HOUSE OF COMMONS

Environment, Food and Rural Affairs Committee

Oral evidence: The future of farming, HC 527

Tuesday 1 April 2025

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Watch the meeting

Members present: Alistair Carmichael (Chair); Sarah Bool; Charlie Dewhirst; Helena Dollimore; Sarah Dyke; Jayne Kirkham; Josh Newbury; Jenny Riddell-Carpenter; Tim Roca.

Questions 164 - 240

Witnesses

I: Daniel Zeichner MP, Minister for Food Security and Rural Affairs; Emily Miles, Director General for Food, Biosecurity and Trade, Defra; Janet Hughes, Director of the Farming and Countryside Programme, Defra.

Examination of witnesses

Witnesses: Daniel Zeichner MP, Emily Miles and Janet Hughes.

Chair: Good morning, everybody, and welcome to this meeting of the Environment, Food and Rural Affairs Select Committee. We are delighted to be joined this morning by the Minister for Food Security and Rural Affairs. Daniel, you are very welcome. This is the first of what I hope will be many sessions with the Committee. Just for the benefit of our official record and for those watching our proceedings, can I invite you and your colleagues to introduce yourselves, please?

Daniel Zeichner: Thank you for inviting us this morning. I am Daniel Zeichner. I am the Minister for Food Security and Rural Affairs.

Emily Miles: I am Emily Miles, the director general for food, biosecurity and trade at DEFRA.

Janet Hughes: I am Janet Hughes, the director of the farming and countryside programme in DEFRA.

Q164 **Chair:** You are all very welcome, and thank you as ever for joining us. Daniel, the Prime Minister tells us that food security is national security. What does that mean in practical terms for Britain's farmers?

Daniel Zeichner: It means that we absolutely stand with farmers because they are crucial to feeding the nation. I appreciate that it has been a difficult few years, to put it mildly, for farmers; whether it be weather, disease threat or changes to agricultural support systems. We cannot have a successful food system without those primary producers. That is why, through a series of measures, which I am sure we will go on to discuss, we are determined to recognise the hugely important role that farmers play in our economy and in our culture.

Q165 **Chair:** The Secretary of State said, "The primary purpose of farming has—and always will be—to produce the food that feeds the nation. Too many policy makers in Whitehall lose sight of that fact. This Government is putting food production firmly back on the agenda." What are the metrics here? How will we know when we have achieved food security?

Daniel Zeichner: Sitting in these Committee Rooms takes me back to the passage of the Agriculture Act. There was a period of time a few years ago, I think, when there was a sense that somehow food production was not the primary purpose of agriculture. That is why both the Secretary of State and I have been very determined to make the point that although we are undertaking an important transition to more nature-friendly, environmentally friendly farming practices, the primary purpose of production must be food.

In terms of the metrics, it is important to go back to the legislative basis on which we work, because that is the framework on which Ministers operate. The Agriculture Act set out the obligation to do a food security report; there was debate at the time, and subsequently arguments in the House of Lords, as to how frequent that should be. I was very pleased that the first food security report fell within the first few months of my place in post. The food security report was issued before Christmas—in good time this time, I would hasten to add. It gives a very full account of the various metrics that we would look at.

It is a complicated set of issues, often understood, perhaps understandably, by the public as household security, and that is very important. But I would also say that it is very important, as the Secretary of State has said, to recognise that it is a part of our national security, particularly in a world that is quite challenging. The report was not complacent, but reassuring that many of the issues I am sure we will go on to discuss are being addressed seriously.

Q166 **Chair:** So where are we on the road to food security?

Daniel Zeichner: I would refer you back to the report, which says, essentially, that we are okay, but we should not be complacent, not least, as I say, because of the geopolitical issues, which are things that we have less control over. But, on each of the measures, we are doing well enough at the moment.

Q167 **Chair:** Well enough. Can we have a look at some decisions the Department has recently taken with regard to, for example, the ending of the SFI? How do you think that decision, in particular, helps the move towards food security?

Daniel Zeichner: The agricultural transition has been a complicated process—again, it came out of the Agriculture Act and represented a move away from the common agricultural policy to a different form of support. These were policies that were introduced by the previous Government, but in opposition I was broadly supportive of many of those measures, although there is always room for criticism.

One of the things we said when we came into government was that we did not want to just overturn what had been done. We wanted to follow through on it, and that is what we have done. One of the problems that the previous Government faced was that it seemed to have trouble getting money actually out the door and spent; there was actually an underspend. For a long period of time it was quite hard to persuade farmers to take these schemes up. When I came into post, I was quite surprised to find there had been quite a change with the most recent version of the scheme, whereby it was clearly much more attractive, and the problem had become a different one.

Q168 **Chair:** With hindsight, was it a mistake not to interfere?

Daniel Zeichner: No, I do not think so, because the sector was very clear that what they wanted was continuity. What we achieved over that period of time is that we have spent the budget, essentially, which is very different from what happened before.

Q169 **Chair:** You complained that you had inherited an uncapped budget, and you said that that was the problem that led to the closure of the SFI in the way that it did.

Daniel Zeichner: Sometimes people are a little surprised that the answer, when I was asked when I knew, was that it was when I was in these Committee Rooms five years ago. We were moving from the common agricultural policy approach, which basically said that everyone who had the entitlement would get a payment, to a different approach, where people would be applying for schemes, and of course there was a limit to the amount of money you had to spend.

Q170 **Chair:** Is this the future for farmers? With the closing of the SFI, are we going to see more schemes operate like this in the future?

Daniel Zeichner: Absolutely. Of course, through the spending review, we got a good settlement, in my view—the biggest one we have got; over £5 billion over two years. But, of course, what we are paying for now are environmental benefits—public money for public goods, as agreed in the previous legislation.

Q171 **Chair:** We can come on to that, but the RPA website promised people six weeks’ notice. Why did they not get that?

Daniel Zeichner: I understand, and I might actually pass over to one of my colleagues here who is more engaged in the detail of how the scheme is administered.

Chair: Why did we not get the six weeks’ notice that was promised on the RPA website?

Janet Hughes: There was a choice we made about how to ensure the maximum number of applicants could get fair access to the scheme. The choice that Ministers took was to continue allowing people to apply naturally and close it when the funding had been exhausted. It has been closed to new applicants for now, but Ministers have been quite clear that we are now working to develop what the next iteration of the offer will look like. There will be details of that to come in July.

Chair: What farmers were told was just not true, then.

Q172 **Jayne Kirkham:** On the actual system, there was something that said that there would be six weeks’ notice before it closed. Was that a mistake on the form on the system, then?

Janet Hughes: It is probably not helpful for us to comment on the specifics of individual cases and concerns about exactly what people were expecting.

Q173 **Chair:** I am sorry, but if you do not comment on these things, how can we understand what has been done?

Janet Hughes: My best explanation for the Committee is that the decision was made to close the scheme at the point when the funding had expired. That was not without precedent; that has been done at least twice before during the time that I have been in my role. That decision was made in order to allow the largest number of people to apply within the budget. There are people who had applications in flight and were aware of that. As I have said, the details of the next iteration of the scheme will be available in the summer for those farmers to be able to apply.

Q174 **Chair:** I will give you a couple of examples of lived experience here. This is taken from the Nature Friendly Farming Network, so it is all information that is in the public domain. Amelia Greenway from Springwater Farm in Devon says, "We missed out on submitting our SFI claim by 40 hours. We were just about to submit our application after several months of preparation. We have definitely missed out on £80,000 of funding, and it could have been as high as £94,000." She goes on to explain the things they wanted to do: "We were going to go for the low-input harvest cereal crop option, which we would have used to start producing our own organic pig feed." She then lists the things, which would be entirely encouraged within the SFI scheme. What are Amelia Greenway and her farming business going to do to make up that £80,000, possibly £94,000, shortfall? Daniel, can you answer that? I think that would be more appropriate.

Daniel Zeichner: I totally understand people's frustration with this, and believe you me, I share the frustration too, because we basically inherited a scheme that did not have a mechanism for resolving and prioritising.

Q175 **Chair:** As you would have said in opposition, "If only we were in government, we could do something about this." Well, now you are in government.

Daniel Zeichner: Absolutely, and that is why we will use this period before opening up the new scheme to tackle this kind of issue. The question I find myself asking is how that scheme could have been introduced in that kind of way in the first place, but that is what we had. The choice we had at any point was, whenever we said it is nearly full, you get a huge rush, and you have exactly the same problem again.

Q176 **Chair:** You would have had that spike anyway, because rumours were circulating, weren't they?

Daniel Zeichner: Indeed, rumours were beginning to circulate, and because of that we then had to act, which is the responsible thing to do.

Q177 **Chair:** So the people who were able to get in under the wire were the people who were on the inside track—the people who had the land agents, the advisers and the consultants.

Daniel Zeichner: To some extent, you are right. But that is why I go back to the starting point on this. We have moved from a scheme where 80,000 farm enterprises were all entitled through the basic payment scheme to get resource, to a different approach. This was the consequence of the Agriculture Act and the move to that system. Theoretically, very few people could get a share of the money, providing they were providing the environmental benefits. So from the taxpayers' point of view—

Q178 **Chair:** Let us take another example from the same source. Anna Biesty, at Deepdale Farm, in Norfolk, said: "We're in the final year of a five-year Countryside Stewardship…Mid-Tier agreement. This was absolutely vital for us as we have put land which had not been intensively farmed and had degraded soil into stewardship. It ensured the farm was financially viable while we rested our land and repaired our soil" Those are good things for any farmer to be wanting to do. She went on: "We had been preparing to apply for SFI at the end of our current Mid-Tier agreement. Now that's not going to be available to us, I'm looking at a £140,000 gap in our budget for next year, which terrifies me."

Daniel Zeichner: I totally sympathise and understand the situation people found themselves in, but when you look at the complexity of these different schemes and the inter-relationship between them, we need to design a better system so that people can understand how it works and what the risks are. We need to decide how we allocate most effectively because—this will probably be a refrain—we are responsible for public money, and we need to find the best environmental outcomes that we can buy for that public money.

Q179 **Chair:** Were these people I have quoted not providing good public outcomes?

Daniel Zeichner: I cannot comment on individual cases, but I can say that, almost inevitably, some schemes will provide better environmental outcomes than others. We have inherited a package of schemes that do some very good things. I should say at this point that when you look at the number of farms that are now in schemes, it is quite an achievement. There are over 70,000 live agri-environment scheme agreements now, over 37,000 live SFI agreements and more than 50,000 farm businesses, and more than half of all farmland is being managed under environmental land management schemes. While I absolutely understand, Chair, why you cite those examples, there are also a huge number of examples where the system is working very well.

Q180 **Chair:** Do you still see the closure of the SFI as a Government success story?

Daniel Zeichner: Of course it is not, because it was not done in the way that we would have liked to have done it.

Q181 **Chair:** When are we going to see the next iteration of SFI then?

Daniel Zeichner: Once we have had the spending review and we know the resources are available, we will know how much we have available to us. So we are talking about late summer—

Chair: We are looking at, probably, summer of next year.

Daniel Zeichner: The Secretary of State and I have both made it clear we want to see a scheme in place late summer, but—

Q182 **Chair:** In the meantime, these farmers are sustaining these massive holes in their budget.

Daniel Zeichner: I understand that, but in the meantime, remember, there are tens of thousands of farmers who are benefiting from these schemes, and we are getting the environmental benefits that they are purchasing. This is a huge change. I do not underestimate how difficult change is. This is a very big transition from one system to another, but it is fair to point out that it was known that this change was being undertaken, and those who are advising people should perhaps have been more aware of that system change—they really should have been.

Q183 **Chair:** The problem is that it is all very well sitting here discussing this in the House of Commons, but your words will be heard in lambing sheds up and down the country. People may be sleep deprived, or maybe they are working with sheep, which does not put you in the best humour at the best of times, but they will be absolutely incensed at what they are hearing from you. Will you apologise to those people we have mentioned and those who missed out because of the closure of the SFI?

Daniel Zeichner: I am very sorry that people missed out, but it is in the nature of a scheme that you bid for that there is no guarantee that you will get it. That needs to be understood for the future. As I say, with the old scheme, that was what it was; just remember, not every farmer got basic payments. That was a scheme where people with under five hectares could not apply; they now can. So, there will be many people who benefit from this, but unfortunately there are always people who suffer as well.

Chair: We will come later to the people who were looking to SFI to make up the hole from the accelerated closure of BPS later. Jayne, do you want to come in?

Q184 **Jayne Kirkham:** Janet, you mentioned July when you were talking about the SFIs. Just to try to get a bit more detail about the potential timeline for the new system, do you think July 2025 might be a realistic prospect for it reopening?

Janet Hughes: To clarify, I said further information would come in July. As to when we are able to open a new offer and what that might look like, that depends on decisions to be made between now and then, which Ministers have said they want to do in consultation with the sector, which we have already started doing, and on the settlement that we get in the SR, which we are due to have by then. That is when we will be able to confirm the timing of what comes next.

Q185 **Jayne Kirkham:** We are hoping for an announcement in July.

Janet Hughes: Yes.

Jayne Kirkham: Thank you.

Q186 **Jenny Riddell-Carpenter:** I want to tackle two aspects. One is the six-week closure, and the other is the scale of the fund. Constituents and farmers reached out to me on the evening the fund was closed with, and they had real concerns about having to work through it. It would be good to hear from you, Minister. There was never a six-week deadline on the previous fund. The previous Government gave a two-week notice. So the six-week comment that sits on the application is misleading in itself. The application never previously had a six-week closure deadline. Is that the case?

Daniel Zeichner: It is the case that the previous schemes have been closed as well.

Q187 **Jenny Riddell-Carpenter:** Yes, when they reach the point of fallout, effectively.

Daniel Zeichner: Well, they were closed for different reasons. What was different about this situation to some extent was that the scheme was oversubscribed; it was reaching the limit, which is something we will need to look at in future to ensure people are better informed. The basic point is that many people had applied and applied much earlier. I fully appreciate there were people in a situation where they might have expected the scheme to run on for longer. But, frankly, as I think the Chair has suggested, there was a sense among a lot of people that this was likely to happen at some point, which it inevitably would, because it is a cash-limited budget.

Q188 **Jenny Riddell-Carpenter:** That brings me on to my second question, which I suspect might be more of a point than a question, but I would appreciate your comments on it. I appreciate there is a lot of emotion and frustration that people rightly have because the funds closed when they were trying to access them. I have had those conversations at first hand, and I have passed them on to the Department.

The Government have paid out over £1 billion through the SFI fund, which compares, I believe, to £300 million from the previous fund, but the real issue in all this was the design of the original fund. It was a first come, first served basis that gave no accounting for need. It was an SFI fund that was totally unfit for purpose. I would appreciate it if there is a chance for us to feed in on how that SFI fund could be better served for the future, so that we do not find ourselves in this situation to start with, and it directs the funding to those who need it, not to those with consultants that can give them the best access to an application or those who have a far more profitable farm in the first place. In the conversations that I have with my constituents, the ones that need the funds the most do not have access to consultants to give them the best chance of getting an application forward.

The SFI fund is something to be celebrated, but we need to make sure that that £1 billion fund, or whatever it is in the next round of funding, is directed at those that most need it, and that it continues to be a success story for those people to access and continues to support environmental funding.

Daniel Zeichner: There is quite a lot in there.

Jenny Riddell-Carpenter: Sorry.

Daniel Zeichner: No, the points were well made. The underspend of the previous Government was not just SFI; it was a range of things. I would not agree with you that the SFI schemes were unfit for purpose. We should be pleased that so much land is now being managed in a different way, because under the common agricultural policy, as a society, there was very limited purchase for the money that was being paid out.

So, I would defend the transition, but could it be done much better? Absolutely, and that is the thing we now need to move to—a discussion about how we prioritise. Inevitably, whatever the amount of money that we have available, there is a question about how to prioritise. That is a genuine debate on which I will very much welcome the Committee's input. That could be done on the basis of social need, but the legislation is far more specific about it being for some specific purposes around environmental measures.

Again, we are bound by the legislation, which takes us back to the debate around the Agriculture Act. But the good news is that there is so much more land now being farmed in more positive, environmentally sensitive ways, and that should be celebrated, alongside the importance of making sure that we secure food production. That goes back to my opening point, which is that that must remain the primary purpose for agriculture.

Q189 **Chair:** Does it concern you that repeated surveys of the farming industry show a massive loss of confidence to invest in the future, given the impact that that will then have on getting to that point of food security?

Daniel Zeichner: Of course it concerns me, and I would very much hope that, over a period of time, as we have these discussions with the sector, the plans we are putting in place, particularly the farming road map—we will come on to some of the other things that we are putting in place—will build confidence. But I do not underestimate how difficult a period of change is. Of course, the change was partly a change of Government and a change in the whole support system, but also wider changes that are going on in the world, so I am not surprised that people are anxious. Part of my job is to build trust, and I hope that by being clear about our plans for the future, we can do that.

Q190 **Chair:** How confident are you that the surveys in 12 months' time will be showing greater confidence?

Daniel Zeichner: I have watched the confidence surveys over a number of years, and the truth is there has not been much confidence for quite a long time, sadly. The challenge for us as a Government is to respond calmly and, I hope, rationally to the experiences we have had. On that basis, we can rebuild confidence over time.

Q191 **Chair:** Even so, the Family Business UK survey, which is a CBI Economics survey, identified that 55% of family-owned businesses and just below 49% of family farms have paused or cancelled planned investment since the Budget. These are stark figures, are they not?

Daniel Zeichner: I hear the figures, but what I would say is that the whole country is going through a difficult transition. We have moved from a position which was unsustainable economically; there are obviously wider budgetary issues, some of which I suspect we will go on to. We are part of that change, and the agricultural sector is no different. But I genuinely believe that by taking the right decisions now, over the medium to long term, we will secure the future of the industry and the sector.

Q192 **Sarah Bool:** I struggle a little with the SFI and the fact that there was that six-week window. Although you say that people should have known, obviously a lot of people say that they were absolutely shocked and stunned. What I do not understand is that in any other business, when you see the budget getting close, you start to take action sooner. I appreciate that you talked about spikes, but there is definitely more that needs to be done on that in the future.

Janet, I understand you have done an awful lot of work to try to build up the relationship between DEFRA and farmers, and all this work around SFI. How do you feel now about this lack of confidence?

Janet Hughes: I feel that there is a massive opportunity to make a difference for food production, farm profitability and the environment, and that opportunity has not changed.

Q193 **Chair:** Just to be clear, a good difference. You are making a difference at the moment.

Janet Hughes: Yes, and that is what we all have been aspiring to do for a number of years and will continue to do. I work for the Government of the day, and I implement their policies, so it is not for me to have feelings one way or another. My feeling is that I am fully committed to delivering what it is that the Government want to do, and we will make that work as best we can, as we always do.

Q194 **Tim Roca:** Before we move on, in January we had conversations about the capital grants scheme, which had similar circumstances in November to what happened to SFI, and we were told that lessons would be learned. The Committee wants to understand from you that we can be confident that lessons will be learned now from two instances where things were shut down very quickly. I have to say it was good, though, to see that, in February, money was found for those four applications that were pending from November, so that is positive. So we need some reassurance that lessons will be learned from two instances now where we have shut down schemes. Can I ask about the impact? How many applications around SFI were pending but not completed? Do we have those figures?

Daniel Zeichner: Again, I might pass that one to Janet.

Janet Hughes: Just to recap on the numbers for SFI, we have 32,000 businesses in SFI, more than 39,000 agreements, and at the time that we closed to new applications, there were about 4,000 applications that had been submitted and were to be processed. RPA colleagues are working through those at a rate of about 500 a week; it goes up and down each week, depending on the cases, so we are expecting to offer agreements to all those applications. There were then around 3,000 that had been started but not completed within the last couple of months. Then, there were more beyond that, but we do not typically see applications go to completion if they were started that long ago. They tend to be people who were having a look and having a think about it but were not intending to actually apply.

Q195 **Tim Roca:** That is really helpful in getting a sense of the impact of the closure of the scheme. The Chair has mentioned issues around farmer confidence and the NFU surveys, cash flow and other matters. Has the Government given any consideration to an interim scheme? I know there have been organisations pushing for some sort of interim arrangements.

Daniel Zeichner: We consider everything, but we are obviously working within a budgetary envelope, and we have essentially spent the money that we have available. In an ideal world, there are all kinds of things one would do, but we are operating within a constrained environment. There are a number of other schemes that are still available to people.

I would also make a wider point here, Chair. The Secretary of State has made it very clear that he thinks the future of the sector will depend on the sector being able to run in a business-like way. Although there is clearly a strong case for environmental support coming through the taxpayer, that is what it is for—it is for environmental goods. In the end, the onus is for businesses to run businesses. We can really help with this because we can provide a guaranteed income stream through these schemes and support systems. Do not forget that the key income for many people will be the goods that they produce. I would also point you to the farm business income survey, which was published a few weeks ago and shows that, for most sectors, prices have actually been quite good. So there is a broader picture here.

Q196 **Chair:** We can come back to prices being good, because there are sometimes bad reasons for good prices. I have to say that your assertion that farms have to run in a business-like way brings with it an inference that that is not what they are doing at the moment. You understand that

that would be deeply insulting.

Daniel Zeichner: That is not the inference; it is a statement of fact—that in all businesses, there are risks. The question is the extent to which the state steps in. Obviously, with the common agricultural policy—

Q197 **Chair:** It is not the state stepping in; it is the state stepping out, in the way they did with SFI.

Daniel Zeichner: Record amounts of money are going in. The question is, who gets it? It is a distributional question. Let me be clear: I absolutely understand how difficult this is for people. It is a change, and perhaps we will get on to the wider question of the changes we have seen since our exit from the European Union. But there was a real demand for a changed system, away from that very wide support system to a much more focused one on environmental goods. These are perhaps some of the pains you get during that transition, and I absolutely understand how painful and difficult it is.

Chair: It is only a matter of time before somebody says, "We cannot make an omelette without breaking eggs," so I am going to move on.

Q198 **Sarah Dyke:** I would like to drill down into some figures that Janet gave Tim. There are 3,000 applications that are in train. I do not think you actually mentioned a figure, but you said there are others. What are the next steps for those applications?

Janet Hughes: Our RPA—Rural Payments Agency—colleagues are working through the ones that have been submitted with the customers and are offering agreements at a rate of around 500 a week. So those who have submitted their applications will receive an agreement, assuming they are eligible.

As to those who had not submitted applications at that time, if they are participants in the SFI pilot, they will still be able to apply. There is then a small number who were unable to apply because of a technical issue, and they will still be able to submit their application. As to others that had intended to apply, they would need to wait for the next iteration of the offer to reopen if that is what they want to be able to do.

Q199 **Sarah Dyke:** You are talking about a review being available in July, but there is no confirmation yet of what time that might be.

Janet Hughes: As I said, we will not be able to confirm the timing and exact details of that scheme until we have had a spending review settlement, but we expect to be able to share more information in July, and we are commencing engagement with the sector about what that should look like.

Q200 **Sarah Dyke:** Daniel mentioned earlier that we are doing "well enough" in food security terms, but a farmer in my constituency from Long Sutton told me that after the closure of the SFI, he is contemplating leaving his ground fallow due to the risk of a failed crop and not being able to reach funding. It is going to push his farm further into debt—we have heard some of the stark figures the Chair has mentioned. Do you understand that these abrupt and unexpected policy decisions are going to put food security at risk?

Daniel Zeichner: I do not agree that that puts food security at risk, but I do agree that, for individuals, it can be really, really hard. I am totally sympathetic to that, but it is important to stand back and look at the system as a whole, which is what the food security report looks at. I cannot quite remember the terminology from the food security report now, but basically we are producing what we need. Of course, we import quite a lot as well, and that is why the global political situation is important.

We should never be complacent about food security. It has come up to the political agenda because people are rightly concerned, and there is now a big discussion to be had—we may come on to this—around how we use our land effectively. But, of course, you will know that even with the fields that we see being grown, some of that does not go to food production directly; some goes to energy production and so on, and some—quite a lot of it—goes to animal feed. So it is a complicated picture.

So one particular unit of production that comes out of production is of course highly significant for the farmer concerned, but for the overall system, one needs to see what is happening overall.

Q201 **Sarah Dyke:** When you are talking about thousands of farmers, though that multiplier effect becomes quite dramatic. At the end of the day, we are talking about farm businesses being viable and profitable. Obviously, if farmers are leaving their land fallow, they are going to put their farm business at risk. We have already said around the room today that confidence in farming is at an all-time low. These decisions recently have created uncertainty and financial difficulties for farmers, limiting their opportunity to invest.

If we can just look at the ELMs, they are made up of four pillars. Obviously, SFI is a central pillar. Is there any ability to move funding across those pillars in a better way? There is some limited data that is coming out around ELMs, but I have not been able to see enough, so I am just interested to hear if funding is available to be ported over to the other pillars.

Daniel Zeichner: My understanding from the previous Government's approach is that it has never been fixed. It goes right back to the passage of the Agriculture Act, when we discussed in some detail in these Committee Rooms the tier 1 level agreements, which are effectively the SFI, the nature recovery element and the landscape recovery element.

We are taking all three parts forward. Again, there is a complexity here, because some of these agreements run for a number of years. They finish at different points, which is why it is quite hard at any one point in time to make a fixed observation about this. We have to calculate and look ahead because we are in contractual agreements with farmers, which we will obviously keep. Some spending choices for two or three years ahead are essentially already made, because of the nature of the existing agreements that have been inherited.

But in answer to your question, there is flexibility because it is not fixed. What we did do was put as much money into SFI as we could, because we wanted to get as much money out to farmers as possible.

Q202 **Sarah Dyke:** Is there any projected underspend in any of the other three pillars?

Daniel Zeichner: Underspend in that sense is a slightly movable feast. The overall amount—the £5 billion for the two years—is what we are dealing with. As I say, we pushed as much money out to SFI as we could. We could have shut the scheme much earlier, but we chose not to because we were pleased that people were taking the scheme up, given the problem in the past that people were reluctant. This is one of those difficulties when you have this kind of scheme, and an area-based payment is very simple by comparison.

Q203 **Sarah Dyke:** Okay, so no opportunity to port funding across from other pillars.

Emily Miles: Just to explain the way the budget works, it is an allocated budget from the Treasury which is allocated to farming. Within that, we then have to allocate it to the basic payment scheme, SFI, countryside stewardship, landscape recovery and so on. The main things we struggle to move things between are capital and resource; they are more fixed. But within, say, the resource budget, as happened last year, we can move things from the basic payment scheme into the other schemes. That is a choice for DEFRA.

However, from a budgetary management point of view, we have to then set a budget for the individual schemes to live within. Otherwise, we are struggling in the course of the year, partly because of the multi-year commitments we are making, as Daniel described. For instance, the SFI agreements tend to be for three years, so the choice that we made to pause it was because we could see the commitments that had been made for this financial year, 2025-26, and for 2026-27, in the context of the budgets that we chose.

So there are choices for Ministers to make about how they allocate that overall farming budget to individual schemes, although once we settle them at the start of the business planning year, we tend to stick to them, unless there is a very unexpected event, so that we can manage the money as best we can.

Janet Hughes: If I may just add something to answer your question specifically about underspends, there are no underspends projected in other areas that you could move. In order to be able to add more money into SFI, you would have to reduce planned spend in other areas that we are expecting to be able to deliver.

Q204 **Sarah Dyke:** Can you confirm that there will be funding available in future years for SFI funding?

Daniel Zeichner: That will depend on the spending review, which is why we are constrained to some extent about what we can say about the future. We will know more about that in July.

Janet Hughes: It is worth saying that Ministers have made clear that those with existing agreements will continue to be paid within those agreements across all the schemes. That is not in debate.

Q205 **Tim Roca:** To pick up on Sarah's point, the intention of the Government in the spending review, or certainly your hope in DEFRA, is to continue with SFI in the future.

Daniel Zeichner: Absolutely. I am afraid that that is not a decision that I take, but we are making a very strong case. Of course, partly, we need to be able to demonstrate good value for the schemes that we are running, and that will help us make a strong argument.

Q206 **Sarah Dyke:** Not least that it is one of the central pillars of the ELMs programme, and obviously it needs to be delivered.

What assessment have you made on the sudden closure of the SFI and the impact that that will have on environmental practices? It will potentially force some farmers who have missed out on this funding to accept that they will not be able to deliver some of their ambitions around environmental farming practices. What is your assessment of the impact that that will have?

Daniel Zeichner: We are reviewing the environmental improvement plan which this all feeds into, and we are very mindful of our targets and goals for 2030. We want to do everything we can to meet that. However, we are limited by the amount of money that we have, and we will look at other measures to try to help us if we do not have the resources necessary. That is part of the wider argument or debate about how we go forward as a country. It is about setting priorities.

This is a huge change. I think it is fair to say that it is something that probably no one else has really tried to develop. When I meet my international counterparts, they are genuinely interested in what we are doing, because it is really quite different from what others have tried to do. We are still in the relatively early stages. Of course, I would love to have more money to spend on these schemes, but I have to work within the budget.

Q207 **Sarah Dyke:** Do you think that the volatility that is being created at the moment is giving farmers confidence in their future business?

Daniel Zeichner: What is good is that this is an alternative income stream for farmers, which they can rely on into the future, but we have to demonstrate it is good value for money to maintain that support from the Treasury. I think Janet was going to add something.

Janet Hughes: On the environmental impacts, it might be worth the Committee understanding what is currently being paid for through SFI and what will be paid for over the coming years in relation to those impacts, which we expect to continue, and which will continue to be paid for. There are around 4 million hectares of land in the scheme, with 800,000 hectares of arable land being farmed without insecticides; 423,000 hectares of grassland being managed with low inputs; and 110,000 kilometres of hedgerows, which is enough to go around the world more than once, under sensitive management.

The most recent evaluation we have done of SFI shows that among the 5,000 we asked in our most recent survey, we got a good response rate—31%. We saw an overall positive rating among those coming into the scheme of 71%; it has been 70% to 80% for the last couple of years, and that has gone up very significantly since our pilot.

We can see evidence of additionality—farmers taking action beyond what they were already doing. We can see evidence of positive impacts on farm businesses, their incomes and their resilience, and we can see positive impacts from some of the changes we have made for tenants and so on.

It would be fair to say that there is quite strong evidence about the positive impact made to date, and I am happy to write to the Committee with more. As the Minister said, what we want to do now is work out how we target the funding that is available going forward so we can make further positive impacts on those outcomes.

As to the Environment Act targets, there is a review of the EIP under way, as you will be aware. What happens with respect to those longer-term targets depends very much on the decisions made about what comes next across all those schemes to build on that progress to date.

Chair: That will be all the more galling for those who wanted to get in and had the door slammed in their face.

Q208 **Sarah Dyke:** Daniel, when you were shadow DEFRA Secretary, you said in relation to SFI funding, "Farmers have no guarantee that the goalposts won't be moved again and support undermined. The recent chaos and confusion around Environmental Land Management schemes has spooked farmers and environmentalists alike, and done nothing to help British farmers". To what extent do you think the recent decisions on SFI have had a similar effect?

Daniel Zeichner: What is different now is we are having an open dialogue about the future. I cannot quite remember exactly which period you referred to, but there was a series of false starts under the previous Government.

Sarah Dyke: It was 2022.

Daniel Zeichner: Quite early on, then, when it really was not working at all. We now have a system where the money is going out and, exactly as Janet has just described, we can see a large amount of land being farmed differently as a consequence of these schemes. What we have to do is learn from that and take it forward.

However, I do not underestimate how big a change this is for farmers. It is also a big change for the Department because we are doing something very different from what was being done before, which was essentially taking money and handing it to people. Now, we are genuinely getting good public benefit, exactly as was agreed during the passage of the Agriculture Act. This is pretty groundbreaking stuff.

I want to build a long-term relationship with the sector, so that we can get these benefits, which are being paid for by the public, and also provide good support for farmers alongside the businesses they are running.

Q209 **Sarah Dyke:** I am really worried about the timeframes because so many farmers I have spoken to in my constituency—I know other Members will hear the same—do not know whether they are going to survive that long. A farmer in my constituency said that his farm will have to be sold, and his son and daughter will not have the chance to continue producing food and supporting wildlife, because they are literally on the brink right now. A lot of what you are saying is going to be too late for so many of those farmers.

When you say that the SFI is going to be morphing into a new scheme because of its success, what is it going to look like? Because it has been so successful, how are we going to ensure that we are going to capture all those farmers who want to produce and ensure that their businesses are viable and successful? What is the new SFI scheme going to look like, and how are you going to target that scheme—geographically, by action, by wealth of recipient? What flavour are you going to give it?

Chair: Could we just have the headlines of that?

Daniel Zeichner: That is exactly the discussion we want to have with the sector, yourselves and others, because all those options are potentially available. It is important to remember that it will never be an unlimited budget, which we would all love to have; we will have to make choices. It is the same as any other part of the decision-making process: different people will make a case for the different things to be prioritised.

However, we do have to be mindful of the legislative basis that we start from. These are primarily environmental schemes. They are really important. It is a fair question how you allocate it. Is it solely on the most environmental benefit? If that turned out to be in just one part of the country, for instance, would that be reasonable? I do not think it would be. There are other things that need to come in in terms of allocation, but that is the debate we want to have.

Q210 **Tim Roca:** Just to build on these points, we had a good conversation in January with you, Emily, but one quote stuck in a lot of the Committee's minds at that time. We had a discussion about viability, and of course there are huge amounts of tension around food security, productivity and the environment. Emily, you said, "I do not think we can that expect every single farm will be viable but if we are talking about 92%, 93% having the opportunity of productivity improvement, that is what we are aiming for." I suppose that created a concern that we are talking about potentially 7% to 8% of farms not being viable. I wondered if you wanted to clarify.

Emily Miles: I am really glad you asked that because my team had a couple of comments about my comments afterwards, and I would like Janet to explain it a little better.

Janet Hughes: I am very happy to elaborate on that, Chairman. We carry out analysis to assess the opportunity for farms to be viable, taking into consideration the range of factors, including Government policy, but also wider factors, and the impacts that we expect to see from reducing direct payments and introducing payments through schemes. Our assessment is based on the spread of viability and profitability of different farm types, different sectors and different parts of the country. Based on an assessment of the opportunity for farms to make a modest productivity improvement, we would expect 92% to be viable after all these changes, taking into consideration the factors that we can see, with a modest improvement.

The remaining 8% would need to make a more significant improvement in order to remain viable after the transition. It is not that we would expect them not to; it is that we are recognising that, for that particular cohort of farms that might be in areas where they have more restricted opportunity, or with business models where they have not yet had the advantage of business advice—which is why some of that was funded through the resilience programme—they would need to make more significant productivity improvements. That is based on a series of assessments as to the changes that we are seeing and the factors that are likely to drive them.

It is also important to say there is some uncertainty around that because it depends on individual businesses making those decisions and on external factors that we do not control and cannot always predict and that have been more volatile than usual in recent years. Also, the starting point was such that there was a large proportion of farms that were not profitable at that stage, and average incomes were low in the sector. That is why the wider range of policies that the Minister has been talking about are also relevant around farm profitability and productivity.

Q211 **Tim Roca:** That leads me on to naturally ask, were there sectors or areas in particular where there was a bigger challenge around productivity improvement?

Janet Hughes: Yes. We tend to see—this has been borne out in the numbers around farm business incomes to some degree since the start of the transition—that, for most types of farm, farm business income is higher now than it was five years ago. But for those grazing in less favoured areas, they are lower, by about 5%; cereals are about 6%, and mixed farms are about 7%, and they are volatile from year to year.

Our assessment of risk is that those in less-favoured areas—upland grazing livestock farms—tend to have had basic payments as a higher proportion of their income and have much more restricted opportunity for profitability and productivity than some of the more productive areas of land. Mixed and lowland grazing livestock farms also tend to receive lower incomes and tend to be more vulnerable; however, conversely, they stand to gain the most from environmental land management schemes and tend to make a higher income from those schemes because they are more incentivised to participate in them. So they tend to participate in higher numbers and to a higher value in those schemes.

Q212 **Chair:** If they get in under the wire and have the support to get the applications in on time. Do you think that is characteristic of upland farmers?

Janet Hughes: It is worth saying that in our most recent survey, 70% of commercial farms are in schemes, and we tend to see a higher representation of farms being in schemes in the uplands. A lot of them will still be in HLS agreements, which are the legacy-type agreements, or higher tier. We have not talked very much about higher tier this morning, but there is quite a lot of demand for higher tier that is unmet in those sorts of areas, and that is where the bigger income opportunity often is for those types of farms. We are restricted in our ability to take new farms into that scheme, because they are bespoke agreements that require advice. We have been working with Natural England and Forestry Commission colleagues looking at how to increase the volume of people coming into those agreements, because that is where it is going to make the biggest difference for upland farmers.

In addition, we have had a moorland offer and grassland offers in SFI. We have seen good uptake, but looking at higher tier and landscape recovery as well is really going to make a difference. It is also worth noting that before making the announcements on SFI, Ministers also decided to increase prices in HLS and the budget for that by £30 million for those exact farmers, where they have not seen price increases. They were already in the schemes—that was not the problem for them—but they were not seeing a reasonable reward. Those will take effect for this claim year, and we will be announcing further details of that and writing to all those agreement holders in April to let them know.

Q213 **Chair:** This could be a yes or a no: are you seeing a disproportionate effect on upland farmers' inability to get into SFI?

Janet Hughes: It is too early for us to be able to say with clarity. Farm business incomes are volatile; we tend to look at three-year averages, and the impacts of lots of different factors will be at play at the moment. As we said earlier, prices are higher than normal for lamb and other sorts of livestock produce at the moment, for whatever reason, and there are other economic factors at play. We keep a close eye all the time on these factors. We are not seeing any of those impacts just now.

Q214 **Tim Roca:** I guess there would be a worry that the farmers that you are suggesting need to make the greatest productivity improvements are also the farmers with some of the lowest incomes in the country, which is very concerning. You mentioned the farming resilience fund, which has been broadly welcomed by farmers as a positive place for advice. Can you build on what stuff the Department will be doing to support farmers with good-quality, affordable advice as all these changes go through?

Janet Hughes: Historically, we have had a range of different ways to support, fund and enable farmers to access the advice that they need. There is a range of different types of advice, including technical advice on meeting regulatory requirements. The catchment sensitive farming programme has been really effective and is quite well regarded in that respect. There is also advice on accessing schemes and doing those effectively. Natural England, Forestry Commission and Environment Agency colleagues provide advice, but there is also a growing sector of support. There is also business advice, which is what was provided through the resilience fund. That was always intended as a transitional fund for the early years of the farming transition, to help farmers plan their way through, because each farm is different and they need to be able to make their own individual plans. We saw really good uptake of that.

We are now doing a piece of work for Ministers to review the entire landscape of advice and what the needs are going into the next phase, so that, as part of our work preparing for the spending review outcome and the next phase of delivery, we can decide on the right package. We are looking not just at a model of us paying for or giving advice to farmers, but at what it is actually going to take for farms to be profitable and resilient going forward. Some of that will be able access to advice, some of it will be about schemes I am responsible for and some of it will be more about the wider set of levers and policies that affect farm viability and resilience, which is what the profitability unit is going to be looking at.

Q215 **Sarah Bool:** The message I am getting there is that planning is absolutely key. We know that that is the case for farmers, but I feel that at this current moment in time they will all be shouting that there was no consultation about the changes to APR and BPR before they came into effect. They have had national insurance hikes, a tax on fertilisers and double cab pick-up trucks. You closed countryside stewardship, and now you have just reopened it. You have now just removed SFI, and you have brought forward the removal of direct payments. Will you apologise for not giving our farmers any opportunity to plan?

Daniel Zeichner: What I would say is that £5 billion is the most we have spent—

Q216 **Sarah Bool:** It is nowhere near to this.

Daniel Zeichner: I understand that there is unhappiness out there; there is unhappiness across the economy, because I am afraid—

Sarah Bool: It is a catastrophe for farmers, though, Minister.

Daniel Zeichner: It is not just farmers who are unhappy. I am afraid a lot of people have suffered a lot over the last decade. This is a process of change, and it is difficult. I understand that there is a whole range of things that you have cited, but there are other things that we have been doing that are positive and supportive to the sector, and we will continue to do those. I hope that we can have a sensible conversation about how we allocate the resources, as we have been having this morning, recognising there is a complexity.

Just to go back to the point about farm viability, my recollection from the Agriculture Act—there was a lot of supporting documentation—is that those figures have not changed. This has been a long-term issue about how many farms were likely to be viable and what would need to be done to get them to a place where they were secure in the long term. That is what we really want to achieve here: to get farms into a position where they are not so dependent on day-to-day decisions from Government that they are viable businesses and part of a wider food sector that we know is going to be essential for the future of our country. That is where we want to get to.

Q217 **Sarah Bool:** But all the changes I just listed completely take away the optionality for that, don’t they? I know you have this new deal for farmers that you are coming out with. For example, one of the limbs is that you want to encourage diversifying income streams. You also want planning reforms, so that it is quicker for farmers to build buildings and barns. But you will appreciate that that will increase the value of their estate. In which case, why would they do that at this stage if there are all these changes to APR and BPR? You are giving with one hand and taking with the other. It is confusing.

Daniel Zeichner: I would contest some of the points that you made. In my four or five years in the job, shadowing it and in the ministerial role, when I have visited farms I have often been quite struck. I was expecting them to talk to me about the support system, and quite often the things they talked about were crime and the planning system. The planning changes are potentially really important for people, because they can unlock so many opportunities for them. We are probably in broad agreement on that. It is about trying to find ways to make sure that farms have a way a viable way forward.

The unique thing about farming, which I am sure we all agree on, is that it is a long-term business. It relies on things which are outside people's control—the weather and sometimes input costs and so on. So it is important to have a mixture of income streams. Obviously, the primary income stream is selling your product, but alongside that there is the Government support through environmental schemes and the opportunity to diversify. Many have already done that, but there are many others who would like to. In particular, energy opportunities—improving access to the grid—would really help many businesses.

So we think there is a bright future for the sector; we just need to get ourselves to the point where people share that optimism.

Q218 **Sarah Bool:** I would love to share that optimism, but my farmers have said to me that they have diversified, and they have been penalised, so they are telling all their neighbours, "Don't. Don't start. Don't even try. If you do, you are going to get hit." There is also a slight fear when it comes to solar, for example. I have tenants who are being kicked out of farms on the basis of the APR changes and the fact that solar is potentially coming. What is the option for them?

Daniel Zeichner: Again, there is a complicated set of issues there, but I would strongly defend the opportunity that is offered to many people through having solar farms, because it provides another income stream, as well as tackling the energy issues that we know are really important to the country. The tenancy issues are complicated; we can talk about that as well. We are introducing the tenant farming commissioner—that appointment will be made very soon—to work closely with the tenant sector to make sure a third of the farmland is tenanted, because that is a really important part of the mix, but also to provide some of the flexibility that is so important to people.

Q219 **Sarah Bool:** What is envisaged with the tenant farming commissioner? Will they have a budget, or are they going to be like the Border Security Commander that is coming in, which is more of a title rather than actually effective?

Daniel Zeichner: The role is carefully described and outlined. We have seen the effect it has had in Scotland, which has been beneficial, and we expect it to have a positive impact, but the tenanted sector is complicated. We have introduced the code of conduct to help people through some of the processes. It is worth remembering that it is actually a very effective system and works very well for lots of people, but where there are problems, we think this will be a valuable addition.

Q220 **Sarah Bool:** This is a complete jump-back, to the new deal for farmers. Maybe it is more of a plug. I know you are very keen on introducing the breakfast clubs, so can I advocate that you use local farm produce and local produce in those breakfasts, because that is what our farmers are calling for.

Daniel Zeichner: That sounds like an excellent idea, and you will know that there is an aspiration to have far more produce bought by the Government produced by our local farmers.

Q221 **Chair:** There we are, consensus at last. We have spoken quite extensively about communication, but before we move on, Minister, it was reported this morning that we are going to see the first farming strike, as wheat producers are going to refuse to supply milling-quality wheat, which has an implication for the production of flour. How do you feel about being the Food Minister who took hot cross buns off the table at Easter?

Daniel Zeichner: Obviously, I understand the unhappiness that is out there, but equally I am very confident that we have resilient supply chains, and I would encourage people to engage in dialogue with us about the future, much as we have done this morning.

Q222 **Chair:** Do you think they have not done?

Daniel Zeichner: That we have not had dialogue? It is always possible to have better dialogue. The Secretary of State and I are frequently out talking to farming organisations, and we have good dialogue with them. While I understand the unhappiness—

Q223 **Chair:** These farmers are talking about taking a massive hit. Do you think they are just doing this on a whim or to make a political point?

Daniel Zeichner: As I say, Chair, I believe we have robust supply chains, and I encourage people to have a reasoned dialogue, very much as we have had this morning, about the way forward for the future. The overwhelming message should be that this is a really important sector all the way through the food chain. It does a magnificent job in feeding the country, and we very much appreciate it.

Q224 **Chair:** Do you have any plans to meet those who are planning the strike?

Daniel Zeichner: I have not had any communication so far.

Chair: Thank you for that. We will move on. Charlie?

Q225 **Charlie Dewhirst:** Thank you, Chair. That was a good segue to agricultural business property relief. There has been no consultation or affordability assessment done to this point, so would you commit to doing that before the autumn Budget?

Daniel Zeichner: As you will appreciate, this is a matter for the Treasury, and the Treasury Minister has been in constant dialogue over the last few months. There was a measure introduced in the Budget, and we stand by it.

Q226 **Charlie Dewhirst:** Constant dialogue is probably pushing it. I think we had one meeting.

Daniel Zeichner: I think you will find there have been a lot of debates in this place.

Q227 **Charlie Dewhirst:** There have been a lot of debates in this House, but not a lot of meetings between Treasury Ministers and representatives of the farming community. The biggest thing I hear locally in East Yorkshire is the amount of money that is being pulled from the agricultural economy because farmers are having to save cash and are terrified of an impending inheritance tax bill. Has any assessment been done of the wider impact on the rural economy of these changes to APR and BPR?

Daniel Zeichner: The assessment the Treasury did is detailed in a letter that the Chancellor published to the Treasure Select Committee. I have not seen any evidence to suggest that those figures have changed since then.

Q228 **Charlie Dewhirst:** What message do you have for those farmers who have found themselves in particularly challenging circumstances in relation to elderly relatives who own the farm who may be very ill and may not know how long they have left? Appalling stress has been put on those people, because of these immediate changes without any consultation or forewarning?

Daniel Zeichner: I absolutely understand why people are stressed, and I have every sympathy with them, but I would urge them to look in detail. I followed your discussions on this issue a few months ago, and what struck me from the witnesses was the complexity of the sets of arrangements that are in place in so many farming estates. That is why this is a very complicated set of issues, and no two farms will be the same. We stand by the projections that the majority of estates will not be affected, and I hope that that will be of reassurance to people. Also, I think that the opportunity to gift during a lifetime and to open up opportunities for a younger generation is actually a positive that comes out of this.

Q229 **Charlie Dewhirst:** That is completely at odds with the immediate change. You talk about the complexity. Surely, complexity means we should take a more measured approach to introducing this.

Daniel Zeichner: The Treasury figures showed that a very large amount of public money is going to a very few estates through this relief system, and it is not unreasonable for an incoming Government to look at that. It is still a much more generous system than applies to the general population, and that recognises the particular circumstances of farming.

Q230 **Charlie Dewhirst:** Is it right that a foreign-owned business that owns farmland does not have to pay this bill, but a family farm does?

Daniel Zeichner: That is a different question. The Treasury made its announcements at the Budget in the normal way, which is the way you would expect a Budget to be presented. There has been considerable interest in it since, but I do not anticipate any changes.

Q231 **Charlie Dewhirst:** Okay. To make just a slight change of tack, have you had any discussions with other arms of Government in relation to any US trade deal?

Daniel Zeichner: Of course, the Government is looking very closely at what is happening internationally, and DEFRA quite rightly offers its advice on any issues that might come up.

Q232 **Charlie Dewhirst:** Is agriculture potentially part of any trade deal? Have you had any discussions in relation to agriculture and food products?

Daniel Zeichner: As any responsible Government would do, we make preparations for all contingencies. But at the moment, there is no trade deal.

Q233 **Charlie Dewhirst:** So in that sense you are not expecting agriculture to play any part in any trade deal with the US. Is that what you are saying?

Daniel Zeichner: I am not directly involved in negotiations, I cannot tell you, but what I can tell you is that, exactly as you would expect, we provide advice. I can assure you that we are absolutely determined to make sure that our current position, which is that we will defend Britain's farmers, remains absolute.

Q234 **Charlie Dewhirst:** If we are in a situation where you have Treasury imposing devastating tax changes, and you are not in discussions with other parts of Government about a potential US trade deal, do you think that DEFRA and the Secretary of State are doing a good job of representing the countryside at the top table of Government?

Daniel Zeichner: He is doing an excellent job, and I would point to the amount of money that was secured in the spending review. There was much speculation in advance that we would not get that level of support. We did, and it is all credit to the Secretary of State for making the case for the food system in general and for the rural economy, which is very precious to us.

Charlie Dewhirst: Let the voters decide.

Daniel Zeichner: They did.

Chair: We will take some questions on livestock management and welfare.

Q235 **Jenny Riddell-Carpenter:** Moving on, what steps has the Department taken to safeguard the British livestock sectors following the foot and mouth outbreaks recently?

Daniel Zeichner: Obviously, we are very concerned to hear, first, about the outbreak in Germany, and then about the outbreak in Hungary and the recent outbreaks in Slovakia. We have a very comprehensive, tried and tested system for responding to those kinds of situations, which is very much guided by the advice of the chief vet. Those systems were put in place so that there were restrictions on imports and so on. I had a direct conversation virtually with the German Minister the week following the outbreak, and we had full co-operation from the German authorities, which we were very pleased with. You might remember that I answered an urgent question in the House. A few weeks later, the same thing happened with the Hungarian case.

I am pleased to say the German case seems to have been resolved, but we have these outbreaks in Slovakia now. We have followed the chief vet's advice completely and we are doing everything we can to make sure that we do not have a threat, because it is very real and anxiety-inducing. Going back to the wider points about people feeling stressed, I absolutely understand why people are anxious about it. I can reassure you, as a Committee, that we are putting everything in place that it is appropriate to put in place.

Emily Miles: After the German case, I asked for some additional work to be done on our preparedness for foot and mouth disease. It is a relatively small project because we have a lot of energy and effort going into bluetongue and avian influenza at the moment, but we have put some people on to this. They have been doing things like reviewing the compensation scheme, reviewing our control strategy and then making sure that we continue with our surveillance—they are obviously keeping a very close eye on what is happening in Hungary and Slovakia. We do have border controls, and we are making sure that we are checking things as they come in, and we have also changed our personal imports policy in light of these events. I just wanted to make sure we were doing a bit more to make sure we were prepared.

Chair: Shall we move on to the issues around fairness in the food supply chain?

Tim Roca: Sorry, I have a certain nervousness about a foot and mouth outbreak.

Chair: Okay, go for it. Just bear in mind we are under a bit of pressure.

Q236 **Tim Roca:** I have heard that the impact of an outbreak could run into tens of billions. My instant reaction is, are we doing absolutely everything we can to make sure we are prepared?

Emily Miles: Foot and mouth is a particular threat because it is very easily transmissible on a lot of different vectors. It can blow on the wind, come in on your shoes, come in on tyres and so on. We take it extremely seriously. The experiences that were had twice in the 2000s with foot and mouth are seared into the DEFRA effort.

We are doing everything we can to be as prepared as we can. We find with all these diseases—bluetongue, avian influenza and so on—that there is loads more that we would like to do, but we do as much as we can with the resources we have. We have stepped up our preparedness on foot and mouth in the light of what we have seen. We have done a risk assessment; our chief vet is leading the work. So, yes, we are doing what we can.

Q237 **Jenny Riddell-Carpenter:** To be clear, and I know Jayne will jump in on this as well, it is the checks at the borders that we have had a lot of representation about. We have heard about the lack of coverage and the lack of checks, which is where the point of that concern stems from.

Jayne Kirkham: The illegal meat smuggling that is coming in seems to be on quite a large scale and it seems to overwhelm the resources that are there to stop it. Could you comment on that, because it seems to be quite a large gap?

Emily Miles: Yes, I think you were in Dover last week, and my colleague, Gareth Baynham-Hughes, accompanied you. You will know that we give some money to Border Force to do checks proactively at the border on some of that illegal smuggling. Obviously, we also fund and support the work that Sevington does on the legally imported trade.

Jayne Kirkham: That is different, though.

Emily Miles: Yes, they are different. We do think that the work to check the smuggling side is incredibly important.

Q238 **Jayne Kirkham:** I think the funds put into the port health authority were just to check 20% of the time. Border Force has so many other checks to do, and they are not experts in this. I think they were feeling—well, I will not put words in their mouths, but it looked like they were being slightly overwhelmed. Would you reconsider the resource being placed at the border?

Emily Miles: It is all subject to the spending review.

Q239 **Chair:** We have had quite protracted correspondence about the IPAFFS software scheme and the question of it being updated. Are you able to confirm for the Committee today that it was not actually updated until 16 January in relation to Germany and the foot and mouth outbreak?

Emily Miles: I would have to write to you on that. It is not my responsibility; it is another director general.

Chair: Right. In which case, Jenny, you want to ask about TB.

Q240 **Jenny Riddell-Carpenter:** One more quick question, and then we will move on to profitability in the supply chain. We have spent over £1 billion over the last 10 years on controls and compensation for TB, and I understand that the projections for the next decade are equally £1 billion for controls, compensation and checks. I know that you are reviewing the strategy at the moment, but what measures are being considered in that current strategy for how we can review, control and manage TB, and is there an expectation that this budget will come down, or will it be maintained in the next decade?

Daniel Zeichner: Those budgetary decisions will, again, follow the spending review, but obviously we will do everything that is necessary to maintain confidence and tackle what is a really distressing disease for so many farmers. Very early on, I asked the Department to look at the whole system again, because we are concerned about its effectiveness. As a consequence, we have asked Professor Charles Godfray to come back and update the work that he did back in 2018. We are moving far more to badger vaccination, which we think can play a significant role. But it is a very big, complicated subject, and I would not want to gloss over it too quickly in just a few moments.

Jenny Riddell-Carpenter: I understand, thank you.

Chair: Can we move on to fairness in the food supply chain? I am mindful of the fact that time is marching on, and I am determined that fishing will get its hearing.