We can look closely at the interaction with benefits. I cannot say off the top of my head that I know exactly how that works now, but it is exactly the sort of thing that will be picked up and considered as part of our Shropshire response.

The Chair: The very final question is apt, because Baroness Fookes was instrumental in getting this committee formed in the first place.

Baroness Fookes: Somehow, I managed to miss the answers to the original question asked by Lord Colgrain on whether there are any plans to extend the seasonal workers visa to nine months or guarantee the scheme for five years, which has been very important to people giving us evidence.

Mark Spencer MP: I am not in a position to make any such announcement at the moment, but we have ongoing conversations with our friends in the Home Office about how we can assist with the challenges. We have to get the balance right to make sure that we do not subject people to taxation over their healthcare provision. It is certainly something we are discussing. We have done so on a number of occasions

and will continue to do so. We want to meet the challenge that the industry is facing, but make sure that we do so in a way that keeps people safe and benefits the UK economy. I do not apologise for ducking the question, because I cannot answer it at the moment. I work closely with my friends in the Home Office, but we are aware of the challenges, shall we say.

Baroness Fookes: Thank you very much.

The Chair: Thank you, Minister. We have come to the end. On behalf of the committee, I thank you for a very frank and knowledgeable intervention. I thank your officials for joining you.

Mark Spencer MP: I look forward to reading your report. I am grateful for your efforts in this area.

The Chair: Thank you.