

Environment, Food and Rural Affairs Committee

Oral evidence: Work of the Department and its arm's-length bodies, HC 415

Tuesday 11 November 2025

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Members present: Mr Alistair Carmichael (Chair); Sarah Bool; Charlie Dewhurst; Helena Dollimore; Terry Jermy; Jayne Kirkham; Josh Newbury; Jenny Riddell-Carpenter; Tim Roca; Henry Tufnell.

Questions 377 to 504

Witnesses

I: Emma Reynolds MP, Secretary of State, DEFRA; David Hill, Director General for Strategy and Water, DEFRA; and Emily Miles, Director General for Food, Biosecurity and Trade, DEFRA.



Examination of witnesses

Witnesses: Emma Reynolds MP, David Hill and Emily Miles.

Q377 **Chair:** Good afternoon, everyone, and welcome to this meeting of the Environment, Food and Rural Affairs Select Committee. Our work continues today in our scrutiny of the Department and its arm's-length bodies and we are delighted to be joined by the new Secretary of State.

For the benefit of our own official record and for those who are following our proceedings, Emma, can I invite you and your colleagues to introduce yourselves to the Committee?

Emma Reynolds: Thank you for the invitation. I am delighted to be with the Committee for the first time. I am the Secretary of State for Environment, Food and Rural Affairs.

David Hill: I am David Hill. I am the Director General for Strategy and Water.

Emily Miles: I am Emily Miles, the Director General for Food, Biosecurity and Trade.

Q378 **Chair:** Emma, welcome to the Committee, hopefully the first of a number of sessions that we will have—but then again, we said that to your predecessor as well. You are always welcome to the Committee and a good working relationship is very important to us; I hope that it is to you, too. Let me ask: now you have the job what are you going to do with it?

Emma Reynolds: Thank you very much. I am really excited about this relatively new role—eight weeks now in the role. It is a real privilege. DEFRA is a very important Department of Government and you as the scrutiny arm of the Parliament are very important because this is about the air we breathe, the water that we drink, the nature that we enjoy, the food that sustains us. We do all the good stuff and we are very pleased to be doing that.

I have a number of priorities and if I do not mention something that you are going to later ask me about that does not mean that that is not important; I want to get that caveat in there. My overall priority is that DEFRA continues to be a critical part of the Government's overall growth mission and we can get into the detail of that if you want to a little later. It has an enabling role in some of the things that we are doing on planning but also fast tracking some of the permitting around nature restoration. We also have a direct role in driving planning through some of the water reforms and our food industry and our farming sector.

My top four priorities are cleaning up our rivers, lakes and seas, backing British farming and the food industry, restoring nature and the EU reset. I have a strong ministerial team helping me but I wanted to mention a couple of other things as well. We have some very ambitious manifesto commitments around animal welfare. We are committed to delivering a circular economy and there are great opportunities there. Then we have a huge role in resilience more generally but particularly around flooding.



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There is a lot of work to do. I have a great team of officials and also the Ministers who are working on some specific issues.

Q379 **Chair:** Let me be the first person to add to your list of priorities—fishing, a notable absence from your list there. I am going to come to that in a bit but yours is still an enormously important Government Department for the fishing industry especially as we come to this time of year where you have year-end negotiations going on presently.

Can I tease out a little more about DEFRA as an engine for growth? What are you doing to increase growth, especially in the rural economy through the work of the Department?

Emma Reynolds: I think DEFRA has two different roles in growth, an enabling role but also driving more directly. Let me come to the second role, which I think is what you are getting at. We are doing a huge amount of work with Baroness Minette Batters on farming profitability. We want to help our farming sector drive growth in the sector and be more productive. That is a big priority for me. We have secured a commitment from the water industry of £104 billion to go into major improvements in infrastructure that are desperately needed.

We have a very successful food and drink industry. Emily Miles works on the trade side and I was very excited to meet some of the agrifood attachés that we have all over the world who promote our exports in this area. There are lots of areas and the circular economy brings some huge potential. Maybe we can get into the detail of that a little later. That has a real potential for driving more growth in the economy. If we can increase our recycling rates, that will lead to an increase in the industry that supports that too.

Q380 **Chair:** If we are sitting here in three or four years, what material difference will you be able to point to?

Emma Reynolds: Hopefully improved productivity in the farming sector, major improvements in our water infrastructure, and our food industry going from strength to strength. It is already a powerful and strong sector. I cannot put new numbers around that but that is where I hope we will be.

Q381 **Chair:** Do you anticipate that we will get numbers at some stage?

Emma Reynolds: We can certainly have a look into that for you.

Q382 **Chair:** All right. You have Minette Batters's report. When are the rest of us going to see it?

Emma Reynolds: Soon.

Q383 **Chair:** Soon? Right. Is that "soon" as in before Christmas, do you think?

Emma Reynolds: Yes, we will wrap it up. Yes.

Chair: Okay.

Emma Reynolds: I am excited about that. If you would like me to come back—I do not know if I am supposed to already volunteer to come



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back—but it is an interesting report. I am very excited to get it out there. We are just doing some work on it, going through the recommendations, but it is brilliant to have someone of Minette's expertise and experience driving that work for us. I am looking forward to getting it published and telling you what we are going to do with it.

Q384 **Chair:** Okay. We will come back to these matters later but I really do not want this lost in the weeds of the session so I am going to ask very briefly about the Fishing and Coastal Growth Fund, not to rehearse whether or not it should have been devolved. We understand that that is a decision that has been made. I would be interested to know though who was it who was asking for devolution of that fund?

Emma Reynolds: I have not been that involved in the detail of this but it is my understanding that there was a request for this fund to be devolved because there were concerns that under the previous Government the seafood fund that they had was not devolved. That is my understanding.

Q385 **Chair:** Do either David or Emily know?

David Hill: I think this reflects the views expressed to us by the devolved Governments. They expected these sorts of arrangements to be devolved and the Westminster Government listened to that.

Q386 **Chair:** So it was the devolved Administrations. It was not the fishermen's bodies or any of these organisations that were asking for it to be devolved?

David Hill: I cannot speak for the fishermen's organisations themselves.

Q387 **Chair:** Did you speak to them?

David Hill: The team will have had regular engagement with them but certainly the view of the devolved—

Q388 **Chair:** Did you speak to them about the question of devolution, though?

David Hill: Not personally, no.

Q389 **Chair:** No. Were people in your team speaking to them about the question of devolution?

David Hill: The team will have had regular and ongoing contact with the fishermen's organisations. I do not know if they specifically discussed the mechanics of how the funding is disbursed but certainly it was the view raised by the devolved Governments that their preference was for these types of arrangements to be devolved.

Chair: Right, and of course if you devolve administration, you have the banded formula that devolves the Budget?

Emma Reynolds: Indeed.

Q390 **Chair:** Right, okay. There will be things done within that fund that will have UK-wide application. Would you anticipate it still being open to Scottish businesses, perhaps in relation to development of science or other things that would not be location specific, to apply to DEFRA



directly for funding?

David Hill: We are working through the detailed design of how this scheme will operate. It is certainly the intent that it would support, for example, scientific innovation and technical innovation. That is one of the design issues we are working through. The intent as a fund, though, is to be able to support fishing communities in all parts of the United Kingdom.

Q391 **Chair:** That would generate growth?

David Hill: Absolutely.

Q392 **Chair:** That is an innovation and it would not be specific to any individual community, would it?

David Hill: No. It is intended to support—

Q393 **Chair:** Maybe you will take that on board and come back to us on whether we will have anything on that in the future.

David Hill: Yes, of course. It is worth adding that of course under the devolved arrangements, the settlement for the devolved Governments in the last spending review was the largest settlement on record since devolution.

Chair: Inflation does that.

David Hill: None the less it is still very much open to the Scottish Government to put additional resources on top of the UK Government funds into the sector.

Q394 **Chair:** Emma, if I come back to you on the question of the whole alphabet-soup of regulators that you have—you have told us, or we have seen it reported, that you are going to be taking a tough stance on DEFRA's regulators. To what end? What do you intend to achieve with that?

Emma Reynolds: I am already working constructively—not my words, by the way; that I saw in the press—with our regulators, particularly the Environment Agency and Natural England and Ofwat. The big structural change that we are taking forward within this Parliament—and we will be setting this out in further detail in the water White Paper in the coming weeks—is that we are going to bring together the functions of the four regulators. We are going to abolish Ofwat.

A single powerful regulator will take on the economic regulation of water. The Drinking Water Inspectorate will be folded into that new regulator and there will be the teams from Natural England and the Environment Agency brought within that single, powerful regulator. We inherited a system that was overlapping in some cases but also had significant gaps in regulation. We want to integrate the economic regulation of water and the environmental regulation of water. That is a big structural reform of our regulators and it is a big focus for the Department.

Q395 **Chair:** Does it worry you at all that you have a lame duck regulator at a time when you really need a strong one?



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Emma Reynolds: Well, I backed Ofwat in this period and what we are seeing is encouraging because I am quite impatient for change. I was in Opposition for nine and a half years before I lost my seat and then came back. We must legislate to introduce a single water regulator but we are already encouraging our regulators to integrate some of the work they are doing locally so Ofwat, the Environment Agency and others working more closely on the ground. That is already happening and certainly I do not see Ofwat as a lame duck regulator.

We will be setting out further detail on transition planning before we get to the Bill, but I am very keen to convey to you and others outside this room that we want a strong regulator now and in the future.

Chair: We are going to pause for a moment and look at the Department's capacity and ability to do the various things we are asking from it. Charlie Dewhirst.

Q396 **Charlie Dewhirst:** Specifically looking at the landscape around DEFRA's wider governance responsibility and accountability, you have the core Department and 34 agencies. Sometimes things seem to move at quite a glacial pace. What assessment have you made in this early period as Secretary of State of that landscape and do you have any plans to reform how DEFRA operates with its agencies?

Emma Reynolds: Let me try to answer that question and forgive me if I do not get to the nub of it. You can always come back. It is a big Department in terms of the number of ALBs. They all have very specific duties and vary in size.

It is true to say, for example, that we are changing the leadership of the Rural Payments Agency, which is very exciting and important. We have a new Chief Executive starting in the new year, Oliver Munn. Some things certainly need to happen more quickly. We have a very difficult legacy in terms of some of our outdated IT systems, which means we cannot currently provide the level of customer service that we would like to so we are in the process of updating those systems.

There is a lot of work to do with our ALBs but we have a very close relationship with them in DEFRA and we are working constructively with them to ensure that we are unlocking growth and providing the best service that we can. But we must make some investment up front to make that possible in the medium and long term.

Q397 **Charlie Dewhirst:** The Cabinet Office did announce a review in April of all arm's-length bodies. Has there been any engagement with the Cabinet Office in that process so far?

Emma Reynolds: There have been before my time.

David Hill: Yes, so significant engagement with the Cabinet Office. Some of the water regulatory reforms the Secretary of State was describing are pretty central to how DEFRA is responding to that exercise.

To underscore, those will be the biggest changes to the organisation of regulation in the water sector since privatisation. Beyond that I am sure



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you will have seen the review that the economist, Dan Corry, now a non-executive on the DEFRA board, led for us; he made a number of recommendations that we are taking forward around how we can get the regulators working better together and in particular how they can deliver their functions in a way that helps support growth and unlocks housing and infrastructure.

For example, we are bringing forward lead regulator pilots, so one of the regulators working with a project will take a lead role on behalf of other environmental regulators so that they are partnering with that project. We announced the first two at the Lower Thames Crossing and indeed Ms Kirkham's constituency in Falmouth. That is important because it is about focusing on the regulators working together to deliver a more joined up engagement with big infrastructure schemes necessary for growth.

The final point is that as you will know, we already have a model in DEFRA and its group of agencies where we have shared corporate services but one of the things we are seeking to do is to invest in some of the older legacy digital systems that support many of those regulatory services, whether that is licensing, permitting, planning and services and so forth. That is a big feature of what we are trying to do on arm's-length body reform to give them the tools to be able to deliver their jobs better.

Chair: Helena, do you want to pick up the points about rural proofing?

Q398 **Helena Dollimore:** Yes. Thank you, Secretary of State. We on this Committee are looking at the role that DEFRA plays in supporting coastal and rural communities and we have several inquiries coming up on that basis. DEFRA of course has a cross-Government role to ensure that rural and coastal communities can benefit from economic growth. Could you comment on the role that DEFRA plays in supporting coastal and rural communities in that respect?

Emma Reynolds: Sure. You mentioned rural proofing. I am still new to the Department but I know, having spoken to the Department, that we have an important role across Government. We help other Departments with training and guidance, and with statistics to ensure that they consider what the impact is of some of their policies in rural areas.

I have a semi-rural seat—the Chiltern villages in Wickham—so it is close to my heart as well and I know it is for others on the Committee. We need to ensure also that we think about the impact on coastal communities and we know that some of the deprivation in the country is in some of these areas.

As a Government, we are very committed to working across Government. I will give you an example. My team here in DEFRA and the DfT work very closely on the Bus Services Act to protect services that are socially necessary, looking at the impact on rural areas and ensuring that we are more accurately reflecting that in policy. Also, we work closely with MHCLG on indices of deprivation and how they should be used to better reflect circumstances in rural areas.

Q399 **Chair:** At director level, who is in charge of this?



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David Hill: At Director General level my colleague, Sally Randall, who is our Director General for Environment, is in charge and a dedicated rural team sits within her DG group.

Q400 **Helena Dollimore:** So that is rural. What about coastal?

Emma Reynolds: Coastal is super-important too and you will see it is very coastal. David, do you want to say something more about that?

David Hill: Across Government the ministerial responsibility for coastal communities sits with the Ministry of Housing, Communities and Local Government. We work with them very carefully on that. Within our own work, support for coastal communities relates to the question about fishing that the Chair opened with. Quite a lot of the funding schemes that we have offered and will continue to offer fisheries have benefits for coastal communities because they are often about investing in ports, infrastructure and so on.

Q401 **Helena Dollimore:** It is a very common misconception in Government that all coastal communities care about is fishing. We have many more challenges than that, which colleagues will come on to later.

On the point about DEFRA's responsibilities, the Committee's understanding was that coastal communities sat with DEFRA. Has it moved recently to MHCLG?

David Hill: No, ministerial responsibility for coastal communities has always sat with MHCLG, for at least as long as I can remember. I certainly did not mean to imply that we only care about fish but the question was about what we directly bring to bear and some of our direct funding benefits coastal communities.

Q402 **Jayne Kirkham:** I have a coastal seat as well. Not to take anything away from questions later but it does seem to follow. There have been a lot of suggestions around the House about the idea of something such as a coastal Minister. Is that something that you would consider?

Emma Reynolds: We are saying that in MHCLG, ministerial responsibility is led by Minister Miatta Fahnbulleh. She is the Minister in Government who has that lead on coastal communities.

Jayne Kirkham: So she will technically be the coastal Minister at the moment.

Chair: We will pick up on these things as we go on but I am mindful that we are under some time pressure today. I want to move on to look at the future of agriculture. Sarah, you are going to lead our questioning on this.

Q403 **Sarah Bool:** Thank you, Chair. You said that you are new to your role, a few weeks in. What is your vision for agriculture in the UK?

Emma Reynolds: That is a very good question. Thank you. The Batters review is critical. I absolutely want to see a more profitable farming sector. We want to ensure that agriculture is contributing to growth and supporting food security but also supporting our environmental



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objectives. I hope to be able to say something a little bit more formal about our vision in the coming weeks and months but that is broadly where I would be.

Q404 **Sarah Bool:** What do you mean when you say you hope to be able to say something more formal?

Emma Reynolds: We are going to do various things. We are going to have the Batters review and publish it. I have read your recent report on agriculture and found it very useful, so thank you for that. We will be setting out our roadmap next year. We are also going to be setting out a Land Use Framework. There will be a lot coming out of the Department on exactly the issue you raise, which is why I am hesitant to put too much detail around it now because some of this is still being decided and worked up in the Department.

Q405 **Sarah Bool:** To follow up on that in terms of that roadmap and Land Use Framework, you said next year. We have been waiting a long time for that. They are the things that set out the vision for that farming community. Some of our farmers are worried especially about the Land Use Framework because there is a tension there when looking at energy between food security and infrastructure. One of my farmers said that because energy is pushing ahead of food security, we will have warm homes but there will be no food in the fridge.

Emma Reynolds: I think there is enough land out there to do our renewables and to produce food. I know that there is a lot of talk about land for this and land for that but if you look at some of the figures—and maybe somebody can help me out on the exact figures—for example, even the most ambitious solar energy would take less than 1% of our land. It is something like 0.4%, I think.

I would reassure farmers that we are prioritising food production and meeting our environmental objectives at the same time and that some of the ELM grants are about the condition of the soil and biodiversity and those things are necessary to also produce food. I do not think we can always see these things in competition.

I hear what you are saying about renewables but here I am talking about environmental and food production objectives sitting side by side.

Sarah Bool: I think we will come on to food production in a little bit so I will not steal Charlie's thunder.

Emma Reynolds: I might give you a bit more colour on the timing because I think you were saying you had been promised this. I understand the frustration on that. Let me also say that I have 89 farms in my constituency and farmers are very good at telling me what they do and do not like so let me thank them.

I have not been to every farm but I have been to many of them and let me say that we expect to publish the Batters review before Christmas, the Land Use Framework early next year. We hope to publish the Environmental Improvement Plan publish this side of Christmas as well



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and the Farming Roadmap would be next year too. I hope that gives you a little bit more comfort.

David Hill: I have also found the figure, if it is helpful.

Emma Reynolds: That is helpful, rather than me pulling it out of my head.

David Hill: There are 8.7 million hectares of land in England defined as agricultural; 0.2% of land, which is 26,000 kilohectares, is covered with energy utilities. Half of that is solar. We estimate that on-farm solar may take up in total 100 kilohectares. As the Secretary of State said, while there is some land take, it is small relative to the overall proportion of agricultural land.

Q406 **Sarah Bool:** Yes. I said that I do not want to steal Charlie Dewhurst's thunder—he will be coming on with food production—but one point I will make about solar is that the issue probably also lies with the grid connections.

It is okay having the solar farms, but if you do not have the grid connections, they are useless. The Green Hill Solar Farm proposed in my constituency is to cover 3,500 acres; despite the fact it is not supposed to be using best and most versatile land, 66% of that site is best and most versatile. I will be raising that. It completely flies in the face of the policy here.

Again, I will not steal thunder but I know you use the word "excitement" a lot about this role. We are all very excited and passionate here but I would say I do not feel that excitement is what our farming community senses at the moment. You have had the changes to Agricultural Property Relief and Business Property Relief, the sudden closure of the Sustainable Farming Incentive, the capital grants changes on and off, the double cab pickup tax, the fertiliser tax, the employer national insurance tax, all on top of the second-worst harvest on record. Ahead of the Budget, what have you been advocating to the Chancellor in this area?

Emma Reynolds: I hear what you are saying, but I am not going to give a running commentary on my conversations with colleagues in Government. I am sorry, but we are one Government and I do meet with the Chancellor, I do meet with Treasury Ministers but I also meet with Ministers across Government. I did that this morning and I will continue to do that in this role. This is a big priority for me and Minister Angela Eagle, who is one of the most experienced Ministers in Government. We recognise that mistakes were made earlier this year but we are getting under the bonnet of what happened there and the Department has also learned lessons from it.

On the positive side, there is a lot more money going out the door now in our environmental land management schemes than there was in the previous Government. I do not want to be too overly political. I know the circumstances were different but I just want to say that on the positive side a lot of money is going out the door to farmers, which is good. We want to support them. About 50% of farmland is now being supported by



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various DEFRA programmes and I think we have something like 39,000 farms in the SFI.

Emily Miles: I could perhaps talk about lessons learned. Some things have gone well, so the Sustainable Farming Incentive now includes over 39,000 farmers. We spent the allocated budget. That is all making a difference to environmental outcomes.

Looking back on the closure that happened in March, there are some things we could have done better. The policy design of the scheme meant that it was open permanently and we had not capped how much people could apply for, so that put pressure on the budget. The closure of the scheme we did not give sufficient notice about; we learned lessons on that as we approached the Capital Grant Scheme. A particular error was made when closing the scheme about misinformation to those who had started but not submitted their cases, which we have worked to rectify. We have learned a lot.

The scheme design questions are now under consideration for SFI, which Ministers are now looking at for the future. The Capital Grant Scheme that we ran in the summer we decided to communicate when we had allocated 50% of that budget, which happened around 22 July, and then again we communicated when we reached 75%. That was a direct learning from the SFI experience. We also worked to rectify the situation with that cohort of applicants that had started and not submitted, so that we could consider those applications. We have now made offers to about 90% of them.

Sarah Bool: Thank you. It is good that you have learnt some lessons because it has been a pretty distressing year or more.

Q407 **Chair:** Can I just pick up on this? We have had the welcome news in the last few weeks that mid-tier Countryside Stewardship schemes would be extended for a year, but for an awful lot of people that is just too late. If, when you closed the SFI, that was the point at which people realised that their likely source of funding after the Countryside Stewardship scheme was also taken off the table, that was when they started looking at farming differently. Is it just a reflection of capacity in DEFRA that you keep coming to things later than you should?

Emma Reynolds: We absolutely need to get to things earlier and improve the communication. I know that what farmers want is predictability and certainty and an ability to plan. I can make an undertaking to the Committee that Minister Eagle and officials are focusing on that.

What I will say is the conversations that I had with the NFU and other stakeholders around the extension and the rolling over of the mid-tier Countryside Stewardship programme was very well received and it was absolutely the right thing to do. Yes, of course we could have done it earlier but the fact that we have done it has been very positively received.

Q408 **Chair:** To press you on this, "Yes, of course we could have done it



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earlier" is really the point here.

Emma Reynolds: Which I will take on board. I am trying to reassure you that we want to ensure that we have not only better design of the schemes but better communication because we know how important that is in terms of farmers' ability to plan for the future.

Q409 **Sarah Bool:** Just one more question from me, then, before I hand over to Terry Jermy. Some farmers receive less than 1% profit on their food; obviously, you and your predecessor have talked about the importance of profitability. What are you seeing? Where is your vision for how you can make farming more profitable?

Emma Reynolds: Can I come back on that? We have a body of work on that, and it is pretty comprehensive. Obviously, there are costs that we cannot help bear down on and there are food prices that are often not globally set but influenced by global prices. As you will know, beef is high at the moment but other products not so much.

I understand how hard farmers work and some of the constraints that they are operating under. You mentioned some of them. We cannot control the weather and it was a very dry spring and summer then a very wet few weeks. I was at the Bucks County Show about 10 days before I was appointed and we saw the extreme weather all in one day. The farmers were saying that it was no good it raining now because the ground is so dry that it is just running off. I understand some of the challenges they are up against but I will have a better response to that question once we have published the Batters review.

Q410 **Terry Jermy:** Thank you and congratulations on your appointment. I wanted to follow up the point specifically about SFI because I was quite struck in my own constituency by how few farmers were accessing that support and generally engaging with DEFRA over time with the different ELM schemes.

When will the revised scheme be announced? I heard you say that you have learnt lessons from previous schemes in the past. One of the key criticisms that I have heard repeatedly was the larger farms accessing significant portions of the funding and smaller farms very often missed out. Has that been taken on board with a revised scheme that will come forward at some point?

Emma Reynolds: We are taking all those things on board and we are at the stage now where Minister Eagle and I are looking at the design and we want to get that right. I know that there have been certain timetables sometimes communicated that have not been met. I would rather not put a timetable on it, but what I will say is that it is top of our inbox. I said that to Tom Bradshaw when I met him on the first day in my new role. I know how important it is to get the SFI right and as soon as we know when we are going to do it, we will communicate with the Committee but also communicate with the farming community.

Q411 **Terry Jermy:** One of the things that constantly worries me is the mental health challenges in rural communities, particularly farming. Sarah



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touched on some of the challenges that exist. Many of them we cannot control—weather and climate being a good example. There are policies though, SFI, ELM, where we do have a degree of control so I am pleased that we are focusing on getting the best that we possibly can with those different schemes.

Whatever the rights and wrongs of the Agricultural Property Relief proposals, they are having an impact on mental wellbeing of farmers. Have you considered what more the Department can do to help improve the mental wellbeing of the farming community?

Emily Miles: We very much appreciate the pressures that farmers are under and as Ms Bool said, some farms struggle with profitability. That is something we are very focused on. We are doing several things from the work on supply chain fairness, which this Committee has taken a very big interest in, to try to make sure that contracts are clearer and fairer right through to the kind of support that we are giving to something such as the Institute for Agriculture and Horticulture, which is looking at professional skills. We also spend quite a lot of money on advice. There is some quite specific money that we give through the Farmer Welfare Grant to support farmers both with emotional and business support. There are a number of things that we do.

Q412 **Terry Jermy:** Okay. I am pleased to hear that because I very much see DEFRA as being a friend of the farming community but they do not always see that at the moment. There are challenges around communications and accessibility so if that can be taken on board.

I am very passionate about hedgerows. We have some fantastic hedgerows in Norfolk, but there was a disproportionate amount of the previous SFI scheme that went towards hedgerows. When you are looking at the revision are you going to be looking at new ways of working, new targets around different environmental schemes? It has been delayed and I am assuming that is a positive because you want to get it right. How widely are you looking at the revision?

Emma Reynolds: Widely. It is basically bonnet up and getting into the guts of it.

Emily Miles: On hedgerows, for example, about 5% of the SFI spend is on hedgerows. That is with the resource budget. With the capital spend, so the planting of hedgerows, it is more like 17% so those are the proportions. For each of the actions that you get through the Sustainable Farming Incentive scheme we have a value for money assessment. One of the things that we are looking at is where has been our highest spend on the actions and where we get the best value for money.

For the last scheme, something like the 10 highest spend SFI actions related to 70% of that spend. The highest one was on herbal leys. That has quite a high value for money in terms of environmental outcomes. Winter bird food on arable and horticultural land, legume fallow and no use of insecticide on arable crops—all have good value for money assessments.



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For hedgerows, we consider it to be slightly lower value for money than some of the other work that we have done. We would want to assess whether that was done in the same proportion or with the same price point in the future scheme, but basically the Secretary of State looks at every single action, looking at their value for money, looking at what the payment rate should be to incentivise the right kind of take-up.

We do think that hedgerows make a significant difference to net zero, to pollinators, so we do think they are part of it but there are some other actions that are higher value for money in terms of environmental outcomes.

Terry Jermy: Okay. I am not anti-hedgerow.

Emily Miles: Nobody is.

Q413 **Terry Jermy:** But I am pleased that you have taken the opportunity to look at what has worked previously and what might work differently going forward because I think there are some missed opportunities.

The only other thing I wanted to ask was about the Fruit and Vegetable Aid Scheme because that closes at the end of December. It is something that I am lobbied about constantly in Norfolk and further afield. Are there conversations going on about the possibility to extend that? Scotland and Northern Ireland will be providing Government support in the future but England and Wales are not at the moment. That would put us at a disadvantage. Is that something you are alive to?

Emily Miles: It is one of the things that Minister Eagle has asked us. She has arrived at exactly the same question that you have been asking so we are looking at that now. I would just add though that the amount that we have been spending on it has reduced over time and the number of producer organisations that have received it is only a minority of the overall horticultural sector.

We would want to make sure that anything we did had value for money and I also need to make sure that we have sufficient funding for it so that is a conversation with Minister Eagle and we would have to take money off another budget line to put into that.

Chair: We are going to move on to some questions around food security and production.

Q414 **Charlie Dewhirst:** A starter for 10: how would you define food security in the UK, Secretary of State?

Emma Reynolds: Okay. It is a very good question. The first thing I would say is it is an important priority for the Government and there is a definition so I think I will give you one that has already been thought of. The World Food Summit definition is, "... when all people, at all times, have physical and economic access to sufficient, safe and nutritious food ... for an active and healthy life." As you will know, we do regular food security reports and they track five different measures or themes in food security that Emily could speak to but obviously for the Government it is a critical issue. The Department looks at food security regularly.



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Q415 **Charlie Dewhirst:** I know it is early days in the role but broadly, where possible, would you support bold targets for greater self-sufficiency in those sectors that might be able to achieve it in the UK?

Emily Miles: You will know from our food security report that we look at five different themes that are relevant to food security. One of them is the UK supply, which is crucial. Another is global food availability and then we also look at supply chain resilience, household food security and food safety and consumer confidence.

The expectation is that to have resilient food security for the nation we need to rely on both domestic production and international supply. The question of a target is a very interesting policy question. The risk that we would want to explore is the risk of having distorting effects through particular targets.

It is important that we monitor what is going on—so, for example, with vegetable and fruit you will know that we have gone down from 17% self-sufficiency a couple of years ago to 15% self-sufficiency. However, on some other things such as drinking milk and chicken it is more of an increasing factor. It is important that we are aware of what is going on. The question of a target has some significant policy consequences we need to be careful of.

Q416 **Charlie Dewhirst:** As a general point, we would support British production of food.

Emma Reynolds: Absolutely. Domestic food production is essential.

Q417 **Charlie Dewhirst:** As you already alluded to, that can only be achieved if your farms are profitable and you support profitability on farm. We are not going to get into the details today; we will await the report. Then that leads to the general point that greater profitability is unlikely to be achieved through higher taxation. As someone who was a Treasury Minister last year and who arguably could be said to be closer to those changes in APR and BPR than the previous Secretary of State, what was your assessment of those policy changes on farms and on those family businesses in the agricultural supply chain?

Emma Reynolds: I was a Treasury Minister leading on financial services. Thankfully I did not lead on tax more broadly. The Government are one Government. They are not a series of individuals. They are a collective and that is a collective decision of the Government. I know it is a decision in last year's Budget that was particularly tough. There were other tough decisions too but as the Chancellor set out these were necessary decisions to put the public finances on a more sustainable footing. I have not done my own individual assessment because that is not for me to do. This is a whole Government decision and it is a collective decision that was made across Government.

Q418 **Charlie Dewhirst:** Now you are DEFRA Secretary of State so you are representing the farming community out there. Do you have concerns that the greater tax burden is not going to allow you to achieve your aims on profitability and therefore higher food production and greater food



security?

Emma Reynolds: The tax changes are what they are and I am not responsible for taxation policy. But what I am responsible for is ensuring that we give farmers as much support as we possibly can to become more profitable and for the sector to grow. I will continue to work on the things that are in my control and the Treasury decides on the tax policy of this country, as you know.

Q419 **Charlie Dewhirst:** Would it be your aspiration that farmers could keep more of their own money rather than having to apply for public funds from DEFRA in this circular money go round? Would that not be a better system?

Emma Reynolds: There is an exciting read-across here from my previous job in Treasury, which is when I went to the Regional Investment Summit recently. I saw some of my previous stakeholders in some of the banks and some of the insurers as well. They are quite interested in some of the nature credit markets. I would love to be in a position where we could leverage in more private finance into farming and other aspects of agriculture.

Q420 **Charlie Dewhirst:** Ultimately, the people impacted here are often those medium and small family farms. They are not necessarily looking for private investment in that sense. They just want to be able to make a living and grow fantastic British food.

Emma Reynolds: Sure, and with biodiversity net gain there are I think some small farms that are benefiting from some of these credits as I understand it.

Emily Miles: Going back to the question of farm viability, DEFRA does do its assessments of farm viability. In fact, through the National Audit Office review on the value for money of the Farming and Countryside Programme last year, we published the DEFRA modelling that had been done on farm viability, which I know this Committee have asked me about before.

There are a number of factors that we are expecting to see over the next few years—not just the tax factor: reducing rents, increased diversification, the increased participation in the agri-environment schemes and then productivity improvements are all significant factors in farm viability. We will want to do a further viability assessment to target the SFI policy appropriately so we would expect to surface that information again as we come to the future SFI and of course we would have to factor in the tax implications to that.

Charlie Dewhirst: Thank you. I feel we are not going to necessarily agree on this today and we will come back to it when Baroness Batters's report is out on profitability on farm.

Q421 **Henry Tufnell:** Can I quickly build on Charlie Dewhirst's point for a second? Last time I think I asked you that question in respect of the National Audit Office; I think your language was that the market will act.



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The National Audit Office has identified that one third of farm businesses, particularly in those grazing and livestock farms, would need to have some significant productivity increases to remain viable. Is it still your view that the market will act in those instances?

Emily Miles: The NAO evidence is exactly the phrase that you said: there would need to be significant productivity improvements in the minority. I think it is about 8% of farms who are particularly exposed and need to make an improvement. Yes, our modelling still stands but there needs to be a significant effort there. It does then play into the questions of the scheme design for the Sustainable Farming Incentive and other efforts that we are doing on productivity and profitability.

Q422 **Henry Tufnell:** Henry Dimbleby in the National Food Strategy set out that grazing cattle is often less productive and more reliant on subsidies. You referenced the 8% but that is disproportionately going to impact those aspects of those farmers. Is it that you want to build on that environmental aspect in respect of that particular industry sector of farming?

Emily Miles: It is very much for the Minister to decide SFI policy, but a factor—

Q423 **Henry Tufnell:** You clearly have a view on it because of the way you set out your response in the last session that we had to this Committee.

Emily Miles: I think I am being consistent with what I said before. Basically, some farmers will need to make greater productivity improvements and we need to design our interventions to support them more to help them be viable.

Henry Tufnell: Thank you.

Charlie Dewhirst: I will draw my questioning to a close in the interests of time.

Chair: I have Jenny Riddell-Carpenter now and I see Tim Roca and Jayne Kirkham want to come in as well. Can we keep it very tight?

Q424 **Tim Roca:** My question is extremely brief, Chair. To clarify on viability, there was obviously the NAO information. Emily, are you saying that there will be new information on viability?

Emily Miles: We will run our modelling again.

Tim Roca: You will do your modelling again and then that will help your design of the revised SFI scheme. Thank you.

Q425 **Jenny Riddell-Carpenter:** Can we quickly touch on biodiversity net gain? I appreciate that the consultation has just closed and up to 90% of what would have been eligible may not be now. That would slow the market for investment, which I know in your previous statement would be a focus for where profitability could be coming from, from cross-subsidy. Do you have a comment on that?

Emma Reynolds: I do not recognise the figure.



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Emily Miles: The main thing as I understand it is that to get private sector investment into these nature outcomes it needs to be of sufficient scale. Farmers need to collaborate with each other or be in clusters. That is what we are seeing through the Landscape Recovery projects, for example, where farmers have been working together and we are looking at potential private investment coming in there. One of the things we are interested in is how to support farmers working in clusters to bring in that private finance.

Q426 **Jayne Kirkham:** Very quickly, profitability is the goal and Minette Batters's report will help with that, but in Europe they are going in a slightly different direction. We are getting rid of our basic payments. They are targeting theirs more to those smaller farmers and less to the bigger farmers. Because we are losing those basic payments will we look at some of our other ELM products and SFIs particularly, where quite a large percentage are being used on things such as hedgerows and herbal leys to look at food production and support in that way? We are moving in a very different direction to most other places.

Emily Miles: Again, it is a matter for Ministers to decide on the SFI policy but the actions that are funded are intended to make a difference to the environment, which is done alongside food production and it is also true that having pollinators and good soil health is essential to food production.

Q427 **Jayne Kirkham:** Of course. So a farming incentive but food production must be in that mix somewhere, mustn't it?

Emily Miles: Absolutely.

Emma Reynolds: I think it was a decision of the last Government when Labour were in Opposition that we supported that we would move away from basic payments.

Q428 **Chair:** Do you think that was a mistake?

Emma Reynolds: No.

Q429 **Chair:** You still do not see a role for basic payments?

Emma Reynolds: No.

Q430 **Chair:** The question that started all this was Sarah Bool's question. She asked what your vision for farming is and you told us what somebody else's vision was basically. I think this is the thing that concerns quite a lot of us and it is that we do not see an overarching vision.

Emily Miles spoke about targets having a distorting effect although you did not say exactly what it was that they were going to be distorting. Livestock numbers across the whole of the United Kingdom have fallen for the last 10-plus years. They continue to fall. That fall is accelerating. Is that Government policy? Is that an end you want to achieve either as a policy formulator, Emily, or as a Minister, Emma?

Emma Reynolds: We cannot control the whole market.

Chair: Well, if you support production you can, but you said you are not



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going to do that.

Emma Reynolds: As I said—

Chair: They are doing it in Europe. The next Common Agricultural Policy is going to have support for production and a basic payment in it.

Emma Reynolds: Yes, I understand that. The point that I was making was that the previous Government when we came out of the European Union decided that we would move away from basic payments. That is something that we agree with, however at the moment 50% of our farmland is supported by some form of the farming budget coming out of DEFRA. Equally—

Chair: But not for food production.

Emma Reynolds: Well, it is for food production and meeting environmental targets and as Emily Miles said those things go hand in hand. Unless you have good soil health, good pollination, good biodiversity, you are not going to get the food production. Those things go hand in hand. Equally, there is also a market out there. We are not as a Government attempting to control wholeheartedly because we cannot. We do not have a plan to—

Q431 **Chair:** So Emily are you content to see livestock numbers fall at the rate that they are falling?

Emily Miles: I feel that I do not want to answer that question directly.

Chair: I am sorry if you do not want to, but I think it is a question that a lot of livestock farmers want to hear you answer.

Emma Reynolds: With respect, that is not something that is entirely within the Government's control.

Q432 **Chair:** It is not entirely, but there are things that you could do. Things that are done in other jurisdictions within the United Kingdom—the Scottish Suckler Beef Support Scheme, for example—you do not do. Are you content just to let that drift or do you have a vision that says, "Here is what we want to achieve"? Because if you do not produce your own meat then unless you suppress the demand, it will be imported.

Emily Miles: There is also a question about the demand for meat, which is changing anyway.

Q433 **Chair:** What is happening now with red meat?

Emily Miles: Demand for red meat is falling but is going up for poultry.

Q434 **Chair:** Do you think it is still falling? It is not showing an uptick at the moment?

Emily Miles: Beef is at an all-time high so there is demand there but in the diet of the UK overall, less red meat is consumed than it was 10 years ago and more white meat is consumed.

Q435 **Chair:** Are you happy then that that beef is imported from places such as



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Uruguay?

Emily Miles: British beef is a good thing and we need to support it. It is environmentally sustainable and it is contributing to British growth so that is important.

On the question of how planned that food production is in this country, the Governments over the years have had an instinct towards letting farmers make choices and the market make choices. The question about where we intervene is therefore in paying for environmental services and then some of the work to support profitability and productivity, whether it is about skills or about technology adoption—some of the work that we do through the Farming Equipment and Technology Fund, for example. There are things that we do to affect what farmers are doing but it is not a centrally planned approach.

Q436 **Chair:** Will we get an answer to this when we get the Farming Roadmap?

Emily Miles: It is for the Minister to decide, but I think there is something about our approach to domestic production that we can do more on.

Q437 **Chair:** So when we get the Farming Roadmap we will know at least if we are going to arrest the decline, increase numbers, the general direction of travel?

Emily Miles: I would be surprised if we ended up talking about livestock numbers in the Farming Roadmap. I think what does need to be set out is what—

Q438 **Chair:** Why would that surprise you?

Emily Miles: Just because where Ministers have been over the last few years. That has not been a typical view from DEFRA.

Chair: Right. I think I have taken enough time up on this. We are going to move on to the circular economy and APR and Henry Tufnell.

Q439 **Henry Tufnell:** Building on what you said earlier to the Committee in terms of it being a high priority, how will you continue this focus and when can we expect the consultation on the Circular Economy Strategy to be published?

Emma Reynolds: I want to compliment my Minister, Mary Creagh, for grasping this so energetically. As you know, within six months of being in Government we passed legislation to introduce packaging Extended Producer Responsibility, the deposit return scheme and simpler recycling. We have already done a lot. We are now implementing those policies.

In terms of timeframe, we are looking at the new year for a circular economy growth plan. The recycling businesses have said that they welcome the regulatory certainty that we have driven since we have been in power and that they think that over the next decade this will underpin £10 billion of investment in new UK recycling capacity and create 25,000 jobs so that is a big growth opportunity and increasing recycling rates as well, which is good for the environment.



Q440 Henry Tufnell: On the recycling point in terms of the recycling closures across the country, and I think we have had the lack of incentives in terms of favouring waste exports, how do you view your role in terms of reversing that trend? In Peterborough, Tyne and Wear, Kent, Avonmouth and elsewhere they have been closing recycling centres.

Emma Reynolds: As I said the conversations that I have had with this industry and that Minister Mary Creagh is having are that the regulatory certainty is going to allow them to invest more. I do not know the particular circumstances of the sites that you are talking about but having introduced legislation that we are now bringing into force, we issued invoices under the EPR, the packaging Extended Producer Responsibility legislation in the last few weeks, and we are already getting money coming in on that. These are exciting opportunities to have a more circular economy and there are growth opportunities there that we should all welcome.

Q441 Henry Tufnell: I think your predecessor quoted a figure of £16 billion in terms of contribution to the economy from developing that circular approach. Do you recognise the fantastic opportunity that figure presents?

Emma Reynolds: I can come back to you on the particular statistic, but the statistic I have here is from the recycling industry itself. There will be other broader benefits as well.

Q442 Henry Tufnell: The Committee has received correspondence recently on the Extended Producer Responsibility raising concerns particularly around the disproportionate cost burden on heavier materials. How do you respond to those concerns?

David Hill: I think the glass industry has raised these concerns. We have tested it with the waste collection industry the fees charged and we believe the fees charged in respect of glass are a fair reflection of the costs of both collecting and processing the materials. We have also looked for, and we cannot in truth see it, evidence of widespread switching away from glass due to the Extended Producer Responsibility reforms.

In general, the reforms are about incentivising a shift towards reuse and refill and that ought to offer some opportunities for glass over time. I would say that as we get further into the reforms and introduce modulated fees, which we are not doing right now but will move towards, that ought to offer some opportunities for recycled glass in particular. We are very much aware of the concerns raised and have had quite extensive dialogue with the industry but that is our assessment at the present time.

Q443 Henry Tufnell: Can I just quickly ask about the plastic packaging tax—your views on that and whether it has an impact on recycling centres? Sorry, I am jumping around a little bit but in terms of that being relevant to the recycling centre point and the closures. Do you have a view on that?



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David Hill: I would probably need to take away and come back to you with a more substantive response on the direct question of whether there is a relationship between the plastic packaging tax and those decisions. However, the introduction of a packaging EPR does create an income stream of around £1.4 billion to invest in local recycling services. We are not dictating to local authorities exactly how they provide those services but it is an important feature of the reforms that it creates the funding to improve local recycling services. I was not aware of the specific examples you quoted but the reforms are designed to further underpin the recycling system.

Q444 **Josh Newbury:** I wanted to come back particularly on the hospitality industry, which we receive a huge number of complaints from. We had a debate on this in Westminster Hall not too long ago and the Minister, who I agree does fantastic work on this and is embedded in the detail, committed to looking at if there was anything more we could do. Although there may not be widespread switching, a disproportionate amount of switching going on in hospitality at the moment and it is another cost on top of other additional costs that we have seen on hospitality specifically in the last five or six years.

My worry is that not only are we going to be switching away from more sustainable packaging, but David also mentioned reuse and refilling—I am sure you can understand that in the food service sector, there is particular concern around that from a food safety perspective. That could end up not saving businesses very much money if they have to contend with all of that.

I agree that we should look at doing it. We will have conversations about how 60 years ago we used to have it embedded in the supply chain and it all worked brilliantly. We might want to get back to that, but that is not the world we are living in today. What are you doing to make sure that you are rapidly addressing those concerns about additional costs in hospitality and also, if there are alternatives, that regulations are eased to allow that to happen?

David Hill: Emily might want to come in on the issues you raise around the food industry, given her previous role as chief executive at the FSA. We are aware of the specific concerns being raised by the hospitality industry, and I know the commitments the Minister gave, so that might be something we can bring back and write to the Committee with a fuller account, both of our engagement with the industry and the steps we think we may be able to take, if that would be helpful.

Emily Miles: More generally, we do engage with the hospitality industry on a regular basis in relation to food. UKHospitality sits on what is called our F4—the food stakeholders meeting that Minister Eagle has regularly—and we are conscious that there is a gap on the Food Strategy Advisory Board and are thinking about how to fill that gap from the hospitality industry.

Q445 **Sarah Bool:** To back up that same point, we know that pubs particularly are crucial to rural communities—they are often the only source of



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contact some people have—but they have said that they already have to pay commercial waste contractors to handle their waste and recycling, and then are being charged again under the EPR scheme for the same materials, particularly on glass.

As someone with 95 pubs in her constituency, this is something I really want to put on the record. I welcome any response that we have on that, thank you.

David Hill: I am very much aware of that specific issue.

Chair: We are going to move on now to the questions around the SPS agreement in the EU. Tim is going to lead us on this.

Tim Roca: Thank you, Chair, and belated congratulations on your appointment, Minister.

Emma Reynolds: Thank you.

Q446 **Tim Roca:** SPS is generally positive and potentially has massive positive implications for the economy. We do need to say that out loud sometimes, because this is a great achievement. It is timely that we are talking about this today, as the EU working group on the UK—or the European Council working group—is meeting as we speak to confirm their negotiating mandate, I think.

The Government said it hopes SPS will be operational by 2027, which is ambitious. I would be interested to know how ambitious you think that is—I wonder if that is a stretch. What work are you doing to prepare farmers and agribusinesses for SPS?

Emma Reynolds: Thank you very much for the question. Let me make some broader points, and then I will turn to Emily. Obviously, the EU reset as a whole is a cross-Governmental effort. I am a member of the Cabinet Sub-Committee, the Europe Committee. As I said in my opening for the Department, it is a big priority because SPS is obviously a huge area where it is not only DEFRA, but it is the FSA as well. We are working very closely with my colleague, Nick Thomas-Symonds in the Cabinet Office, and we understand that on the European side, they will have a negotiating mandate soon.

We are ready to get going on the negotiations and are feeling positive about it. The big prize is reducing the friction on the border that Brexit has created. I have small businesses in my own constituency who used to either import—or still do import but with all the paperwork and the burden that goes with that—or that used to export, and some have given up exporting. Big businesses have had to deal with more too, but the smaller businesses are where it really is more problematic.

Europe is our largest trading partner. I do not have the stats to hand, unfortunately; it changes. Maybe Emily wants to say something more about the detail.

Emily Miles: The EU takes 57% of our food exports.

Emma Reynolds: That is the stat that I was looking for, thank you.



Emily Miles: The main work to be ready for an EU reset is thought of in three phases: negotiations, legislation and implementation. We hope that negotiations are going to start in earnest very soon—obviously, we have the common understanding that is framing all of that. The legislation is a significant amount of work to do—statutory instruments and then some primary legislation that the Cabinet Office lead—to align our rules with a number of different EU regimes.

The implementation bit is partly changing what regulators do—inspectors at the border, local authorities, what DEFRA itself does—and then some stuff about databases and systems, accessing EU databases and systems. In terms of trader readiness and farmer readiness, if you think of the set of regimes that we are going to be looking for alignment across—which will include sanitary and phytosanitary standards; food safety; consumer protection rules in relation to agrifood products; regulation of live animals; pesticides; food labelling—if you think of that extent, that affects a large number of different businesses, particularly importers and exporters: the ones who are having to fill out export health certificates to get product to the EU and the EU importers who are having to do the same to get to us.

There is a particular set of work with them. From that list, you can tell that some of those things—pesticides and organics for instance—will affect farmers so we will need to be working with farmers on that over time. Until the negotiations are concluded, we cannot know for certain when and how much alignment will be required. That is the subject of a negotiation. We have already started talking to trade bodies about the work and it is raised regularly, for example, in that F4 meeting that I described earlier, and we are doing deep-dives on particular regimes.

We would want to be communicating significantly about the expected changes as soon as we can.

Q447 **Tim Roca:** You do not own the negotiations, which are led by Nick Thomas-Symonds are they not? I know that there are rumours out of Brussels that there are internal divisions in the debate around the mandate for the negotiations on the EU side, and some talk about it going beyond what was in the common understanding. I know that you cannot comment on that now, but what assessment have you made, as a Department, as to how far actively and passively we have already diverged from EU?

Emily Miles: In some areas, we are very alive to divergence, particularly in relation to Northern Ireland, where we have been responsible for implementing parts of the Windsor framework. We follow that very closely. There are other areas where we are doing our assessment at the moment—some things we know for sure we have diverged significantly, for example, on animal health where the EU has done a huge refresh of their own animal health regulations, which is a very foundational bit of the SPS system. That has happened within the last five years since we left the EU. In fact, EU businesses were given three to five years to implement those changes, so we know it is a substantial change.



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We know that on pesticides, the EU has banned some things that we have not banned. We are alive to that. We are doing some detailed assessments at the moment; on some, it has been more passive. I know you saw the Food Standards Agency recently. Some of their market authorisations have aligned and some have not. So, there is a significant amount to do and we are doing that assessment now. That will play into the policy changes that we will need to make through the statutory instruments, and then traders and businesses will need to make adjustments.

Q448 **Tim Roca:** Will you publish the assessments so that producers and businesses know how big the divergence is?

Emily Miles: I do not know if we will publish the assessments, but we will need to publish very clear information and guidance for businesses about what needs to be different and what will happen, as long as we can get as much clarity as we can from the negotiations.

Q449 **Tim Roca:** What are you doing to build capacity in DEFRA, FSS, FSA? How many civil servants in the Department are assigned to supporting the negotiations and preparing to implement the agreement? If you do not have the figures with you, perhaps you could send them to us.

Emily Miles: We have done a significant amount of redirecting of staff on to this priority. As the Secretary of State said, it is a huge priority for her and for the Prime Minister. Since the common understanding was agreed, we have been building a programme team and have been diverting and pivoting subject matter experts onto this work.

I have a programme team of over 100 people thinking about the implementation, the databases, the practical co-ordination. There are probably a further couple of hundred people around the Department doing some of the policy thinking. We need to put more people onto that, so we are working to try to get some additional resource.

Q450 **Tim Roca:** Does that programme team support the negotiations as well as the implementation?

Emily Miles: There is a negotiations team as well—there are a significant number of people who co-ordinate negotiations, but it is a like a hub and spoke model. Some people are engaging with the Cabinet Office in the hub. The spokes are all the subject matter experts—if you are an animal health expert, you are advising the negotiations team on the negotiation; you are advising the business readiness people about what we should be saying to businesses; you are advising on what regulators should be doing differently in terms of checks.

Q451 **Tim Roca:** That is helpful. You will have seen that in our previous sessions we have been looking particularly at dynamic alignment, and the exemption that we are requesting around precision breeding. Food Standards Scotland gave us an example—colleagues, correct me if I get this wrong, because it was a bit of a tongue twister at the time—Geoff Ogle from FSS told us that if a precision-bred tomato is produced in England, it can be sold in Scotland. If it is used to make a lasagne in



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England, the lasagne can be sold in Scotland. If a producer in Scotland bought a precision-bred tomato, they could not sell it in Scotland, but if they turned it into a lasagne, they could sell it in England but not in Scotland.

There is a lot going on here. What discussions are you having with devolved Administrations and others to resolve what is quite a lot of regulatory divergence within the UK's internal market?

Emily Miles: A lot of conversation is going on with the precision-bred regime we have been bringing statutory instruments forward to implement it. The question about how it plays into the negotiations is for the negotiation. Obviously, the UK has expressed an interest in an exemption—that is for the negotiation so I cannot comment on that further. The devolved aspects are complex. England took a different approach to Scotland and Wales. Pre-Brexit, it would have been a single approach across the four nations because of alignment with the EU.

Q452 **Tim Roca:** How is liaison with the devolved Administrations on SPS going? How is it managed?

Emily Miles: We have a well-used mechanism for officials to come together and talk regularly on any devolved matter where we are looking at changes. For example, if a devolved nation wants to make a change to the food label, there is an official level meeting where that gets discussed. Precision breeding uses the same mechanism across the whole of food and animal health—we use those common frameworks to consider the policy direction across GB and Northern Ireland.

Take the fortification of flour, for instance. There has been much effort across the devolved nations to take an aligned approach. It can sometimes vary by topic. Devolved nations can take different views, as they have done with precision breeding.

Q453 **Tim Roca:** We heard here that when talks and negotiations intensify, devolved Administrations have felt that they were left out in the past. Are you making sure that you do have the structures in place so that even when negotiations become dynamic—as they do—the devolved Administrations are plugged in?

Emily Miles: That is absolutely right. Given that animal health and food are devolved matters, we do not have competence in those things. We do have competences in the trade negotiations, and we often raise the topic of how we engage with our devolved counterparts with the Cabinet Office. The statutory instruments that I described will require changes to be made in Welsh, Scottish and Northern Irish law. It is work for all of us, which means that we are going to have to co-ordinate very closely on it.

Q454 **Tim Roca:** In the meantime, are we planning to stop any further divergence?

Emily Miles: We have paused some things. For example, if the border has a target operating model—which I am sure we will come on to later—we had been expecting to impose additional checks on medium-risk plant products. It was due in July. We decided not to do it because of the



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common understanding that was created in the expectation that we are now moving towards more alignment. Obviously, we are still doing checks at the border that we would not lift until we did align, but we have decided not to go ahead with any additional increase in checks.

Q455 Tim Roca: Broadly speaking then, you would prefer there not to be any further divergence during the period of the negotiations?

Emma Reynolds: Ideally, we would not have too much, because it would just add to the load. Obviously, we are developing our guidance—it is not just regulation and legislation—and the EU is doing the same. We have had this discussion since Brexit. It is moving on both sides.

Emily Miles: It will depend a bit on the exceptions and that is a matter for the negotiation.

Q456 Charlie Dewhirst: Secretary of State, just very quickly on precision breeding while we are discussing it—and leaving aside the practicalities of future negotiations with the EU and so on—are you generally inclined to support the progression of precision breeding from plants into livestock, and the potential benefits we might have with emissions, productivity, disease, and so on?

Emma Reynolds: That is quite a detailed question.

Emily Miles: There is a huge opportunity in the agri-tech space.

Emma Reynolds: Agri-tech is an interesting area, and if we do want to boost profitability, we want to be at the forefront, but I have not thought about the issue you have raised in any detail.

Q457 Chair: Maybe you can follow up in correspondence. If we get an SPS agreement, Secretary of State, it is going to be a massive piece of work to implement it. Who is going to do it, given what you were telling us earlier about the reduction of numbers in the Department?

Emma Reynolds: It would be a cross-Governmental effort, and a lot of the work will have to be done in my Department. We are having conversations about how we do that across Government.

Chair: Moving on to the response received on Friday in our report on biosecurity at the border. Josh Newbury will lead for us on this.

Q458 Josh Newbury: I am fairly encouraged by the Government's response to our report on illegal meat imports, but we do seem to find ourselves in a chicken and egg situation when it comes to the upcoming SPS agreement with the EU. On a number of fronts, whether it is our call for a strategic approach to reducing demand for illegal meat, a permanent policy on personal imports, or the need for new legislation to give powers over stop, search and seize to port health authorities, the Government's response has essentially been that we need to wait and see what the outcome of those negotiations with the EU is, and what agreement we get.

As a Committee, we would push back on that because the common understanding with the EU states very clearly that the United Kingdom



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should be able to take targeted action to protect its biosecurity. Why can we not discuss or take any of those measures in advance of an agreement being implemented?

Emma Reynolds: Thank you for the report that you laid on this, and for shining a light on this. I know you did a visit to Dover. Emily has more detail on this.

Emily Miles: Thank you for the report and also for your visit, which has influenced our thinking. It is not always the case that EU SPS agreement means that we do not want to do certain things that you have recommended. For example, Border Force and port health authorities have powers, and we think that is appropriate. We also think that there are quite serious sanctions that can be used against people and businesses who have been behaving badly and that do need to be used.

The key thing is supporting Dover to do the work that they are doing, intercepting illegal meat coming in. As you know, we have given £3 million to the Dover Port Health Authority this year. I am looking at whether we can increase that for next year and we are in discussions about that. We think that is essential work.

There is also work being done behind the border. The Food Standards Agency's National Food Crime Unit has been collecting intelligence, and sharing it with the EU, on vehicles that have regularly breached EU trade rules, and the Food Standards Agency co-ordinates the local inbound local authority operations, so there is work beyond the border and that is where we want to focus our efforts for the time being.

Q459 **Josh Newbury:** So there is nothing in the potential negotiations that could stop us advancing this? Or do you think there are some areas that would?

Emily Miles: We have said in our response to you that there is one area, personal imports, where we are not ready to do a permanent policy. We have a temporary arrangement under a particular legislative provision at present. That is still in place, but because of the SPS negotiation, we have said that we are not looking to have a permanent change there.

Q460 **Josh Newbury:** Do you understand that that is a point of vulnerability for our country at the moment? We have heard negotiations could take at least a year and are concerned about that, given how vulnerable we could be to an outbreak of foot and mouth disease, African swine fever or many other threats, that could do tens of billions of pounds of damage to our livestock sector. Do you think it is good enough that we are saying we are going to kick that can down the road for another year?

Emily Miles: We have not changed the current arrangement that personal imports are banned. All that has happened is, that has happened under a piece of law allowing us to do that on a temporary basis. We still have the ban in place; it has not been lifted. It is just that we have said we are not inclined to move towards a permanent ban. We completely agree that there is risk to the meat industry from those



imports, which is why the ban was put in place in the first place, and in particular there are concerns about foot and mouth disease.

- Q461 **Josh Newbury:** Our concern is that clearly the regime at the moment—whether it is temporary or permanent—is not working very well. A great quantity of meat is still making its way into the country, and we are not able to do the extent of checks that we would like. Will that be looked at through the negotiations and beyond? That is the crux of our concern.

Emily Miles: Yes. Along with the direct financial support we are giving to this completely novel arrangement with Dover Port Health Authority and Border Force so that they can do their own checks, and as part of the negotiation, the deal is that if we lift checks, we get access to EU systems and databases so that we have more insight into the intelligence that the EU has about what is going on. That is part of the arrangement.

Something that reassures me to some extent is that Germany took very swift measures after their foot and mouth disease outbreak in January and immediately had a control zone, stopping products moving, and so on. Action taken in-country within the EU is very important. It meant that the moment Germany declared itself an FMD country, official vets in Germany could not sign an export health certificate to export a meat product to the UK. Controls do not happen just at the border but in-country as well.

- Q462 **Josh Newbury:** Absolutely, but our concern was that we were not automatically stopping imports from Germany for a number of days after. We were lucky in the sense that it was a country such as Germany that has very stringent controls and has a well-resourced biosecurity infrastructure. If the outbreak had happened in a country that did not have that, we would have been leaving ourselves vulnerable.

In the interests of time, I would like to move on to touch on another thing we pressed you on, which was the information that the public has about personal import rules—temporary as they may be. As a Committee, we have spoken a lot about the information—or lack of—that we have spotted at ports of entry, and we have become the sort of people who tut at the lack of a poster when you get to the “anything to declare” point of a port.

There is a serious point here. You have said that the Government is not going to mandate travel operators to inform passengers about personal import rules from the EU into Great Britain or develop any kind of online tool—which was another recommendation of ours. Again, you cited the SPS negotiations as a reason for that. Given that animal diseases are an immediate threat and have led to transport bans affecting farmers right now, why are you reluctant to do more on proactive communication now?

Emily Miles: We ruled out one data tool, not because of the SPS agreement but because we had done some consumer research and focus groups and that said that it was not going to be the thing that made the difference. We do a quarterly attitude tracker survey. In August 2025, 90% of those who had travelled to the EU since April were aware of the



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rules, so we had a strong sense of penetration there. International transport operators are required to draw attention to rules for personal imports to customers, and we know that ABTA has promoted the current ban to its members.

We know that, for instance, EasyJet, Eurotunnel, Eurostar and P&O Ferries have information on their websites about it, and we know that Eurotunnel and Eurostar email travellers ahead of their travel to tell them about the ban. We know that there is some promotion happening. We are pleased that at least 90% of those who have travelled to the EU since April 2025 were aware of the rules.

- Q463 **Josh Newbury:** Do you think that some of those requirements are a little loose? You can have information on a website, but it could be buried somewhere where nobody will find it. You can have posters, but they may be A4-sized and nobody coming in actually spots. Our concern is that there is a greater role for the Government in a wider public awareness campaign around this, given the threats and possible impacts this could have.

Emily Miles: We will take what you say away. There is probably always more that we can do.

- Q464 **Josh Newbury:** Is there anything in the common understanding that would prevent us from requiring ports of entry to give greater education—because it really is about education—about the risks, not just the rules?

Emily Miles: I do not think so.

Emma Reynolds: You mentioned how sophisticated Germany is. If we have a successful SPS agreement, as part of it we would then have access to the EU system that we lost. I would suggest that would bring benefits rather than the opposite.

- Q465 **Josh Newbury:** This is a question for the Secretary of State. We welcome the commitment and response to rebuild the relationship between DEFRA and the Dover Port Health Authority. This is something that we were concerned about and discussed at length with Baroness Hayman. She said that she is the type of person who likes to knock heads together—metaphorically speaking—get down to the issues that might be there and fix the relationship. She committed that she would be visiting the port of Dover soon. We are a number of months on from that now and we understand that that has still not happened, and that no ministerial representative has recently visited the short strait.

Could you commit to that being rectified, whether by you or Baroness Hayman? If so, when do you think that might happen?

Emma Reynolds: Let me have a discussion with Baroness Hayman about that and come back to the Committee.

- Q466 **Jayne Kirkham:** Going back to the personal imports point, Alistair had a quote that went everywhere that said, "We are just one ham sandwich away from disaster". You can buy ham sandwiches in the Eurostar



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terminals and when we came through, we did not see any posters. It really did not feel like people did know when they were coming into the UK. You were saying that 90-95% of people did know when they were going out, but that is not what it felt like. On the ground, could we do more at terminals and ports to advertise it brutally?

Emily Miles: Let us take it away and see if there is anymore that we can do.

Q467 **Chair:** Before we move on, Emma, you have not yet been to Dover port?

Emma Reynolds: I have not, no.

Q468 **Chair:** Emily, have you?

Emily Miles: No. It is very much on my list, and I am feeling badly that I have not yet.

Chair: In the nicest way possible, I think you should.

Emily Miles: I agree. I have—it is not Dover, but I have been to other ports.

Chair: Honestly, the fact that the Committee went and saw it for themselves—we saw the conditions these people are working in and it was genuinely shocking. We are now waiting on months since we published the report and again, in much the same way as I feel there is a lack of vision in some of the policy aspects, I am seeing a lack of urgency in relation to this.

Emma Reynolds: Let us take this away and come back to you and tell you when that is going to happen.

Chair: We can also give you good directions, because our Committee Clerk got us to Dover itself.

Moving on to Fisheries—Jayne, you are going to lead for us.

Q469 **Jayne Kirkham:** I am from Cornwall, so very interested in fishing. I wanted to talk a bit more about the fisheries fund, but will start by saying, just generally, that a lot of fishers, in Cornwall particularly and across the country, are quite disappointed with recent policies that are affecting them, particularly the outcome of the EU trade agreement. What steps are you taking to build trust and a relationship with the fishing sector?

Emma Reynolds: Angela Eagle is leading the work on this, but I have also met with Mike Cohen from the National Federation of Fishermen's Organisations. The fishing coastal growth fund is at the top of the Committee's discussions and we are still working on the details of how that works. We are looking at the Pride in Place MHCLG fund, and how we can make sure that it is done with local consultation and is locally led. I know that Minister Eagle talked about this recently on the floor at the House. We are still working on the details of how it will work, but it will help some of these communities.

Q470 **Jayne Kirkham:** I was there when she made the statement, and it was



very helpful. She talked about the coastal growth fund, building resilience, helping to modernise the fishing industry through high-tech, access to training and entry into the industry. She was saying that it would be focused on the fishing industry and that was helpful.

Do you have any idea how the fund will be targeted? We have had some very good ideas from down in Cornwall where we did not get any Pride in Place funding, so this will be very important. For example, the Young Fishermen's Network had some good ideas about apprenticeship. The Cornish Fish Producers' Organisation also had some ideas looking at port modernisation and other factors. Will these things be in the fund, and will we be able to front-load the fund so that some of those structural things can be committed to right at the start of the fund?

Emma Reynolds: We want to look at new technology and equipment to modernise fleets. We want to look at training and skills. We also want to look at promoting and supporting the seafood sector, which obviously will benefit from any agreement we get on SPS because at the moment it is either very difficult or, frankly, in some cases, impossible to export seafood to the EU. David, do you want to say anymore?

David Hill: You have covered the main points, but I would add that in designing the fund, we do want to work with the industry and the sector, to draw in those ideas. That is the kind of phase we are going through now. All the things you identified are still very much on the table, but we want to make sure that as we bring the fund forward, it does respond to what we are hearing from the industry about the things that make the most difference in fishing communities.

Q471 **Jayne Kirkham:** Just a little bit of reassurance for the industry that that fund will be ringfenced for those fishing and coastal communities—it will not be diluted?

David Hill: It will absolutely be a ringfenced fund, yes.

Q472 **Jayne Kirkham:** A question about marine protected areas. There has been some good news about fishing in those areas, but considering that the sector is very concerned about that, will you be looking closely and taking socio-economic factors into account when looking at MPA management in the future, because it will impact those fishers a lot?

Emma Reynolds: Sure. We have just finished a consultation on extending restrictions within 42 English MPAs, marine protected areas. We are doing that in a careful way that follows the science. David, do you want to say something?

David Hill: Yes, it is a science led approach. Typically, we would introduce management measures where the science would suggest that they are needed to prevent harm to those habitats. In taking forward the programme, the reason we consult widely is precisely to make sure we have a fully evidenced view of the wider impacts as well.

Jayne Kirkham: Sometimes that science is a little bit out of date, so it is worth considering that.



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David Hill: Yes. We invest heavily in our science capabilities to make sure that we have the best available and most up to date science as well.

Q473 **Charlie Dewhirst:** I will not need to persuade the Fisheries Minister on the importance of shellfish to Bridlington, given that is where she is from. But can I make sure that when this fund is designed and implemented all sectors within the fishing industry will be able to access it equally so that it is not just offshore and that inshore, shell fish and so on will be able to access it?

Emma Reynolds: It will be broad, and we are looking across the piece at how we can best leverage this money to help those communities.

Q474 **Chair:** I take you back to the standing of the Government with the industry at the moment. The Scottish Fishermen's Federation invited your predecessor to a Scottish fishing port several times and he did not get to one in the time that he was in the job. I do not know if he got to any fishing port.

Jayne Kirkham: He did.

Q475 **Chair:** Of course, he got to you. Would you make the commitment to take up the SFF on their invitation to spend time at a Scottish fishing port?

Emma Reynolds indicated assent.

Q476 **Chair:** One of the things that you will hear about when you get there is the enormous concern around spatial squeeze. You have spoken about marine protected areas, which close down a section of water. You talk then about putting sea aside for the development of offshore wind, for example, when you have tidal stream—that takes another chunk. You then have all the areas that are already not available because they are laying cables or have laid pipelines there.

The people who always lose out because of these changes are the fishermen. What are you going to do to ensure that the Department holds the pain and makes sure that these competing demands are managed better?

Emma Reynolds: That is a very good question. David, do you want to come in on that?

David Hill: I can say a little bit about the work. These are important trade-offs and choices, as you say, Chair. The work that we are doing around the marine spatial prioritisation programme is about doing, I hope, what you have just described, which is drawing together in one place all the available data and evidence.

Chair: I do not think that many fishermen feel that that is working at the moment.

David Hill: We want to use that programme to build the evidence base for the kind of engagement we need to have with the industry about these choices in the future. It is intended to help us have a better-evidenced view of the demands of the marine environment, the demands



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for offshore wind and other uses of the sea and make sure those are considered alongside our most productive and important fisheries. It is an important part of the evidence base to support the kind of work we would want to do with the sector in the future when some of these choices have to be made.

Q477 **Chair:** Why is it so difficult?

David Hill: It is difficult because—sorry, do you mean why are the choices difficult?

Chair: Yes.

David Hill: It is difficult because the spatial squeeze is a genuine problem. There are multiple competing pressures on our seas, and one of the things we are trying to do is reconcile them in the most evidence-based way possible, working closely with partners such as the Crown Estate and others. It is difficult because it is intrinsically a challenging, competing pressure on the sea space.

Q478 **Chair:** Emma, does your Department have a problem communicating with important stakeholders, be it farmers, fishermen, whoever—fishing in particular?

Emma Reynolds: Minister Eagle is leading this work, and she has met with a number of the organisations. I do not think that we have a specific problem.

Q479 **Chair:** We spoke earlier about the design of the Fisheries and Coastal Growth Fund. You have not spoken to the industry across the UK about whether or not it would be devolved. That is not textbook communication, is it?

David Hill: We are engaging with the industry on the design of the fund—the detailed design to pick up, for example, the points Ms Kirkham—

Q480 **Chair:** Yes, but going upstream, to the point where you decided how the fund would be administered across the UK; if I understood you earlier, you told me that you had not spoken to the industry about that.

David Hill: I said I was not aware of what detailed conversations in the fisheries team had happened—which I confess do not sit under me in the Department. I will check that point for you.

Emma Reynolds: We can come back to you.

David Hill: As we get into the kinds of activities that the fund will support, whether that is skills or infrastructure, we absolutely will have a dialogue and engage with the industry in all parts of the UK about that.

Q481 **Chair:** Ahead of the year-end talks about the pressure species—cod in the North Sea, mackerel—how is the engagement going there?

David Hill: Sorry, Chair, I did not quite catch—

Chair: In relation to the year-end talks, how is the engagement with our industry—or your Department—going in relation to those species that are



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going to be particularly difficult? Cod and mackerel are the ones in my mind.

David Hill: We have had the scientific recommendations from ICES. There is a negotiation with our counterparts in other north Atlantic states. Based on previous experience, we have had a regular dialogue with the industry about the implications of the science. I would have to check directly with the fisheries team about what direct conversations they are having, which I am happy to do. Clearly, as part of those talks, we would want to give the industry as much certainty as possible, as early as possible, about any decisions that will be made in the negotiations.

Q482 **Chair:** It is quite exceptional to see ICES advice that has so many assumptions that are just not evidenced, is it not?

David Hill: I do not feel I can be drawn on the ICES advice, but we obviously will take that as an input. We make judgments in the negotiations taking the ICES advice as an input. We have our own specialist scientific capabilities as well. I do not want to pass judgment on the ICES advice here.

Q483 **Chair:** Finally then, on the question of North Sea cod, is it accepted by the Department that effectively you have two sub-stocks there? You have a south North Sea cod and a north North Sea cod?

David Hill: Again, I fear I am not sufficiently expert on the details of the fisheries negotiations, but I would be happy to respond to that in writing, if I may.

Chair: We would be interested to know that as a matter of some urgency—

David Hill: Yes.

Chair: Because it is very much a live negotiation with our neighbours and partners. Unless anybody else wants to come in on fishing, we will move on to reforming the water sector.

Q484 **Helena Dollimore:** Secretary of State, I want to ask you about the Government's work to clean up the water industry and I want to start with a major incident that has been unfolding over the weekend in my constituency. Last week I became aware of reports that small, black plastic beads were washing up on our beaches, particularly prevalent at Camber Sands, which is a beauty spot and home to many precious species. I went down there and saw the beads for myself. They are covering Camber Sands beach.

I asked Southern Water whether they could be theirs, because they are commonly known to be used in their local wastewater treatment plants, and I was told, "No, they are not from Southern Water". They denied involvement. After going down there, seeing them for myself and looking into it, the story did not seem to add up, so I continued to push Southern Water over the weekend and yesterday we had an admission from them that they are responsible for these plastic beads—millions of them that were released from the Eastbourne wastewater treatment plan over two



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weeks ago during Storm Benjamin, when Southern Water publicly confessed to a mechanical failure in the Eastbourne plant on 23 October.

We now know beads were also released then but they did not disclose that two and a half weeks ago. Of course, that now means that the beads have spread all along the coast from Eastbourne to Camber—much harder to contain; much harder to clear up. We are very concerned about the impact this could be having on marine life, on wildlife, and even on people taking their dogs for a walk on the beach. It is a very shocking incident, is it not?

Emma Reynolds: Yes, it is shocking and it is extremely disappointing. I put on the record my thanks to you, as ever, for being such a doughty representative for your area, but also to the volunteers who have been helping the cleaning up. We need to learn from this. I know that the Environment Agency it is conducting an investigation, and we need to make sure that is thorough, takes the necessary action and looks at the question that you are raising, which is about why it took so long to get on top of this issue.

The water Minister has been discussing this directly with the Chief Executive of the Environment Agency and also been in touch with the water company, Southern Water. You are right: it is a very distressing and shocking incident, and we need to learn from it. The focus of our Government policy here is to tackle this issue, because there are unacceptable levels of pollution in our rivers, lakes and seas. We do not want to see a repeat of this incident.

Helena Dollimore: This kind of incident is completely unacceptable.

Emma Reynolds: Absolutely unacceptable, indeed.

Q485 **Helena Dollimore:** A company performing in this way, committing such an incident, should not be giving bonuses to their top bosses, should it?

Emma Reynolds: As you know, we have banned bonuses for water company bosses found to be polluting our waterways through the Water (Special Measures) Act.

Q486 **Helena Dollimore:** So the boss of Southern Water should not be taking a bonus?

Emma Reynolds: I need to wait for the investigation from the Environment Agency as it is its responsibility, but we will be looking in detail at what they uncover and asking some of the same questions that you are rightly asking.

Q487 **Helena Dollimore:** And it is right that Southern Water, as the polluter, pays for any damage that they have done with this pollution incident?

Emma Reynolds: They need to comply with the law at all times, and have legal obligations in this regard, so the Environment Agency will be holding them to that.

Q488 **Helena Dollimore:** Moving on more broadly to the water industry, we have conducted an investigation, which we have reported on, and the



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Government will be responding to that report in due course. When the water Minister came before our Committee, she suggested that the upcoming White Paper on reform of the water industry—which responds to Sir Jon Cunliffe’s independent review—would be wider in scope than Sir Jon Cunliffe’s review and it would look at including aspects such as agricultural pollution. Is that something that you can comment on today?

Emma Reynolds: I thank the Committee for the report, and I know that Minister Hardy came before you recently. We are still developing the White Paper, but it is broad in scope, and it will set out the direction of travel for the Government in response to the Independent Water Commission. It will lay the ground for the Bill that will be introduced next year.

David Hill: What the Minister was referring to is correct. The aim of the White Paper is to set out the Government’s vision for the sector. The terms of reference of the review that Sir Jon Cunliffe led did not extend, for example, into some of the issues around agricultural pollution, which is one of the major drivers of poor water quality. The water Minister was saying that we aim to ensure that the White Paper responds to the recommendations of the Independent Water Commission but will not be confined by those recommendations. It can go broader and can look at what do we need to do across all aspects of the water system to transform water quality and deliver better outcomes for customers.

Q489 **Helena Dollimore:** Moving on to another specific case, you may know that we have had Thames Water before the Committee several times—the second time because they had misled the Committee the first time. We have been diving quite deeply into all the issues at Thames Water, and there is a lot of concern about whether Thames Water’s creditors are trying to insist on special treatment from the regulators to be let off penalties and fines. Can you comment on that?

Emma Reynolds: All water companies must meet their legal obligations to both their customers and the environment. Top of mind for the issue with Thames Water is making sure that customers get a fair deal and better outcomes. We are working closely with Ofwat on the consortium’s proposals. I cannot go into any detail about it, as you will understand, Chair, but the Government is working closely on it with Ofwat and other partners.

Helena Dollimore: David, is there anything you wanted to add?

David Hill: No, the Secretary of State has covered the ground.

Q490 **Helena Dollimore:** Is there a broad view on whether they should be let off fines and penalties?

Emma Reynolds: Thames Water and other water companies know what their legal obligations are and the regulators will hold them to account for that.

Chair: If they were to be let off, it would be a political decision.



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Emma Reynolds: I do not think that anyone is suggesting that. We are carefully considering the consortium's proposal. That is a very sensitive stage, and I cannot get into the detail of any of that.

Chair: Understood.

Q491 **Helena Dollimore:** You will be familiar with the situation where Thames Water was called back because it was found to have been trying to circumvent the Government's ban on bonuses by calling them "retention payments" for the senior leadership of Thames Water, instead of calling them "bonuses". When this came out at the Committee, the then Secretary of State made clear that that was not acceptable, and Thames Water said it would not be paying those retention payments. This Committee wants to confirm that it remains the view of the Department that it is unacceptable to be trying to circumvent the bonus ban and Thames Water should not be doing that.

Emma Reynolds: Yes. The Government expects water companies to comply not only with the letter, but also with the spirit of the law that we passed earlier this year. As you know, that is that those in executive decision-making positions in a water company that is polluting our waterways—CEOs, CFOs—should not get bonuses.

David Hill: Last week, on 5 November, Ofwat published its report on the implementation of the restrictions on bonuses. The report highlighted that the lack of transparency in this instance—in this company over these payments—was unacceptable. One of the things signalled in that report on 5 November was that it would consider further measures around additional regulatory requirements as to transparency over all remuneration in water companies. The regulator is very much on this one.

Q492 **Jayne Kirkham:** I am a co-operative MP. When we went to Germany, we looked at how their water sector was organised, and it is municipally owned in small companies. Of course, it was not in the scope of the inquiry to look at mass nationalisation, but would municipal methods of owning water, not-for-profit, co-operative ownership, be in the scope?

David Hill: It was not in the scope of Sir Jon's review, as you rightly say. We have published an assessment of the full cost to the Exchequer of wholesale public ownership of the sector. The IWC report, Sir Jon's report, did acknowledge that other ownership models—and we do have other ownership models within the UK: for example, Welsh water—might well be options if, for example, a water company were emerging from a special administration, say. The reason it was excluded by the previous Secretary of State from the scope of the review was precisely the cost—

Jayne Kirkham: Of state nationalisation, yes.

David Hill: —and the scale implied by the total burden on the taxpayer.

Q493 **Henry Tufnell:** Secretary of State, I do not think that the Government has established clear criteria for commencing special administration regime. When Minister Hardy was giving evidence to the Committee, she



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said that it was ultimately a decision for the court to make. Do you agree with her?

Emma Reynolds: I always agree with my Ministers, and I think she has been in touch since with setting out the detail on this. This is quite a tricky area. There are two legal circumstances in which you can have special administration, and they are tightly defined in law.

Q494 **Henry Tufnell:** There is no guidance because it is a question of a matter for you to make the application to the court in the first place, because it has never happened.

Emma Reynolds: I would have to be satisfied that one of those conditions were met to take that step.

Q495 **Henry Tufnell:** The question is that water does not come out of taps, toilets do not flush, sewage does not go away—that is a very extreme case, but is that the kind of situation that you should be in, in respect of special administration?

David Hill: There are two grounds for special administration provided for in the 1991 Act.

Henry Tufnell: I understand that.

David Hill: I was going to answer your question, because I think your question is about the performance criteria. Obviously, there is insolvency but there is also provision, uniquely in the water sector, for a performance special administration. You are correct in the premise of your question that it would have to be a very serious breach of performance to meet the evidential test for a special administration on performance grounds. That, typically, would be a serious breach of a principal statutory duty or of an enforcement order, such that it was no longer appropriate for the company to hold its licence. That might well be, as an example, provision of safe, clean, reliable drinking water.

The point that the Minister was making—and making in the correspondence—is that in order to satisfy a judge who would make the final decision on the order, Ministers would have to make an evidence case drawing on all the factors pertaining to that company at that point.

Q496 **Henry Tufnell:** Do you think there will ever be a case for a water utility to be put into special administration?

David Hill: We have not brought forward any special application to the court in relation to Thames or any other company.

Q497 **Henry Tufnell:** Are you ever going to do one or not then?

Emma Reynolds: We cannot answer that question, I'm afraid. We cannot say now that there would not be circumstances in the future. Of course we cannot say that. The reason we have the Water Industry Act 1991 that sets out these two different scenarios is for a case where this might come to pass, but we cannot say now what will happen in the future. We are at a very sensitive stage in the specific case that you are raising.



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Q498 **Chair:** I think we have got that, and we have probably taken it as far as we reasonably can at the moment.

I have important questions about coastal erosion and communities that I am afraid, Secretary of State, if you are agreeable, we will need to detain you for just for a minute or two after 4.30.

Emma Reynolds: Okay.

Chair: It is important stuff and Jenny has waited very patiently to ask about it.

Q499 **Jenny Riddell-Carpenter:** I represent Suffolk Coastal, obviously on the Suffolk coast. Unfortunately, in the last two weeks we have lost a home to coastal erosion in Thorpeness, and there is a strong indication that it will not be the only home we lose this winter to coastal erosion. We are an island. It feels like how we plan and co-ordinate coastal erosion is a whack-a-mole strategy. I give you the example of Thorpeness, where it is a house-by-house strategy, not a village or town-wide strategy to protect our shoreline and our coast.

Thorpeness physically sits next door to Sizewell C, which is the largest energy construction site in Europe, and it has been left unprotected. Only the residents have stepped in to work with the council to seek to have better protections put in place over the last 15 to 20 years. Clearly, they have now failed. I find it shocking that we are an island, yet we have not been able to look ahead to these problems that are so fundamentally inevitable. As we heard from yourself in the beginning, Secretary of State, the management for our coastal communities falls somewhere between MHCLG for coastal communities and DEFRA for coastal erosion. There is no statutory body for coastal management.

On the other hand, we have shoreline management plans, which are considered to be world leading, but they are underfunded. There is no requirement to enact them, as I have seen play out in my constituency of Suffolk Coastal for Thorpeness. What are your reflections on this, Secretary of State, and how will you ensure that plans for coastal management are properly funded and implemented?

Emma Reynolds: Let me say very clearly—I know that Ms Dollimore asked about the coastal communities—that this is definitely our responsibility. DEFRA has overall policy responsibility for coastal erosion and risk management around coastal erosion. You have talked about the shoreline management plans, and I will say a bit more about them in a minute.

We also have a coastal transition accelerator programme to support communities and businesses at risk of coastal erosion to transition them and to adapt. My heart goes out to the homeowners and the family that you were talking about. One cannot imagine how it would affect those involved. We are doing what we can. We can take back the specific example that you raised.



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David Hill: We are very happy to take back the specific example that you raised. Everything that the Government are trying to do in giving a 10-year commitment to the flood defence programme, which was announced as part of the last Spending Review, is important too because it is critical to be able to plan for the long term. Within the current programme, there is half a billion pounds to support flood defence and coastal erosion in coastal communities, and also, as the Secretary of State says, some additional targeted support for some of the communities worst affected.

I am very happy to take away the specific concern that you raise about shoreline management plans and whether there is scope for us to think about the resourcing support for local Government and local partners as we develop those plans. As a tool, they are the right thing to try to do because they are about national Government, Government agencies and local partners working together on what works in the communities affected.

Q500 Jenny Riddell-Carpenter: We have a stand-alone session on coastal erosion and landslips next week. I am sure the Committee will be writing to you following that and I will be following up with you.

Now I just want to pick up a few things that you said. Coastal management does fall within DEFRA. I can give you the example of the family, a lady in her 80s, that has had to move out of their home. Luckily, she has been able to move into her daughter's home. If she hadn't, she would have been put in a bedsit in a town an hour away to her left or right—Ipswich or Lowestoft—and then have been on a housing waiting list. That is entirely under MHCLG's management, not DEFRA's, and there is a lack of co-ordination between the human impact—the human side of communities—and the physical coastal erosion side of it. We cannot escape how those two are intertwined and should interplay with each other.

David Hill: Let me take that away and take it up with my counterparts at MHCLG. It is a very important issue, and one that I recognise from when I was in Essex County Council, which had some similar challenges on aspects of its coastline. There is a thing there that you identify around how both ministries working with the local authorities in each case can better co-ordinate that provision, that we will pick up with MHCLG.

Q501 Jenny Riddell-Carpenter: On the point of funding investment for coastal communities and flooding—correct me if I am wrong, but obviously there is no ring-fenced allocation for coastal erosion, which is very different to flooding; it has a very different set of needs. My constituents are also affected by flooding. I am not trying to advocate for one against the other, but those targeted interventions as they currently look at it would have overlooked Thorpeness, even though it is a huge tourist area, is a regional net contributor, and sits on the shoulders of Sizewell C. Because of spatial metrics, it is out of scope for any national funding.



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David Hill: I am very happy to look afresh at the specific case. There is £36 million dedicated funding supporting a number of authorities—East Riding, North Norfolk, Cornwall and Dorset—specifically on adaptation on coastal areas. There are also schemes in the wider infrastructure programme that are specifically focused on coastal erosion—£53 million directly focused on coastal erosion. Let me take away the specific concern you raise about the criteria to qualify for those.

Q502 Jenny Riddell-Carpenter: In this specific case, as much as funding is critical, there are examples—and this would have been an example where the community themselves would have funded adaptations had they been able to get it through planning in time; in this case they were not. There is a wider issue about where funding does need to be granted, and I will write to you separately about that.

Sometimes, money does not need to get in the way of adaptations and coastal support through the shoreline management plans, but our system does not actually require, through legislation or the responsibilities of the Department, shoreline management plans to be enforced by the council, in this case the district council.

David Hill: I hear that concern about the enforcement of the plans. One thing I would add on funding, and a thing that may well benefit many coastal erosion schemes that tend to be smaller in scale, is the recent changes that the Government have announced to the flooding and coastal erosion funding rules that will mean smaller capital refurbishments will not be required to find match funding. So they will be eligible for grant funding for 100% of the costs. That should unlock a number of smaller schemes that would otherwise struggle to attract the match funding from other sources.

Q503 Jenny Riddell-Carpenter: We have talked about the many elements that make this incredibly complicated to manage from the human perspective, the MHCLG perspective, but also the coastal management angle. Will you commit to developing and resourcing a national strategy for coastal adaptation to provide that certainty that not just my constituents would like to hear, but councils right across coastal communities would also be reassured to hear?

Emma Reynolds: Let us take that away. That is something we would have to give some thought to. But let us come back to you on the specifics and on the broader point.

Q504 Helena Dollimore: I want to come back on the earlier discussion we had about coastal communities and where responsibility sits. You said it was under Minister Fahnbulleh, but we have checked. She has responsibilities for communities as a whole, specifically social cohesion and faith groups, but she does not have coastal communities listed anywhere in her responsibilities.

Many of the issues that affect coastal communities—flooding, coastal erosion, landslips, fishing, extreme weather events and the resilience required, the sewerage scandal with the water companies plus many



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other socio-economic challenges sit under the remit of DEFRA. Can you take that away? It is a frustration among coastal Members of Parliament that those issues do not seem to sit anywhere and therefore things get pushed between Departments and fall between the cracks. Could you take that away, David?

Emma Reynolds: We will take that away. The list of things that you mentioned are obviously our responsibility and we acknowledge that many of the challenges that coastal communities face—coastal erosion being one of them but not the only one; there are also flooding, water pollution—do sit in our purview. Let us come back to you in more detail.

Chair: There is still much stuff that we could talk about, but we are beaten by the clock. Emma Reynolds, thank you very much indeed, and thanks also to David Hill and Emily Miles for your attendance here today and for your engagement with the Committee, which we do appreciate enormously. The fact that we have cantered around the volume of subjects that we have covered is an indication of the size and scale of the Department and the busyness of the Committee as a consequence. We do appreciate your engagement and look forward to it continuing but for the moment, I conclude the meeting for today.