

Environment, Food and Rural Affairs Committee

Oral evidence: The Work of the Department for Environment, Food and Rural Affairs, HC 666

Wednesday 19 October 2016

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Members present: Neil Parish (Chair); Chris Davies; Jim Fitzpatrick; Simon Hart; Dr Paul Monaghan; Rebecca Pow; Ms Margaret Ritchie; Angela Smith; and Rishi Sunak

Questions 1-103

Witnesses

I: Rt Hon Andrea Leadsom MP, Secretary of State for Environment, Food and Rural Affairs; and Clare Moriarty, Permanent Secretary, Defra

Examination of witnesses

Rt Hon Andrea Leadsom MP, and Clare Moriarty.

Q1 **Chair:** Welcome, Secretary of State. This is the first time you have been to the formal part of the Committee meeting. You very kindly invited us over to Defra before the summer recess, when you had just taken over your role as Secretary of State. It is great to see Clare Moriarty here as well. Welcome. I do not know if you want to say a few words, and then we will get straight down to questions.

Andrea Leadsom: Thank you very much, Neil. Before we start, I would just like to say that I am so delighted to be here this afternoon for my first EFRA Committee outing. Today is my 97th day in post and I am incredibly proud to be Secretary of State in the Prime Minister's first Cabinet. This job has huge responsibilities, not just to make the most of the opportunity that the British people gave us when they voted to leave the EU, but to meet our ongoing priorities: to strengthen the rural economy; promote great British food at home and abroad; and, of course, protect communities from extreme weather. Just last week, Exercise Certus tested 1,000 Environment Agency and Defra staff on their



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response to major flooding incidents ahead of this winter by way of training.

We are investing £2.5 billion on 1,500 schemes, which will better protect 300,000 homes up to 2021. In developing our plan for the future for our environment, we have made a commitment to ensuring that this generation is the first to leave the environment in a better place than when we found it. It is a great ambition, but it is one we have already made inroads into achieving. We have announced our plan to ban the use of microbeads in cosmetics and personal care products to protect our marine environment. The 5p plastic bag charge has led to 6 billion fewer bags threatening our wildlife and getting into our rivers and seas, and, of course, we have pledged to plant 11 million trees over the course of this Parliament. These are just a few of the many issues facing communities across the country and ideas that we are putting in place to improve our environment.

We will not lose sight of the many challenges that lie ahead, whether that is providing continuity for farmers by guaranteeing farm subsidies until 2020 or by championing rural life chances, better broadband and so on. I am very optimistic. Great opportunities lie ahead of us, and with the support of my ministerial colleagues, of the wider Department, which is doing incredibly well, and of this Committee, we will create one of the cleanest and healthiest environments for generations.

Q2 Chair: That was a lot wrapped up very quickly. We have some detailed questions to ask you. We might drill down a bit on some of those statements in a minute, but you are very welcome here, Secretary of State. Before I launch into my first question, let me say that we have an inquiry we will soon be finishing on flooding, so we look forward to presenting you with some quite radical ideas. We hope that you will be sympathetic to our ideas. We have been to the Netherlands and all over the place to look at options. It is a very serious report and I hope that it can be very helpful to Government.

The other issue I just wanted to raise, and we do not have a direct question on it, is animal welfare, because we are also doing a report on animal welfare that will be out soon. I would just really like to ask a fairly bold question on where you see animal welfare. Where do you see better animal welfare and how do you see it playing a role in our agriculture and trade policy in the future?

Andrea Leadsom: I would say that animal welfare is a real unique selling point for the UK. We have some of the highest animal welfare standards in the world. Just yesterday, I was at the SIAL food and drink show in Paris promoting our UK exporters. The three key unique selling points we have are animal welfare, food safety and food traceability. All through my tenure in Defra, I will be promoting ever higher animal welfare standards as part of our selling pitch to the rest of the world to buy more UK-produced food.



Q3 Chair: I very much support what you are doing. On the negative side of this, are you confident that, as we open up trade deals, we can make sure that we resist produce that is not being produced to our high standards coming in to undermine our high welfare product, which probably costs more to produce because of it?

Andrea Leadsom: We have a manifesto commitment to ensure that the food that we import, as well as the food that we export, meets certain standards. Of course, as we seek to negotiate free trade agreements with other countries around the world, and as we expand our activity in exports and we start to look at imports, it will be absolutely vital that we maintain high standards, not just for the sake of animal welfare but also for the sake of not leaving ourselves uncompetitive on a world stage.

Q4 Chair: Have Defra and Defra officials actually looked at what is in the WTO, if we are resorting to WTO rules? Over the years, WTO has not really taken animal welfare on as seriously as I would like. Are you confident that, if we were to revert to WTO rules, we would be able to resist those lower welfare standards on meat products coming in?

Andrea Leadsom: The key point here is that we are very aware of exactly what the WTO standards require, and we are looking, as we are in all areas, as we leave the EU, at what we will need to do to make sure that we remain competitive and that we can do even better on the world stage once we leave the EU. Just to be very clear, as the Prime Minister has said, we do not want to give a blow-by-blow account of every piece of discussion. But to reassure the Committee, we are absolutely aware of the issues around WTO standards and we are taking those carefully into account.

Chair: We will have more detailed questions on Brexit in a minute.

Q5 Angela Smith: Welcome, Andrea. Our previous discussions have been around fracking, so it is a bit of a change. You mentioned, Secretary of State, safety in relation to food exports. In terms of red meat and white meat particularly, there are very stringent standards in place as a result of common standards across the European Union. As I understand it, our exports of meat products are certified by European agencies. They certify that we reach the standards necessary to export our meat products. What work is ongoing to deliver what I see as a rather extensive infrastructure to ensure that we do not lose the right to export our food products abroad?

Andrea Leadsom: Within Defra, we have a significant programme that is assessing the issues that we need to address as we leave the EU. I have a meeting with that team every week on different themes. We have certainly looked in great detail at the issue. As I mentioned to the Chairman, the UK has some of the highest food safety and traceability standards in the world. We want to keep those standards. We want to use those as an extra selling point in the rest of the world. Equally, we are very conscious of the fact that we need to keep that regulatory



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environment that maintains those standards. Those points are all part of the assessment we are doing right now within our Defra Brexit process.

Q6 Angela Smith: Do you think you have, for instance, the veterinary capability to deliver the regulatory standards required, just taking veterinary science as one example and one aspect of the standards to be reached before we export meat? Do you think we will have the capacity in the UK?

Andrea Leadsom: Our science and veterinary capability is extremely high. As I say, we are looking at all aspects of the implications for resourcing and for gearing up in certain areas and doing less in other areas. That is all part of the assessment of the implications of Brexit that we are doing. There are so many different aspects. I can absolutely assure the Committee that my Department is motoring; it is really getting on with the job. There are clear timescales and we look every week at a different theme or subject. We are making progress all the time in assessing the issues and finding resolutions for them.

Q7 Chair: For all the faults of the European Commission, it did have quite a lot of really high quality technical advisers. It is making sure we will have the same in place if we are going to be challenged or challenging, especially, the WTO. So you are confident we have the right personnel in place, because it is not just the same personnel as we had before; we are dealing with something quite different.

Andrea Leadsom: I am confident that we are doing the work to analyse exactly, if there are gaps, what those gaps need to be filled with, or who those gaps need to be filled with. Of course, there is a lot of work to be done to assess exactly what personnel we will need in the UK to carry out roles that perhaps were carried out previously by people located in the EU. Likewise, there will be things that we no longer need to do. It is a case of making sure that we have the right resources in the right places. I am absolutely confident that we have the right work programme in place to assess and address those issues.

Chair: We look forward to inviting you back to check whether that is actually the case, Secretary of State.

Q8 Rebecca Pow: On welfare standards, we keep hearing that we are going to extend trade internationally outside Europe, putting all our eggs in that basket. I think we would like some assurances that, in trading with countries like America, for example—they use chlorine to wash their chickens in before they export the meat; they use hormones and many more antibiotics—we will not get a flood of products like that coming this way when we do not do all those things, and that would affect the whole way the tariff system works. Our farmers do not want to be undercut and our consumers do not want to eat what we might regard as substandard produce. Are you set up to be really challenging about that while trying to increase trade?



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Andrea Leadsom: Obviously you are all asking, understandably, very detailed questions. Nothing that anyone has asked is anything I am not asking within the Department. It is all part of the programme. We are working very closely with the Department for International Trade and I can assure the Committee that within Cabinet and in our bilateral discussions with DIT and DExEU we are constantly raising the issues around agriculture, animal welfare standards, food labelling, food traceability, food safety, and the issues for importing and exporting, and competitiveness of our own sectors.

I can tell the whole Committee that my Cabinet colleagues are absolutely aware that food and farming in the UK produces £108 billion a year for our economy. It employs one in eight of us. It is bigger than cars and aerospace combined. There is a very heightened awareness of the importance of this sector to the UK economy. All those issues are being addressed within our programme, but at this stage it is too early to provide exact resolution of how we will address individual issues.

Q9 **Rishi Sunak:** Welcome and congratulations, Secretary of State. Just on this theme of welfare and imports and exports, something we have discussed as a Committee previously, which I would just urge you and your colleagues to bear in mind when you have these discussions, is that of sow stalls and pigs. You will know that we were a leading nation among our European partners in banning sow stalls. One of the things we are currently subject to, being members of the EU, is imports of pork, often cheaper than British-bred pork, from countries that have not banned sow stalls. Obviously, as we leave the European Union, that is something we can look at, with labelling and trade agreements.

I am not asking for an answer this second, but you could perhaps bear that in mind, because our pig farmers feel it is not a level playing field for them and hopefully we will have an opportunity to do something about that as we leave.

Andrea Leadsom: You make a very good point. At the SIAL food exhibition yesterday, I spent quite a lot of time eating delicious UK meat and talking with pork producers who were making exactly that point. It is another issue that is very much in our programme to work through.

Q10 **Chris Davies:** Welcome, Secretary of State. You have already touched on many of the points that evidently excite you in your new Department, but what are your priorities for the Department, not just for the next year but for the whole of this Parliament?

Andrea Leadsom: I have my own huge ambitions. Obviously, top and centre is to make sure that we seize the opportunities that leaving the EU offers right across the board: increasing our exports; looking at UK-focused policies that create more productive farming, more sustainable farming, a better environment; meeting our ambition of being the first generation to leave our environment in a better place than we found it. Very important is promoting great British food, and yesterday I



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announced our international export action plan where we were identifying nine campaigns across 18 countries. We really believe that, working with the industry, there is huge potential for greater UK exports. Promoting great British food around the world is going to be absolutely key to my priorities.

Closer to home, issues around climate change adaptation and flood protection are very dear to my heart. When I was in Energy, and discussing fracking with Angela, I was very proud that the UK played such a pivotal part in the Paris climate change talks. Of course, climate adaptation in the UK is absolutely vital. We are doing a huge amount on flood protection, improving our resilience to floods, flood defences and so on. That is absolutely key.

In marine conservation, we are doing a great deal to further protect our seas with our microbeads announcement, marine conservation areas and creating the blue belt around our overseas territories. My ambitions would fall into the environmental ones; the promotion of great British food and farming; and then the protection and resilience of the UK. Those would be the three big headings, but there are lots of ambitions within those.

Q11 Chris Davies: All very exciting, and thank you for that, but do you think at the moment that you have both the expertise and the resources in your Department to deliver your ambitions?

Andrea Leadsom: Absolutely, without a shadow of a doubt. We have some real expertise in Defra. I have been so impressed since joining the Department, not just by the level of knowledge but also by the level of commitment. It is such a pleasure coming in as a new Secretary of State to see the enthusiasm of people for their job. For my Department, 80% of what we do currently is pretty much determined by the EU. If you like, there is now an opportunity to think creatively; to look at the things that are real bugbears that do not work for the UK. What could we do better that would really improve the environment or animal welfare, in the UK, that we have been unable to do previously? It has unleashed a level of enthusiasm that, together with the existing expertise, is really quite a delight to behold.

Q12 Chris Davies: You have mentioned the environment many times through the course of your evidence this afternoon. How can you reassure farmers out there who felt that, in past years under the EU, it was the environment that came first and foremost before food production? How can you assure them that their jobs as livestock farmers are vital, that food production is going to be a priority and that the balance will come back right?

Andrea Leadsom: Specifically, as I said, promoting great British food is absolutely first and foremost. So too are the potentially superb careers for young people. We are looking to treble the number of apprenticeships in the farming sector. We are really trying to promote



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the idea of high tech careers in the food and farming sector for young people. We are trying to reacquaint people with their environment, but recognising the vital importance of food and farming to our economy. As I have said, it is a bigger sector than cars and aerospace combined.

What we are doing at a practical level is our manifesto commitment to produce a 25-year plan for food and farming and a 25-year plan for the environment. Those two plans will very much be complementary, but once we engage in the stakeholder consultation, which I hope to do within a short period of time, I think it will be very clear that those priorities run alongside each other. Some 75% of our land is farmed, so our environment cannot achieve much on its own without the support of farmers, but at same time farming and food production is a massive economic sector that we want to survive, thrive, grow and develop. Those targets are complementary but different, and I think the balance will be seen to be right once we have made our clear policy future available.

- Q13 **Chair:** Do you see us in the future producing more food or less food? What about food security? We could produce more. Are you convinced that you will put the right policies in place? Look after the environment, but also remember that food production is out there. This is what we seek from you, according to Chris: reassurance.

Andrea Leadsom: I am absolutely confident that we can grow more and produce more. I see huge opportunities in overseas markets. There is great demand for great British food.

- Q14 **Chair:** In order to sell that food, we have to be able to produce it competitively. Are you absolutely convinced that you are not going to hamstring farmers too much with environmental regulation that will stop them producing?

Andrea Leadsom: As an avowed Brexiteer, I could risk saying that I think a lot of farm production has been held back by EU regulation. That would be a reasonable thing to say. I think a lot of farmers and food producers would agree with that. There is the opportunity, and I am absolutely committed to improving farm productivity and food production sustainability. In some of the trips I have done as Secretary of State I have already seen some really good examples. When I was down at Yeo Valley, for example, they are now managing to automate a great deal of their yogurt production, whereas previously it was incredibly manual. Their ability to automate is increasing their productivity and, of course, their sustainability too. There is a huge and very bright future for UK farming.

Chair: Yes, Yeo Valley are a great company and they are very good at marketing as well. I have their yogurts on Lufthansa and all sorts of planes.

- Q15 **Angela Smith:** Andrea, you talked about the enthusiasm and capability of the staff. I have two quick points on that: First of all, the Civil Service



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People Survey from October 2015 showed a reduction in the scores the Department secured in terms of attitudes of staff, emotional responses of staff and so on. Levels of enthusiasm for the job appear to be going down, so I would like your comment on that. My other point is this: enthusiasm and capability is one thing; capacity is another. There has been an 18% reduction in staff since 2010-11. Given the extra responsibilities that are now being faced with Brexit, it is capacity, surely, that is the issue, so what are you going to do about it?

Andrea Leadsom: The first thing I would say is that, since I have come into the Department, this has been a top priority for me. I genuinely think you are only as good as your weakest player. I spend a lot of time talking to the teams in Defra and encouraging them, attending Defra town hall events with my ministerial colleagues. We have held some fantastic science events, innovation events, product events and so on, to try to enthuse the teams. Having said that, as I have already explained, I have found the level of enthusiasm, commitment and expertise to be superb.

Secondly, the transformation, as we call it in Defra, is about making us a leaner and fitter unit. Yes, there have been reductions, but we have also increased our IT capability. We have combined back offices. We have tried to become much more customer-focused and less duplicative. It is about being a more effective and fitter team, and, at the policy end, where the expertise lies and the capacity for the Brexit work lies, I would say that we absolutely have the capacity for this work. As I say, every week I check with the team.

Angela Smith: So you have enough staff to deliver Brexit.

Chair: We will deal with the direct Brexit ones in a minute, if you do not mind.

Clare Moriarty: If I can just say a little bit more about the people survey, the results you are referring to are from October 2015, shortly after I arrived. I was personally very, very disappointed, but I knew that when I arrived in the Department it had been a period of a lot of turbulence. Since then, I have been focusing on the things that really give a sense to people of visible leadership within the Department. I have been doing town hall events every month. I have been out to a lot of our offices. I have been doing online Q&A sessions. We have had events called the Big Conversation, where we send all the senior leadership out to different offices to create conversations with people.

One of the things that came through in those results was that people did not feel there was enough of a dialogue; the concerns they were raising and how they felt were not being listened to. I have put a great amount of my time into addressing that, into encouraging people to talk to each other. I have had a personal campaign of "bring yourself to work", getting people to recognise their own emotional response, to encourage



them to generate that sense of enthusiasm, which hopefully is what the Secretary of State has seen when she has come in.

These things are very difficult and very challenging. People across the Civil Service are working very hard and, in Defra, people are working particularly hard. We are currently in the phase of the next people survey and in the course of the next month we will get the results of that. I personally and passionately hope that they will be rather better than last year's, but it is quite a long journey.

- Q16 Rebecca Pow:** Just a quick one: we were mentioning the environment and food production, and I was very pleased to see the Secretary of State at the *State of Nature* report launch. The statistics it came out with on what is happening to our flora, fauna and all the rest of it were shocking. I just wonder how the Secretary of State feels. There seems to be a lot of conflict between producing lots of food and upping our food production, and the environment. Surely we need a very healthy environment to increase food production, as our Chairman and all the rest of us would wish, so is it not really crucial that we join those two areas together? With that in mind, what are your comments about adopting all the EU legislation for the protection of the environment?

Andrea Leadsom: That is a huge question; I do not think that is a quick one at all. Perhaps the best way to answer is with an example. I went to a farm just recently in the Nene Valley. It was a food producing farm—arable, as it happens—but it had two large areas of land that were being used to produce wildflower meadows to provide a proper nature landscape. At the same time, because Northampton—very dear to my heart—has had flooding problems in the past, these fields are in flood areas, so they can be used as a kind of reserve, when the flood waters are high, that protects Northampton. I felt that was an excellent example of a productive farm that is at the same time doing its bit for the preservation and promotion of our wildlife and providing climate change adaptation. Those things are not mutually exclusive by any means.

The farmers I talk to are incredibly keen that the farming they do does not harm the soil; that it is increasingly productive; and that they contribute to the environment around us. They are the biggest fans of all of our environment, so I do really do not feel that that is a contradiction in terms at all.

- Q17 Angela Smith:** The Defra board has been slow in making progress and the previous ministerial team—I am going back to the beginning of the last Parliament in May 2015—had a sketchy attendance at the board. For instance, in September, not one Minister attended the meetings of the board. Do you place more importance on the role of the board and would you give us an undertaking that you and your Ministers will attend all future board meetings?

Andrea Leadsom: In answer to your question, yes, the board is incredibly important. Our lead non-executive director, Steve Holliday,



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who I knew from his time at National Grid when I was an Energy Minister, is someone I really rate highly. He is incredibly smart, knows an awful lot about business and has a great deal to offer, in terms of personal advice to me and Clare on how we go about doing things, but also in leading the board to give it focus.

It is difficult for me to comment—perhaps Clare might—on before I came in, but I am very keen to make good use of the board. While I cannot give you a firm undertaking to attend every single board meeting, I know they are organised for times I can make, so it is only when urgent parliamentary business, such as Select Committee requests, come in that we are then forced to change our plans. But certainly it is my intention to make best use of our board.

Q18 Angela Smith: What steps will you take to improve the board's strategic leadership of the Department?

Andrea Leadsom: Some of the changes that Steve Holliday has—I am not sure it is right to say “forced through”—encouraged to be taken on are things like different non-executive directors to focus on a particular area of the activity of Defra. That is really important because it is incredibly valuable when a board member actually looks in some detail at an area. We have one who is looking at the transformation work, to make sure that we are doing that properly. We are getting the advantage of sharing back office and becoming more customer-focused and so on. Somebody else is looking at our 25-year plans for food, farming and the environment, because that is a very different subject and lends itself more to their expertise. That focus is already a very good way to approach managing a contribution to Defra's daily work.

Q19 Angela Smith: That is not strategy, is it—focus and attention? I am talking about long-term strategy and showing some leadership in the Department. Where do you see the Department going? How will you use the board to progress the objectives of the Department?

Andrea Leadsom: There are limitations on the ability, for a board that is meeting only very periodically, of the non-executive directors to really lead the strategy. That is something that the board as a whole does. We have already gone through some of our priorities, but just to repeat: a good Brexit; to look at ever more successful great British food; to look at making our environment better than when we found it; and, of course, to make sure we are addressing climate adaptation issues and so on. There is a lot within that. Those objectives are agreed by the board as a whole.

I am interpreting your question to mean more what the NEDs can bring to it. We have regular meetings. Clare and I have regular meetings where we are discussing specific strategic priorities and where we want to take those. We meet as a board to go through those priorities and to get feedback from our non-executive directors and our other board members. In Defra, we are getting to a good position. We have only had one or two meetings so far.



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Clare Moriarty: One since you arrived.

Andrea Leadsom: One since I arrived. Is there anything you want to add to that, Clare?

Clare Moriarty: The big things that will shape the future direction of Defra are exactly as the Secretary of State said: what does it mean to be Defra in a post-EU world and what does it mean to take forward the transformation agenda, to have much more joined-up working across our various bodies? Those two issues—Brexit since the referendum and transformation over the last year—have been regular items on the board agenda. We are absolutely engaging the non-executives, individually and as the board, in that. As well as the board meetings, we have a non-executive and executive meeting, which is my top team and the non-executives. That gives us opportunities to get the non-executives' input into other big strategic issues and do more of a deep dive. We are varying the format a bit to make sure we really get value from our non-executives.

Q20 **Ms Ritchie:** In relation to the work of the board and the relationship between the board, the Secretary of State and her ministerial team, do you think the board actually dilutes the influence and control of the Secretary of State and her ministerial team in the Department?

Andrea Leadsom: No, not at all.

Ms Ritchie: Does it interfere, then?

Andrea Leadsom: It is absolutely right that a board should be there to interfere, not in an aggressive, negative way, but in a constructive way. There are two ways of doing that. First, it is in setting the strategy. I think the strategy is absolutely right. The board and those individuals coming from different perspectives will each have different views. For me as Secretary of State, I have the last word on that. At the same time, the board is incredibly helpful because each member, whether they are an executive member from Defra or a non-exec person from outside Defra, has their own skills and abilities to bring to the party. It is impossible for me as Secretary of State to get down to the level of detail of how this particular computer aligns to that one; but it is not necessarily beyond the capability of one of our non-exec directors with real expertise in that area to go and kick the tyres there, and then report back in an extremely constructive and useful way. Interfering is probably not the right word, but challenging and contributing are really important.

Q21 **Rishi Sunak:** Is the Department currently working on developing a domestic agricultural policy to replace CAP after we leave the EU, and could you outline the processes you have put in place to develop the post-EU policies that we will need?

Andrea Leadsom: As I have mentioned, we have a big Defra Brexit group, which is led by one of our DGs, and we have a director in charge of all the work that is ongoing. There are different streams of that work.



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Some work is looking at the great repeal Bill and what the consequential are for that. There is quite a lot of legal work going on there. Another work stream is looking at, post-Brexit, what we will need to do so that things continue to function; that is another big piece of work. Then a third piece of work is looking, effectively, at our 25-year plans for food and farming—I should say food, farming and fisheries—and our 25-year plan for the environment in the sense of providing the framework for, as we leave the EU, the opportunities, the challenges and what we want to see that is different. That will be a big consultation.

A lot of desktop work is going on to look at how we can facilitate new policies, including what the new son of CAP might look like. At the same time, once we have consulted widely, we will then gather back together all that evidence. I have already had some informal stakeholder meetings with farming and food producers, with fishermen and anglers—so commercial fishermen and sports fishermen—and with environmental groups, and we have sought there to try to get initial feedback on what their direction of travel will be. But there is a lot of work still to be done before we come back with something thought through: “This is the kind of thing we have in mind. How does it look?” There will be further consultation then, but initially a lot of engagement is going on.

Q22 Rishi Sunak: You mentioned regulation earlier as an opportunity for us post-Brexit. It is certainly one area that I hear a lot about from my farmers, as I am sure you do. There was a very successful review before I entered Parliament and before you took up your current post—the Macdonald Review—that looked at red tape across the agricultural sector. It suggested a number of things to Defra, many of which were taken on board. Is there any idea that we should repeat that kind of process, or will that happen internally, with a fresh set of eyes, to look at all the regulations we are subject to and decide which ones maybe we could modify or adjust post-Brexit, to the benefit of farmers’ productivity and efficiency?

Chair: One of the arguments with the Macdonald Report was that we could not amend some of the regulation, because it all came down to European legislation, so there is an opportunity relook at that, as Rishi is saying. Do you intend to do that?

Andrea Leadsom: Yes, absolutely. Just to be clear, as the Prime Minister has said, the intention is that we will nationalise the entire body of the *acquis communautaire*, because that is the clean way to leave the EU: effectively to create UK law whereas previously it was EU law. You can probably only begin to imagine the amount of work involved in just doing that, so you would not rewrite the world at the same time. The cleanest and best way to deliver that departure from the EU would be simply to nationalise it.

But then you are exactly right that there are enormous opportunities. It is not necessarily just to remove regulations, but to make regulations more appropriate for the UK, instead of for 28 member states, where



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some of it was for them and not for us; to tighten regulations where necessary, to suit the UK; to facilitate less complicated systems. One of the things we all hear about from our farmers is how complicated some of these systems have become under EU regulation. There are a lot of opportunities to change things, to repeal them, to tighten them, to make them more focused on the UK, and that work will all take place following the great repeal Bill.

Rishi Sunak: Thank you. That will be a comforting answer to many farmers.

Q23 **Chair:** We have 38% of our lamb going into the European market. We have 60% of our food exports going into Europe as we speak. If we were to come out of the single market, what contingency plans are in place?

Andrea Leadsom: We are back into this: we will not give a blow-by-blow account, but all the potential outcomes are being looked at and we are working out scenarios. This is a very good example of what I was hearing at the food show yesterday from producers, who obviously want to know the answers. We will give those answers as soon as we can. Nevertheless, the UK has a very strong hand. We are net importers across the board, and we have a very strong hand. It will be our absolute intention to get a very good deal for our UK exporters that enables them to keep on trading free of the kind of friction caused by tariff and non-tariff barriers.

Q24 **Chair:** I lived through British beef getting back into the European market. I saw the French being incredibly difficult over getting British beef back into the market when we were part of the single market regulation. We might not be part of that single market regulation. Do you remember our lambs being burnt in lorries and all sorts of things as they entered France? I hope that does not happen again from an animal welfare point of view, let alone anything else. But I would not put it past the French to find every reason known to man and woman not to have our lambs, even though the French housewife has voted British lamb the best in France, which is interesting. There is a fight there to be had, Secretary of State. Are you ready for it, because they are not all going to roll over? I am sorry; they are very good at protectionism, the French.

Andrea Leadsom: It was fantastic that the British lamb cannon was voted French food product of the year. That was pretty brilliant. In answer to your question, yes, but the difference then was that it was one-sided. Now of course French farmers would not want to see any restriction on their access to UK markets. We are a big importer, so it is about finding a solution that works for all, that minimises the friction. It is not just about financial tariffs; as you all know on this Committee, it is also about non-financial barriers. Minimising those will be vital to all farmers, whether they are EU-based or UK-based, and that is absolutely what we intend to do.

Q25 **Chair:** I know you said at party conference you will be there leading the



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fight and getting a good deal for food and farming when deals are being done, but are you convinced? You are a very busy Secretary of State. Are you going to be there all the time? Are we sure that the City of London will not decide that they are the most important people? They are very important, the City of London, but so is food and food exports. We need to be reassured by Government, your Department, not only yourself: who is going to be in there saying, "What about our lamb, what about our pork, what about our chickens, let alone coming home to roost or whatever?" Secretary of State, what do you see? Aside from you, who is going to be there fighting the corner all the time?

Andrea Leadsom: I put my hand up to say I am and I will be there. At every Cabinet meeting, I just remind everyone that food and farming is the size of cars and aerospace combined, in case they have forgotten from the last time I mentioned it, which of course they have not. It is true to say that all my Cabinet colleagues are absolutely aware of how vital UK food and farming is to our economy. We are a huge economic Department, so nobody is belittling or taking that lightly.

We will be punching above our weight, in terms of our country, our environmental goals, our climate change targets, our desire in our manifesto to be the first generation to leave a better environment than we found. All these things require that we are focused on a successful UK food and farming sector. There is no doubt. Should anybody say we might get left out, that is absolutely not going to happen.

I would add that the Department for International Trade and DExEU, the Brexit Department, are very much looking to Defra to provide the expertise on our sectors. They are coming to us. They are not saying, "We will do it; don't worry." They are listening to our issues and recognising that many of these agricultural negotiations are a lot more complicated, because there are health certificates, veterinary requirements and so on.

Q26 **Chair:** Sorry to cut you off, but Defra has not had to do this before. While you have good expertise, do you not need more expertise and different types of expertise to do deals that we have not been doing for 40 years? This is the reassurance we want.

Andrea Leadsom: In answer to that, we almost certainly will do. Part of the work we are doing in our Brexit Department is looking exactly, as I said, at whether we need more vets, whether we need more trade negotiators and so on. The trade negotiating expertise is in the Department for International Trade, but our expertise is in the policy areas and we are confident that, where we need extra resources, those will be forthcoming. We are absolutely confident about that.

Q27 **Chair:** And you are absolutely confident that the Department for Trade will give agriculture and food enough prominence.

Andrea Leadsom: Yes.



Chair: Right. We will hold you to that.

Q28 **Chris Davies:** Secretary of State, first, I would like to confirm that not all the Committee were anti-Brexit. Some of us were very supportive of Brexit.

Chair: I accept where we are, thank you.

Chris Davies: With the odd comment that is coming forward, just to say we are very supportive of your position. When your predecessor sat there this time last year, I asked her the question: was she ready for a Brexit; was anybody in her Department doing any work on a possible Brexit? The answer was no. Furthermore, she confirmed that there was no plan B. We have had meetings since where senior officials of the Department have come in and repeated that. When you took over the Department, were you starting from a standing start; had work been done; and do you now feel, for the sake of our farmers, that you are not behind the curve but ahead of the curve, as far as this Department is concerned, in facing Brexit?

Andrea Leadsom: I am very pleased to report that, when I came into the Department, there was a good month's worth of work. In other words, the day after the referendum, Clare set up a significant programme team. I came in with already the outline of a plan. It is my single top priority to deliver a superb Brexit, to make the most of the opportunities. It was probably on my first or second day. We had a whole away day in my first week in the post where I called in all my ministerial colleagues. Clare pulled together all the DGs of every unit, so I could tell them this was our single biggest priority. A whole day was spent. It was the Thursday, wasn't it?

Clare Moriarty: It was the Thursday of your first week.

Andrea Leadsom: I remember it. I was incredibly impressed, first by the amount of work that had already happened to get ready for the agreement of the Secretary of State on what the programme should consist of. Yes, if I was to be a little competitive with my Whitehall colleagues, I would put us up there, certainly in the top three, in terms of preparedness, being ahead of the curve and the extent of, enthusiasm for and expertise of the preparations. We are in a really good place.

Q29 **Rebecca Pow:** This touches on a number of things we have already said. If the UK Government decide to negotiate a trade agreement with the EU, it could take many years, as has been referred to here, and it may not take priority. I am pretty heartened to hear what you say about standing up for farmers. I know lots of farmers are asking whether you could make a stand for them still having access to the single market during what could be a very extended period of working out what to do. Otherwise they could be penalised when exporting their produce. Do you see that that is at all possible, because otherwise it is going to be a long period of years?



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Chair: The Secretary of State does not want to show her hand entirely, but it is a good question.

Andrea Leadsom: I do not want to rehash the discussions about whether we should leave or remain, but we have total regulatory equivalence with the EU. We are not Canada, where there were a few hundred years of different rules and regulations that needed to be sorted out in a free trade agreement. We are certainly not China, where there are language barriers and so on. We have been for 43 years utterly aligned, so I absolutely do not accept your first premise that a free trade agreement could take years and years and years.

There is the economics and then there is the politics. The economics says that it would be perfectly possible, perfectly realistic to have a free trade agreement in very short order. Do not forget, the rest of the world takes an average of just over two years to negotiate a free trade agreement. If I am not very much mistaken, that is exactly what we have between now and when we leave the EU. That is for a country that has not aligned its rules and regulations for 43 years. It is perfectly possible, so I do not really accept the premise of your first point. Sorry.

Q30 **Rebecca Pow:** I am saying what the farmers would say. This has been put to me.

Andrea Leadsom: I am saying this for their benefit.

Rebecca Pow: It is really heartening to hear that.

Andrea Leadsom: I am also very conscious that this is a good opportunity to talk directly to farmers. I am extremely optimistic. The economics says that it is in all our interests to seek an agreement to continue to trade freely with each other. I do not know whether anyone really believes this, but people say to me we will not be able to sell to the EU. Well, of course that is not true. That is like saying we cannot sell to the US. Of course we can. The point is not that we cannot; the point is the terms on which we do that business.

It is really important to remember that people do business with people. There are very long-standing arrangements and it will be in all our interests to come up with a deal that works for all of us. We have a strong hand because we import far more than we export. The stars are in a good place and it is for us to work our socks off to deliver that. I keep saying it and I will say it again: my number one priority is to get a very successful Brexit for the sake of our food and farming sector, so we can then go on to deliver the environment we all want to see and enjoy. I should add: food and farming and the fishing sector. Every time I say that, I mean fishing as well, which is also incredibly important to all of us.

Chair: And incredibly complicated, I suspect, but we will not get into that big argument at the moment.

Q31 **Angela Smith:** Incorporating some of what you have just said, Secretary



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of State, probably the quickest and most efficient way of delivering a successful Brexit, which allows us to trade freely with the other EU member states, would be to stay in the single market. Membership of the single market would be the most efficient way of doing that. Your Department must be working with the Department for Exiting the European Union and the Department for International Trade. Are you working with them on the basis of attempting to secure membership of the single market, as a way of securing the trading arrangements we want with the EU, or are you going for something much more based on WTO rules? What is the nature of your work with those two Departments?

Andrea Leadsom: I can only revert to what the Prime Minister has said, which is that we will be looking at a bespoke arrangement for the UK as a major trading partner.

Q32 **Angela Smith:** In or out of the single market?

Andrea Leadsom: The UK will continue to trade with the EU, and we will be looking for an arrangement that works for all of us in the best possible way for the United Kingdom.

Q33 **Angela Smith:** On what basis are you working with the two key Departments? Are you working on a single market arrangement for food, farming and fisheries or are you working on something different? What is the nature of your relationship with those two Departments?

Andrea Leadsom: I am sorry, but we are back into this territory. We are looking for the best possible deal for the United Kingdom to continue trading with the EU. As the Prime Minister has said, we will be leaving the European Union, and that means we will be looking for a UK arrangement with the EU that enables us to continue trading freely with them.

Q34 **Angela Smith:** Are those arrangements being developed in a way that suggests, in terms of the Department for International Trade, 27 different trade deals for our farmers?

Andrea Leadsom: As I say, we will be looking for a bespoke arrangement that works for the United Kingdom.

Q35 **Chair:** If I could rephrase the question slightly, are you ruling out doing a deal into the single market?

Andrea Leadsom: That is really asking the same question.

Q36 **Chair:** No, it is not. You have various priorities. I accept you can go in various directions and I do not want to tie your hands. The question I am asking you is whether you are ruling out us having access to the single market or not.

Andrea Leadsom: That is a leading question.

Chair: That is exactly what it is, yes.



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Andrea Leadsom: The single market is a market, at the moment, of 28 EU member states and it is also a customs union. The questions of whether you are a member of the single market or whether you trade with the single market are two different issues; that is the case. Being a member of the single market is a different question from whether you will trade with the single market. The United States, which is not a member of the single market, trades with the single market, which is the market of EU member states. If you are asking me whether we will trade with the EU, the answer is yes. If you ask me whether we will be a member of the single market, I will say that we will be looking for a bespoke deal that works in the best interests of the United Kingdom. We will be looking for the best possible arrangement we can get for the United Kingdom.

Q37 **Angela Smith:** So you want access to the single market.

Andrea Leadsom: We will be looking to continue trading as we always have done with EU member states.

Q38 **Angela Smith:** Do you accept that there are a series of political choices the Government can make in terms of their Brexit negotiations that will have consequences for food prices?

Andrea Leadsom: The Prime Minister has been very clear: we will be leaving the European Union. She has been very clear on timing—that that means we will be triggering Article 50 by the end of March next year—and that the method of doing it will be the great repeal Bill, which nationalises the body of EU legislation. That gives clear parameters around our plans for leaving the EU. We have a very big and resilient food and farming sector. There are arguments that the EU has raised food prices and there are arguments that the EU has kept food prices down.

It depends on the perspective you are looking at, because being in the EU means you are in a customs union that has external tariffs against some pretty cheap food producers around the world where very big tariffs are raised. Arguably, if you were not in the customs union, you would get food cheaper from those non-EU member states. On the other hand, being in the EU and in the single market means that you pay internal market prices, which some people say are higher than world prices. There is evidence that suggests that that is the case. It is very difficult to predict exactly what would happen to food prices overall as a result of leaving the EU, but it is certainly not our intention that anything we do would be designed to raise food prices, of course.

Q39 **Angela Smith:** On the nationalisation of the EU law, can I just say, to a large extent, that nationalisation has already happened because it is on the statute book already. The British Retail Consortium estimates that the average duty on meat imports could be as high as 27%. Do you acknowledge that World Trade Organisation trade arrangements could result in the greatest increase in food prices?



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Andrea Leadsom: I think I just answered the question.

Angela Smith: That is the estimation of the British Retail Consortium: a 27% increase in prices on meat imports.

Andrea Leadsom: That is making enormous assumptions that I do not expect to be the outcome for the UK. If you are asking me whether a 27% increase is an increase, the answer of course is yes. I do not know what their presumptions are, and of course it is our expectation and intention that we will continue trading freely as we have done.

Q40 **Angela Smith:** You obviously have evidence to be able to refute that claim, as you just have done. Can you tell us what the evidence is that the BRC is wrong?

Andrea Leadsom: I do not know anything about that claim. I do not know where it got its numbers from, but I am saying that, as of now, we trade with the EU with a zero tariff, on common rules and so on. It is our intention to continue, with the best possible deal for the United Kingdom, as close as possible to those existing arrangements.

Angela Smith: So we will stay in the single market.

Q41 **Chair:** One of the great sticking points of the single market is that you have to have free movement of labour. I accept that, after the Brexit vote, people want some control over the movement of labour, but of course the farming industry in particular needs quite a lot of labour, so what discussions are you having regarding that? It is not only skilled labour; it is semi-skilled labour. It might be a poultry unit or factory. It might be picking vegetables. There is a lot of central and eastern European labour here at the moment. I accept very much that we need control, but what sort of conversations are you having about making sure there is access to labour?

Andrea Leadsom: To confirm, it is very clear that the UK Parliament will be in charge of immigration and of who comes here in the future, but it is of course also the case that we will be working very closely with industry and with food producers on exactly their needs for workforce, whether it is UK-indigenous workforce, with the great apprenticeship schemes we have going, the skills training and so on, or seasonal labour and foreign-born workers. That will of course be taken into account in all the work we are doing on immigration controls in the future.

Q42 **Chair:** I very much support the need for more home-grown labour, if it is there, but take my constituency. I have unemployment of about 1%. I have a poultry unit with 1 million poultry a week. 75% of that workforce is central and eastern European. I do not have the homebred workforce queuing up to come and work there. We have to be a bit realistic about this. We will need not only skilled labour. We hear talk of skilled labour, but we do not hear much talk of semi-skilled labour. The industry needs reassurance on that.



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Andrea Leadsom: I think I have just provided it. We will work closely with industry to look at exactly what its workforce needs are. When I was at SIAL yesterday, a couple of our good, excellent—award-winning, in fact—beef, pork and lamb producers were talking to me over lunch about the fact that they are starting to see our apprenticeship schemes getting young people interested in food production in a way that they have not been before. There are career opportunities in high tech skills and so on. I do not accept that it all has to be foreign labour. We can probably do more to encourage young people and older people into the sector. We have an ageing population of farmers and it would be great to see younger people coming in to that.

Of course, we absolutely accept the fact that we are where we are. There is quite a significant foreign-born workforce and we will continue to need people, so that will be part of our discussions and part of our policy thinking.

- Q43 **Rebecca Pow:** Would you be considering reintroducing the seasonal agricultural workers scheme that worked so well in the past? It could be run as a six-month visa programme. To back up what Neil says, in my constituency we have vegetable growers, pickers and packers: 70 workers, all foreign. There is no unemployment, really, and they are all asking: is that one of the things you might be considering?

Andrea Leadsom: It is absolutely in the mix to consider. Of course it is, yes.

- Q44 **Ms Ritchie:** Secretary of State, you are very welcome, but I want to concentrate on work with the devolved administrations. Have you met any of your counterparts in devolved administrations?

Andrea Leadsom: I have and I am looking forward to some trips in the next couple of weeks to do a more formal meet-and-greet in the devolved administrations. My officials have had various interactions ever since the referendum at different levels; there are very regular meetings going on, and my ministerial colleagues likewise. Engaging with our colleagues in the devolved administrations is absolutely key.

- Q45 **Ms Ritchie:** Which ones have you met?

Andrea Leadsom: I have had telephone conversations. I met Michelle McIlveen just two days ago at SIAL and we had a very good conversation. We will be meeting face-to-face, I believe, in a week or two in Northern Ireland.

- Q46 **Ms Ritchie:** What about Scotland and Wales?

Andrea Leadsom: Likewise. My colleagues in the ministerial team have already had meetings with Scottish and Welsh Ministers. I am planning trips, again in the next couple of weeks, to all the devolved administrations to go and meet a number of different colleagues. I have



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had a few conversations on the phone, just to say hello, and, of course, officials have been meeting on a very regular basis.

Q47 **Ms Ritchie:** How will you ensure that devolved administrations contribute to UK post-Brexit policy?

Andrea Leadsom: The consultation is absolutely key. We are setting up regular meeting opportunities. We are looking to establish an inter-ministerial group, which I would chair. There would be a very regular inter-ministerial meeting to look specifically at issues and questions. The official level meetings are already very regular.

Clare Moriarty: Within our EU exit programme, to which the Secretary of State referred, one specific cross-cutting strand is about devolution because we recognise that, in the sectors we deal with, the issues for the devolved nations are some of the most important that exist. There is a central co-ordinating function within the Cabinet Office—the UK Governance Group—which we are plugged into. I had a meeting a week or so ago with Noel Lavery from Northern Ireland. I see Derek Jones from Wales quite often at our Permanent Secretary meetings. I am in touch with Leslie Evans. We are trying to make it a core part of our programme so we do not do anything without thinking about the impact on the devolved nations.

Q48 **Ms Ritchie:** I am an MP from Northern Ireland. You would accept, Secretary of State, that we have been reliant, coming from a farming population, on membership of the EU and, particularly if we take the island, one part will be part of the EU and another part will not. How do the Government intend to deal with those negotiations in a post-Brexit way, both with the EU and also with the Irish Government, because a farmer might own land that belongs in both jurisdictions?

Andrea Leadsom: You exactly highlight the importance of making sure that we address the issues for Northern Ireland and for the Republic. At every Cabinet meeting, it is highlighted that one of the areas for very intensive focus is the whole of Ireland and making sure that our policies take into account its needs and desires, particularly keeping the border open. Just yesterday at the Paris food show, I went around the Welsh, Northern Irish and Scottish food stands and heard first hand from some of the big exporters how important their access to the GB market is, but also how important continued access to the EU market is. It will be a very big focus for the policy discussions.

Q49 **Ms Ritchie:** In view of that, does Defra and do you as Secretary of State support the establishment of special arrangements for Northern Ireland agriculture to deal with the land border and support cross-border supply chains?

Andrea Leadsom: I certainly agree that we may well need to look at bespoke arrangements. We need to have those consultations and those discussions. We need to see what will work best for farmers and food



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producers in Northern Ireland and in the Republic of Ireland, and we need to come out with the best possible solutions. That work is ongoing.

Q50 **Ms Ritchie:** When you say work towards bespoke arrangements, and that work is ongoing, what actually do you mean?

Andrea Leadsom: As I say, we have a huge programme in Defra and a big consultation arrangement with all the devolved Governments. That is exactly what I mean. We are looking to gather information; we are looking at policy ideas. Defra policy people are looking at what the options might be, and we will be looking at the best possible arrangements for Ireland.

Q51 **Chair:** On the island of Ireland, you have very integrated processing businesses, especially for the slaughter of animals. That is going to take a little bit of dealing with. Margaret makes the point that it almost needs special arrangements, because that will be a border with the EU and of course the big argument, not just from an agricultural point of view, is whether that border is closed or not. It will be a major issue. I imagine the Government are giving it a great deal of thought.

Andrea Leadsom: Absolutely. It is a very high profile and top priority area to look at.

Q52 **Chair:** Cattle, sheep and pigs can move across the border quite freely at the moment, and I suspect that they may move freely afterwards if we are not at all careful. It needs dealing with, Secretary of State.

Andrea Leadsom: I completely agree.

Q53 **Chris Davies:** I have a couple of quick points. Those of us who represent Welsh seats have our farmers very concerned that perhaps the devolved nations may not treat agriculture in the same way as the Westminster Government will in a post-Brexit world. Is there any way you can persuade or do anything as far as grant funding and direction of money is concerned? Would you have any sway over devolved Governments, basically?

Chair: That is a dangerous question, but go on.

Andrea Leadsom: Obviously we will always respect the devolution settlements. That is absolutely key. The consultation on what the future looks like for food production support, farming support and environmental support will be in consultation with the devolved Parliaments. We hope we would come up with something we would all want to work towards. That is the important part. We will respect, obviously, the devolution settlements, so we are not about to start wielding a big stick in terms of the Welsh, the Scottish or the Northern Irish.

Q54 **Chris Davies:** What a pity, but there we are. I hope you have the Royal Welsh Show—of course the largest agricultural show in the world—in the last week of July, firmly in your diary and that you will be paying us a visit. We have had an array of post-Brexit questions, but are any more



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markets going to be open to us in Britain after this? Will we be able to sell more food to the prison service, the army or the health service? Is there any more you can do in that respect?

Andrea Leadsom: We want to continue open markets, but at the same time to do everything we can to encourage local sourcing, freshness, food traceability and so on. All those things work very well and are very compelling cases for English procurers. The prisons, I think, have started to procure all British food on the grounds of those points. We do not want to be protectionist in any way. At the same time, there are very good reasons why it makes sense to buy locally: good quality and high animal welfare standards, high food traceability, high food safety and so on. In answer to your question, yes, more can be done and we will absolutely be looking to sell more internally in the UK.

Chair: We have a lot of food of a very high standard. If you can put the right procurement rules out there, we can supply a lot more British produce. It would be really good if you can.

Q55 **Ms Ritchie:** This question is on the Common Agricultural Policy and the area of disallowance. Secretary of State, why has there been a delay in your approval of the CAP disallowance strategy?

Andrea Leadsom: I will invite Clare to talk about that, because she has a lot of expertise on the disallowance strategy itself, but I would say that the first year of the new CAP was very difficult, as I think all colleagues on the Committee will be very aware. Colleagues across the House have had issues, and right across the EU it has been a very difficult first year. We now have the experience of that first year, when there were a lot of manual interventions and we had to increase the number of staff to deal with the backlog. As a result, we now have a strong basis for the delivery of CAP payments this year. Some 80% of applications for England have been online and we expect our Rural Payments Agency to be able to deliver 90% of those payments in the first month of the window this year. The disallowance issue is one where we robustly defend any disallowance charges, but it has been very complicated. Clare will talk you through our disallowance strategy.

Clare Moriarty: Disallowance is something we have been focused on strongly in the year or so I have been at Defra. We had the NAO's report last year. We have developed a disallowance strategy. In reality, the only reason for the delay is that obviously, with a change of Government, new Ministers and big priorities like Brexit, there is a sequencing issue. I can assure the Committee that we are pressing ahead with the key elements in the disallowance strategy. Looking back over the last 10 years or so, a big chunk of disallowance was to do with the introduction of the last scheme, but the major area where we have incurred penalties has been to do with mapping and how up to date our mapping is. As part of our spending review settlement, we had £45 million for investment in mapping so we get it much more up to date. That is a key element in



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making sure we can reduce our disallowance, and the effective implementation of our new delivery programme is another area.

- Q56 **Ms Ritchie:** Recognising the complexity of the disallowance scheme and the fact that there has been a slight delay because of ministerial reshuffles, bearing all that in mind, and maybe the Secretary of State could answer, when will you actually approve the disallowance strategy?

Andrea Leadsom: As soon as we possibly can.

- Q57 **Ms Ritchie:** Maybe you could define that.

Andrea Leadsom: It is always very difficult to put exact dates on things because things happen. As the Permanent Secretary has just explained, due to ministerial reshuffles there was a delay.

- Q58 **Chair:** Winter, spring, summer?

Andrea Leadsom: It will be soon.

- Q59 **Ms Ritchie:** Could you define soon? With all due respect, I think it is important to members of the Committee that we actually have an estimate of when this is likely to happen.

Chair: Before Christmas? After Christmas?

Clare Moriarty: Certainly before Christmas, subject obviously to—

- Q60 **Chair:** The Rural Payments Agency has not really covered itself in glory with this latest escapade over paying farmers, and if we are not careful we will get extra disallowances because of it. Are you looking at that? We will repeat what we did back in 2004 if we are not careful. We lost a lot of money during that period: something like half a billion. What are we doing about it to make sure that disallowances will be as little as possible for this latest fiasco?

Clare Moriarty: As I think I probably said to the Committee last year, we are exposed to a higher disallowance risk for reasons that have nothing to do with the particular elements of implementation. The new Common Agricultural Policy scheme that came in last year is more complicated than previous schemes, and the method of calculating fines has changed, so the Commission can accumulate the fines more easily. We certainly knew a year ago that, potentially, when the Commission came to do its audit this year, we would be facing higher disallowance penalties. We do not yet know where those will come out. It is quite a lengthy process of discussion with the Commission.

Notwithstanding all the issues, which I absolutely recognise, about the pace and the need to move to manual interventions, which has meant that we have paid farmers more slowly than we wanted to, the scheme that we implemented was very much designed from the point of view of minimising disallowance, so we used a rules engine, which other countries have used, that is set up in such a way that it tends to pay the lower of two amounts in the first instance if there is a question about how



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much the payment should be. It is designed to be a disallowance-focused system. That is what we have implemented.

On the other hand, as I say, it is a complex scheme. There have been difficulties in implementation and new rules from the Commission. We recognise that we need to remain absolutely focused on disallowance.

Q61 Chair: I know this was before your time, but the powers that be realised it was a complex system. You get a new computer system, not just in Defra but in other Departments. It does not seem to matter which Government is in power; we do not seem to be able to get a system that works. This is the crazy part. We just seem to keep repeating our folly. Is there work within the Department to really check again what happened, to try to make sure that, if we change our agriculture policy and have our own policy, we are not going to have this fiasco again?

Andrea Leadsom: I have raised exactly that point, you will be pleased to know.

Clare Moriarty: Lots of work is going on both within the Department and more widely across government. One of the issues that we faced with the Common Agricultural Policy was that, because the policy-making process was outside our control, it was still changing very late in the day. In a scheme of our own designing, we would be able to say we need a proper interval between the point at which the policy is fixed and the point at which we have to start implementing it. That was not available to us.

I am not using that as an excuse. We have had the benefit of the NAO's scrutiny, which was really helpful. We have done our own lessons learned. We are learning from other Departments and I am absolutely focused on the fact that, if we find ourselves needing to introduce a new system, we have to learn from what has happened in the past. We have to think about delivery on day one. In the very early work, which the Secretary of State mentioned, our kind of desktop-working, I am making sure we have delivery people round the table, so we do not design a bit of policy and then say, "Now, how are we going to implement that?"

Chair: The last Secretary of State was being reassured all the way along that the system was going to work and then, all of a sudden, in March of the year when the payments had to be in by May, suddenly they had to pull it and put a paper system in place. We seem to keep repeating the folly. That is what worries us. I am glad you asked the same question, Secretary of State.

Q62 Angela Smith: You said earlier that problems with the basic payment scheme were experienced right across the EU. Can you tell us what the hierarchy is, then? Where in the rankings of the EU member states was the UK in terms of its poor performance in implementing the new scheme? Were we the worst performer, the third worst or the best?



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Andrea Leadsom: We were one of the better ones, but I am not sure exactly.

Clare Moriarty: Across the whole EU, at 30 June, the end of the payment window, I think I am right in saying that 59% of the total fund had been paid out across the EU at that point. In England, we had paid out 96%, which is the target as part of the normal arrangements.

Q63 **Angela Smith:** Are they comparable figures, then: the 59% and the 96%?

Chair: Some member states would have been less than 59%, I suppose, and others would have been more, like ourselves.

Clare Moriarty: Yes. Some member states made payments out of exchequer funds rather than making payments in the normal way, but certainly in terms of how the system is supposed to work, the member state makes a payment and then reclaims it from the Commission. The amount that had been reclaimed was only 59% of the total fund at that end of June date.

Chair: We will get that answer in writing, I think.

Angela Smith: That would be very good.

Andrea Leadsom: We will send you a note on it.

Angela Smith: If you could. Could you also give us the figure as it stood in the new year? Remember, the payments are supposed to be made in December, so having the figure in the new year would also be useful.

Q64 **Chris Davies:** We have already heard from the Chairman about the debacle—I think it was his phrase—from the Rural Payments Agency that we saw last year. A lot of our farmers are in great distress over it. Do you, Secretary of State, have confidence in the chief executive of the RPA?

Andrea Leadsom: I came in to see very much the final sorting out of the problem. I had the luxury, I suppose, of coming in at that point. There are still a few issues, like common land and probate, that are unresolved. I could see that the RPA had taken huge strides to try to resolve the issue. They really did work hard. They recruited hundreds more people and so on. Also, I understand that, because 80% of applications are online and because we now have this wealth of data to back up the difficult issues from last year, this year will be very much better. Yes, I am confident we can meet the key performance indicator that has been recently published of 90%.

Q65 **Chair:** The head of the Rural Payments Agency has your full confidence, does he?

Andrea Leadsom: He does. I have been absolutely reassured that we can meet this 90% target during December. I think that will be very



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important for farmers. As you can understand, Chairman, I was very concerned about agreeing to it being published unless we had a high degree of confidence. Certainly, having looked at the way in which the problems were handled, with the need to bring in extra resources and so on, there has been that level of focus that means we are really trying to sort it out. We are really focused on sorting it out, and my hope and expectation is that we have.

Chair: Farmers have really suffered

Andrea Leadsom: I recognise that.

Chair: They do not want to suffer again this year, so I wish you well. We have done our own little report. We will be bringing back the Rural Payments Agency head soon and we will be bringing the Farming Minister back. I am sure your figures will be right and I hope we will be able to deliver them this year.

Andrea Leadsom: Me too.

Q66 **Rishi Sunak:** What changes do you anticipate having to make to the payments systems after we leave the EU? Beyond that, Clare, you touched on things where you are a bit constrained today. If we could, we would do these things differently. Are there other opportunities to change payments systems in a way that would simplify or speed up things and make life easier for farmers? I think the Farming Minister has been talking about this a little bit, so it would be helpful to hear here.

Andrea Leadsom: From the Defra Brexit programme point of view, as Clare has just pointed out, we are absolutely clear that we are not going to create a policy that then cannot be delivered. We need to be looking at how we are going to be delivering this at the same time as creating the policy area. As things stand, we are before that area. We are looking at policy options, policy ideas and so on, and then we will be looking at the deliverability. We are extremely conscious that having the delivery capability is as important as having a good policy that works. I understand where you are coming from and hope I can reassure you that it is on our radar.

Clare Moriarty: Clearly, we need to understand. There is a lot of work to be done to think about what the policy will be in the future. We need to make sure that we have policy and delivery locked together and we understand what systems we might need.

Q67 **Rishi Sunak:** You mentioned that very specific example, which is a helpful one, of policy change and time until the payment is due; and making sure that those things are suitably wide apart is one thing we do not have control over at the moment, but we will. Are there are other big things like that that would be obvious wins or things we could design to avoid those pitfalls now? Are there any other things like that? That is quite a helpful example, I think, of something that ought to be beneficial.



Are there more examples that spring to mind?

Andrea Leadsom: We have the opportunity, as we leave the EU, to simplify applications for things, to make it easier to apply for support for a particular scheme. There are definitely opportunities to make things work more easily. It is not necessarily a delivery body, but Clare and I have talked about the fact that we will almost certainly need a delivery body. What it is going to deliver is to be decided, but we are likely to need a delivery body and therefore we need to scope in, as we go through the work, exactly what that delivery body will need to be able to do. Of course, it is really important that it has the flexibility to change course and not be stuck, as the RPA was, with a system that did not quite work because there were last minute changes. We are very clear and the lessons learned are very clearly in the DNA of the Brexit programme, which is really important.

Clare Moriarty: Enforcement is a key element and the control regime for the Common Agricultural Policy is very, very complex. I have talked to farmers who said it is very easy to be caught out. Somebody does something very slightly wrong and you suddenly discover you are on the wrong side of a very large barrier. If I look at the way that we do enforcement in this country in areas of domestic policy, there are smarter ways of doing it. We can think about how we use technology and the right nudges to get people to comply, rather than having a large stick. That is another area where we would certainly be looking to adopt global best practice.

Rishi Sunak: I agree wholeheartedly, so I am glad you are looking at that. It is a good answer.

Q68 **Rebecca Pow:** That was very heartening to hear. When the calculation is eventually made of how much farmers might be paid in support for whatever it is for—environmental goods or fruit production—how much will the Government take into account that, as we are led to believe, by supporting our farmers we enable low cost food for the rest of society? There is a really big knock-on effect, so it is not just farmers you are supporting; it is everybody. Will that be considered?

Andrea Leadsom: All factors will be taken into account. You are exactly right. There are implications, as Angela raised earlier, about food prices and what we can do for the cost of eating. There is also environmental sustainability; there is also the success of our food producers in a global sense and their contribution to the economy, their profits and employment prospects, career opportunities and so on. All those factors will be taken into account as we look at our policies for the future.

Q69 **Dr Monaghan:** I would like to turn to the environment, if I may. You have already noted a couple of times today that one of your aspirations is to be the first generation to leave the environment better than we found it. We had expected that the UK Government would publish its 25-year environment plan in 2015, but it has not happened yet. Can you tell us



when you hope to publish it now?

Andrea Leadsom: Yes. I am really glad you have raised that. Our 25-year plan for the environment and our 25-year plan for food and farming are both manifesto commitments. A huge amount of work had been done on those before I came in to the Department. The fact that we are leaving the EU gives us the opportunity to look at those 25-year plans in the context of no longer being in the EU. Therefore, certainly where the environment plan is concerned, we have the opportunity to look at UK-specific environment policies that will really focus on sustainability and environmental good in the UK.

Those 25-year plans will be produced in the form of a framework, with a lot of background information, but asking very open questions about aspirations, whether it is schools, families, environmental groups, farmers and so on. We are looking at their aspirations for our environment going forward, with a lot of focus on the work that has already been done with our pioneer areas, which we have already talked about, where we are going to do some experimental work on natural capital and on what we can do to significantly enhance our environment in particular areas. Those will be launched soon; I am going to say "soon" again, sorry. Those consultations will be out in the near future to kick off that big consultation on what we want those to look like.

Q70 **Dr Monaghan:** Can you narrow down "soon" just a little for us?

Andrea Leadsom: My hope is that it will be within the next few months.

Q71 **Dr Monaghan:** That is helpful. Picking up on the consultations you are running now, how do you intend to integrate the post-EU policies of the UK Government into both of these plans?

Andrea Leadsom: The plans will be very open questions on aspirations, things we should do, things we should not do and things we can change. There is a big timing issue. As you know, we have announced our intention to nationalise the *acquis communautaire*, so effectively all those laws will become UK laws and just doing that in itself is a big piece of work. There are certain things we will have to do, like creating new agricultural support, environmental schemes, fisheries policies. Those things we will need to do; but then there is a future further look at what we would really like to do that would better support our environment. It will be a sequencing of looking at our aspirations and then managing the timeframe to deliver, if necessary, legislation, consultations, White Papers and so on. All the 25-year plan aspirations will take some time to put the building blocks in place, but we want to kick off that work within the next few months.

Q72 **Dr Monaghan:** Given that some areas of the aspiration you have just highlighted are devolved to other nations within the UK, are you going to have any consultation with the Governments of Scotland, Northern Ireland and Wales in relation to the 25-year plans, to make sure their views and aspirations are fully included where there is an overlap in



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responsibilities?

Andrea Leadsom: Yes, absolutely. We are very much hoping to get the benefit of the wisdom, advice and experience of the devolved Parliaments. That is absolutely the case.

Q73 Dr Monaghan: To summarise, then, I think you are suggesting that the 25-year environment plan will be fully integrated with the 25-year food and farming plan.

Andrea Leadsom: Yes. You might ask why not have just one plan, but of course the point is that the food and farming sector is worth £108 billion to the economy. It employs one in eight of us. There is huge potential for an enormous economic sector to grow and develop, but at the same time 75% of our land is farmed. For our environmental ambitions to be met, we will need the buy-in, co-operation and wholehearted support of the farming sector. The environmental ambitions are a different focus from the food and farming ambitions. They are equally important, but focused on slightly different areas. They will interrelate and be compatible with each other, reflecting each other's priorities and referring to each other's plans, but they will be separate plans.

Q74 Dr Monaghan: Do you think there would be any merit in having a fisheries plan as well?

Andrea Leadsom: It is vital that we have a very clear and detailed discussion and consultation on the fisheries sector. It is a complicated sector on the grounds that, as things stand, we are part of the Common Fisheries Policy. That will fall away when we leave the EU, so we will need to put in place a separate plan for that. That will be subject to a lot of discussions, of course, recognising the importance that fishing plays in Scotland. That will be a key part of the consultation.

Q75 Dr Monaghan: And you are going to do all that in the next three months.

Andrea Leadsom: I am talking about launching as opposed to completing, in fairness.

Dr Monaghan: Okay, we will let you off then.

Chair: Fishing policy will be very important but is, as you quite rightly say, very complex. We will be interested to hear your deliberations.

Q76 Angela Smith: You mentioned the Natural Capital Committee, Minister, and said you were considering some experimental work. But my understanding is that the Natural Capital Committee is working towards incorporation of natural capital assessments in the national accounts by 2020 and that the environmental plan is supposed to reflect that—in other words, embedding natural capital in the plan—so “experimental” does not sound very hopeful.



Andrea Leadsom: The Natural Capital Committee is an independent advisory committee. It reports to the Economic Affairs Committee and it entered a second phase in March 2016 for the duration of the current Parliament, which fulfils a manifesto commitment. That committee—and I was delighted to meet its chairman just recently—has a very important role to play in providing an independent assessment of progress in relation to the 25-year environment plan. The work in the environment plan in looking at what we can do to fulfil our manifesto ambitions is not in any way treading on the work of the Natural Capital Committee.

Q77 **Angela Smith:** No. The idea is that the Natural Capital Committee inputs quite significantly, I thought, into the environmental plan. In other words, the concept of natural capital is going to be absolutely embedded in the plan. Is that still the case? Will it be embedded?

Andrea Leadsom: I do not quite understand your question. The Natural Capital Committee is working with the Office for National Statistics to support the development of national natural capital accounts, and it is working with the Treasury to support the inclusion of natural capital in the Green Book appraisal guide.

Q78 **Angela Smith:** No. My understanding from the National Audit Office is that the work of the Natural Capital Committee and the concept of natural capital will be embedded in the environmental plan.

Chair: Of Defra.

Angela Smith: That is what we are talking about: the environment plan.

Andrea Leadsom: Sorry, I thought you were talking about the environment plan.

Angela Smith: Yes, I am.

Chair: It is about how natural capital feeds into the environment plan of Defra.

Clare Moriarty: What natural capital will allow us to do is make sure the environment is reflected in the way decisions are made, because people make decisions very often on the basis of benefit-cost ratios and economics. At the moment, we do not have any way of incorporating the environment into that. In terms of how that plays into the environment plan, it is a fundamental issue about bringing that sense of natural capital into the way we as Government and other economic actors make decisions.

There are various strands of activity. One, as you say, is looking at how the Natural Capital Committee feeds into the national accounts. We have also identified a number of different types of landscape and area where it is possible to do a bit more deep diving into what it means to think about natural capital and what it means to think about landscape issues. There is one urban area, one area based on a river catchment, one area that is



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a landscape and a marine area. We are looking at how we can use smaller areas to gain a deeper understanding of how natural capital can translate into decision-making on the ground. That is how it plays back into the environment plan.

Angela Smith: We will see how it goes.

Q79 **Jim Fitzpatrick:** Secretary of State, Permanent Secretary, good afternoon. Can I turn to air quality? It is 60 years since the last Clean Air Act. Do you think it is time for a new one?

Andrea Leadsom: Air quality is an absolutely key part of our environmental ambition. Since 2010, we have committed £2 billion to further work on air quality. Last week, we announced a clean air zones package. We are absolutely committed to it, but primary legislation is not always the answer and it is something we will continue to look at. Nevertheless, we think we are making some significant strides in delivering better quality air for the people of this country.

Q80 **Jim Fitzpatrick:** Estimates say that about 40,000 premature deaths are linked to poor air quality and pollution, which suggests that it is a major issue for health. Will you take a personal interest and discuss the matter with your counterpart at the Department of Health? How much will be delegated, for example, to Minister Coffey, who has air quality in her brief? Will you be targeting the most vulnerable, for example children, inner city deprived communities and areas like London, where we are in breach of European regulations that we agreed to, which clearly are the main areas where people are suffering from poor air quality?

Andrea Leadsom: It is a massive priority and you are exactly right to raise it. On my second day in the job, I went to meet the new Mayor, Sadiq Khan, to discuss air quality issues with him. It is a very significant priority. As I mentioned, we launched our clean air zones plan last week, or the week before, committing five of our most problematic areas to clean air zones. Of course, we want more local authorities to seize the initiative to create their own clean air zones. Just last week, we announced £35 million for thousands more electric vehicle charging points to create the infrastructure for more electric vehicles. Since 2011, the uptake of electric vehicles has increased 20 times. Certainly in urban areas, it is vital that we get cleaner vehicles. That is absolutely key to this.

We have huge plans. We had our 2011-2015 cycling plans with a £224 million investment. The son of that, the 2016-2021 Bikeability plan, has a budget of £300 million to encourage people to cycle, to get more cycle paths, to get cars off the roads and so on. It is absolutely a top priority and, certainly for me, it is right up there as one of my ambitions for our environment, without any question.

Q81 **Jim Fitzpatrick:** You indicated a number of initiatives and you have a consultation running at the moment, primarily looking at nitrogen dioxide



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objectives. To go back to my original question, do you not think it is time for a new national air quality strategy and primary legislation, given that we are going to be detaching from the EU and we are in breach of most of the EU regulations that we signed up to? The EU regulations are weaker than those set by the World Health Organisation, for example, so I cannot imagine that even through Brexit we are going to lower our standards. If anything, we should be pushing them in the other direction. Do you not think there is merit in examining whether we need a new national strategy and, indeed, a new Clean Air Act?

Andrea Leadsom: I would certainly agree that we want to do more on air quality; there is no question about that. You will be aware that, after the whole VW diesel emissions scandal, a fresh look is being taken at how actual emissions in real world scenarios are affecting our air quality; and we are absolutely committed to looking at what more we need to do as a result of that. Just to be very clear, we will be nationalising all the EU legislation, so taking on board all those rules and regulations. You are exactly right. As we leave the EU, we have the opportunity, if we need to, to look at what more we need to legislate for, but it is not my expectation at the moment that we need primary legislation. Our plans to look at what more needs to be done following this new assessment of vehicle emissions goes to meeting the commitments we have made and want to achieve.

Q82 **Chair:** Secretary of State, you mentioned a 20 times increase in the number of cars, but only about 1% of cars are electric. We still have a lot of old diesel engines, especially in buses, taxis, private cars and vans, going into our inner cities contributing to this nitric oxide and dioxide. That is key. It is not just about Defra. Defra may lead on it, but it is very much for the Department for Transport and across government. I take up the point that Jim Fitzpatrick made: do we not need more of a priority, because we have to change people's attitudes? We have been driving them towards diesel engines for years and now we are saying we want to take them away from diesel engines. Should we have a scrappage scheme for older diesels? Should we not do more to try to save some of these 40,000 people affected by air quality?

Andrea Leadsom: I completely understand and totally sympathise with what you are saying. I would absolutely love to do exactly as you say. We are making a huge investment, so £400 million was made available between 2010 and 2015 to support the market for ultra-low emission vehicles. In the 2015 Autumn Statement, a further commitment of £600 million was made between 2015 and 2020 to support the uptake and manufacturing of ultra-low emission vehicles; and £600 million was invested between 2011 and 2015 to deliver 96 projects across 77 local authorities through the local sustainable transport fund, so getting dirty buses off the road and so on.

You mention scrappage schemes. The evidence just is not there that that deals with the air problem, because you cannot see where exactly those cars are being driven. You need to be very focused on delivery.



Q83 Chair: Within the inner cities, there are hotspots; we know where they are. That is where we need more emphasis: on keeping the dirty vehicles out of there.

Andrea Leadsom: It is exactly the air quality in the hotspots that we targeting with our clean air zones plan. We certainly hope and expect that other local authorities will want to take up the opportunity to deliver similar clean air zones in their own inner city areas.

Chair: We are still in court. We are still being taken to court. We are still not meeting our targets. Is there not a bit more urgency? I am not convinced we are urgent enough.

Q84 Jim Fitzpatrick: To supplement my point about the Department of Health, will you be designating Thérèse, for example, to link up with the Ministers at the Department of Health, to look at what the two Departments can do together in terms of a publicity campaign, raising public awareness and trying to reduce the number of deaths. It is costing us money, treating these people. Therefore, there is an economic dimension to this, as well as a health and air quality one.

Andrea Leadsom: Of course. The Ministers in Defra works very much as a team. Thérèse will get involved with some meetings, and I will get involved with others. We work very closely on air quality. It is one of our top priorities, but I do not accept that we are in any way not really focusing on it and not doing enough. We are trying to create the infrastructure and the environment in which people are much more aware of the problem of dirty vehicles and poor quality air. As I say, the clean air zones are a great framework that we hope more local authorities will want to take up. We urge local authorities to get involved with resolving their own air quality issues. We are working on this as a top priority. There is absolutely no slacking on it.

Clare Moriarty: In terms of working with other Departments, as the Chair said, Transport is particularly important. When we published the national air quality plan at the end of last year, we also set up a joint air quality unit, which is partly DfT and partly Defra. That reports jointly to our two sets of Ministers. It is really valuable to have people sitting together, working on these issues. The clear air zones, as the Secretary of State says, are a really important way of making sure that we have only the cleanest vehicles in the cities. You have to give people a bit of time, because of the consequence of strongly discouraging older diesel vehicles. Some people will need to make investment decisions about that. Infrastructure is needed for local authorities and people need time to adjust and adapt, but we are actively moving forward with them. We have been doing that since the beginning of the year.

Chair: Customs and excise duty is not being changed on diesel cars, as far as I am aware. There is a whole raft of things that need to be looked at, not just by Defra. That is why Health, Transport and Defra all have to work together. Are you convinced that we are all working together?



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Q85 **Jim Fitzpatrick:** Is there Department of Health representation on your joint working party, Clare?

Clare Moriarty: There is an interdepartmental committee, which includes Department of Health. Clearly, in terms of the economic benefit and the human benefit, that is very much in the Health area. In terms of what practical things you need to do to fix the issue, a lot of that sits with Transport, which in turn works very closely with Health. It is recognised as something that requires interdepartmental intervention.

Chair: We would really urge you to pull everybody together if you can, because we all understand the importance of people being affected so badly by this.

Q86 **Ms Ritchie:** The Public Accounts Committee has criticised the inclusion of the carrier bag tax as evidence of reducing the regulatory burden on business. Therefore, why does the majority of Defra's contribution towards the reduction in regulation come from introducing the plastic bag tax, which many—and I do not put myself in that category—class as a new regulatory burden on businesses?

Andrea Leadsom: I am slightly flummoxed by that question. Effectively, the plastic bag charge is a new regulatory burden on businesses. We went to some lengths to ensure it only affected larger businesses. We excluded smaller businesses from having to impose it as it would potentially be a burden for them. At our party conference, I had a meeting with a person who represents small independent newsagents saying they would like to have their own voluntary scheme, because they see the environmental benefit of doing so.

I am not quite sure how to answer that, because I am pro-deregulation wherever possible, but I also see the extraordinary good from 6 billion fewer plastic bags in our streets, hedgerows, rivers and seas. To say it is a new regulation so you should not have done it—if we took a vote on that, I am not sure many people would say we should not have done it. The fact that small businesses that were deliberately exempted because of the potential burden are now saying they would like to do something voluntarily adds to the weight of support for such a measure.

Perhaps that is not a good example. If you were to suggest to me regulation around the height of a hedge or something, I would certainly be very keen to deregulate as far as possible because such regulation creates extra pressures that are not absolutely necessary. There is going to be a massive discussion about the height of hedges, isn't there? I should not have said that.

Q87 **Chair:** There is some good regulation, I think. Are you saying there is some good regulation? Perhaps this is one of them.

Andrea Leadsom: Yes, exactly, and I am going to live to regret saying what I did. I am sure there are very good reasons for the height of hedges.



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Angela Smith: My head is full of the height of hedges. Think of all the anti-social behaviour complaints we will get if we get rid of the six foot regulations.

Andrea Leadsom: I was actually thinking of around fields, if I could just narrow down the argument slightly.

Q88 **Angela Smith:** What is your assessment of the potential to meet further spending reductions from efficiency savings, given the level of savings to date in Defra?

Andrea Leadsom: Defra has a huge extended family. There are in total 22,000 people in all the arm's length bodies, including the Environment Agency, Natural England and so on. There is a huge good in making sure that we are as customer-focused right across that Defra family as we possibly can be, so the number of bodies you have to ring for different licences is minimised, the amount of different IT systems you have to interface with is minimised. Likewise, we should share back office and comms teams, overheads and offices wherever possible. There are a lot of efficiency savings you can make, while at the same time creating a better customer experience. There is good capacity for making those efficiency savings.

Q89 **Angela Smith:** Given that we all know the importance the public place on flooding, flood risk management and flood prevention, and given the priority the public place on dealing effectively with animal and plant health and diseases, what assurances can you give that budgets in those areas will be protected?

Andrea Leadsom: It is well known that our budget for flood defences, increasing flood defences, whether permanent or temporary, flood maintenance and so on has been significantly increased. We remain very committed to flood protection and to improving the flood defences.

Q90 **Angela Smith:** So it will be protected.

Andrea Leadsom: I would go further and say it has been increased quite significantly, with our national flood resilience review. We have invested in temporary flood defences and in better training and equipment. Right across the board, in flood maintenance and in new flood schemes, we have increased the budget.

Q91 **Angela Smith:** There is no rolling back.

Andrea Leadsom: Absolutely not. Just recently, we had our winter preparedness training. Last year, as Energy Minister, I attended the Cobra meetings on the awful floods in the north of England. It was very clear that the co-operation between Departments was key to getting a good response. All Departments have bought into it: for example, if you need to get the army out to help clear roads and get people out of their homes; or where you need local authorities to hit the ground running. We have Environment Agency people working very closely with them to make sure they are prepared for any winter problems. Right across



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government, there is a huge commitment to increased preparedness for winter weather.

Q92 Angela Smith: I also mentioned animal and plant diseases and the impact on animal health. We all know the problems we have with the ash and I think problems are emerging with the oak as well. In those two respects, will the budgets be protected, because this is critical to UK farming and to biodiversity?

Andrea Leadsom: The UK is committed to maintaining our good animal health standards and our plant safety and security. We have a monthly biosecurity meeting, where we look right across the board at all the potential risks, the existing problems and what we are doing about them. There is a huge commitment to that. In terms of the financial resources, could you comment, Clare?

Clare Moriarty: You talked about efficiency at the start. We are committed to a significant programme of transforming the Department, looking for efficiencies. We absolutely start from the point of view that we need to maintain our capabilities, so we are constantly looking at whether there are ways of doing things that are more streamlined and efficient, using more digital services. We are very focused on having the capability to respond. That may or may not translate into the amount of money spent being exactly the same, but we are very focused on making sure we have the capability to respond.

Q93 Angela Smith: That is interesting, because we are talking about budgets here, as opposed to resource and capability. As a Committee, we thought budgets for managing threats such as flooding and animal and plant disease were protected. In other words, if Defra is capable of delivering more for the budget, more will be delivered in those areas. I am not aware that improving efficiency and having more capability would mean you would have an excuse to cut the budgets in those two priority areas.

Andrea Leadsom: That is not what we are saying at all. In fact, we have maintained the number of vets involved in disease detection, preparedness and control; and we have increased spending in animal health, with £65 million in new capital investment available to upgrade lab facilities and, of course, support our ability to fight disease.

Angela Smith: That is capital. I am talking about revenue.

Andrea Leadsom: As I say, we have maintained the number of vets involved in disease detection. We have a very comprehensive approach that means that any risk gets escalated quickly, which is led by the chief vet and the chief plant health officer. We have, as I say, monthly biosecurity meetings, which I and my ministerial colleagues attend, where we look at all potential, emerging and current risks. We are absolutely committed to that as being key to sustaining our plants and animals.



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Q94 **Angela Smith:** At the end of the day—a straight answer to a straight question—will budgets be maintained in those two priority areas? It is yes or no.

Andrea Leadsom: That is like saying, “Will the sun shine tomorrow?”

Angela Smith: No, it is not.

Andrea Leadsom: You cannot predict for ever whether budgets will remain exactly the same. The Permanent Secretary and I are saying that we continue to prioritise the resources necessary to deliver the biosecurity we need in this country, so it is a top priority area. If you make some efficiency savings, it is not that you are downplaying your prioritisation of that area. We are saying that we are absolutely committed to sustaining our good strong biosecurity.

Q95 **Angela Smith:** I will have a final go at this. Let us change the wording slightly and talk about protection. If efficiency savings are delivered, will the resource generated actually be spent on improving and extending the work that you do in those two areas? In other words, you will not save the money and run off with it; you will invest it in further work on areas such as flooding and plant health.

Andrea Leadsom: I have already explained that budgets have increased for flooding, and I have already explained that we have maintained the number of vets involved in the disease detection. I have already explained that we are absolutely committed to the existing strength of our biosecurity commitment. We have very good methods in place to ensure that we keep our plant and animal health strong and sound, and we are committed to that. I just do not want to get drawn into if there is a potential saving because of an office move or whatever. I do not have that level of detail. We can write to the Committee if that is helpful, but I do not think it would answer your question. I think I have answered your question.

Angela Smith: It would be helpful.

Q96 **Rebecca Pow:** On the flooding spending, I applaud the commitment that the Government have given to keep up their spending, but one thing that would help Defra to fund less itself is of course the precept, the idea of the precept, which is much discussed in Somerset, in particular on the levels. I wonder if the Minister might kindly give some assurances as to when the legislation will come forward to enable that precept to be put on to council tax bills, because I know that is something the local authorities would really like a little clarity on.

Andrea Leadsom: You are exactly right. The Somerset Rivers Authority was asked by the local community to create a precept that would allow them to control and manage flood risk in their area. It is a very good model of working. It is essential that local communities are involved if they want to be able to set such a thing up. Local authorities were given the flexibility to fund the Somerset Rivers Authority through a shadow



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precept in April this year. We are continuing to work with the Somerset Rivers Authority on a long-term solution, and the Government are considering the legislative programme right now, which includes bringing forward legislation to establish the SRA as a precepting authority. It is being considered along with other Government legislation.

Rebecca Pow: With respect, Minister, I think that was the answer I got in June when I asked.

Chair: It is the timescale now, I think. Have you any idea when?

Q97 **Rebecca Pow:** Time is of the essence for the local authorities, because they have to get their council tax bills sorted out.

Andrea Leadsom: They do have a shadow precepting arrangement that is already in place. As I say, we are looking, in conjunction with all the other legislative priorities, at that proposal.

Q98 **Rebecca Pow:** But is it not right that they are not allowed to keep using that shadow system in perpetuity? I thought that was a very short-term measure. That is their concern, I think.

Clare Moriarty: The intention is to give them the legislative basis for that, but, in light of the referendum and EU exit, the Government need to have a really hard look at the legislative programme and exactly where everything fits in. Whereas we might have expected to have greater clarity at this stage, as the Secretary of State says, the discussions are still continuing. We are still hopeful of getting there, but we cannot give you as precise an answer as we might have been able to.

Chair: If you have any more information you could provide to us in writing, we would be delighted to have it because it is important to get this under way.

Q99 **Chris Davies:** Why does projected capital spend increase after 2017-2018?

Andrea Leadsom: On what?

Chair: The question, I suppose, is questioning the logic of the capital spending. Why is it not increasing now but is increasing after 2017-2018?

Andrea Leadsom: The increase in capital spending on what?

Chris Davies: In Defra's programme. These are your figures.

Andrea Leadsom: In the Defra single departmental plan?

Chris Davies: Yes.

Clare Moriarty: I have to say I thought that it was increasing. We have different streams of capital for different purposes. Some capital supports our transformational programme, both for IT and also for upgrading our estate. That is more front-loaded. Some of the capital for flood schemes



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will be lined up with when we are expecting to be able to deliver those flood schemes. I do not have the exact profile in front of me.

Q100 **Chris Davies:** Can you give any other examples of what spend you are thinking of after that time?

Clare Moriarty: Sorry, not without seeing the figures. We can certainly write to the Committee.

Q101 **Chair:** If there is any other information on that one, you can give it to us in writing. On the ICT operating model across the Defra group, is the Department on track to achieve the target of reducing IT running costs by 20% to 25% by 2020? We had lots of questions just now regarding the Rural Payments Agency and the problems with its computer system, so it seems a little bit interesting to see whether you are going to hit your targets of reducing when probably they have increased.

Clare Moriarty: We are on track to meet that. Leaving aside the specific system for the rural payments, we have two big contracts, both of which come to an end in 2018, and we have a major programme that is designed to procure a single contract, so a single IT system for the whole of the Defra group covering all our organisations, which takes advantage of all the ways in which technology has moved on, so using cloud-based services. Our best estimate is that, if we work with the Government Digital Service in an up-to-date way with the right number of suppliers, we will get all of what we need for about 25% less than we are paying at the moment.

Q102 **Chair:** So you can give us in writing in blood that this system, when it is all put together and everything is all working together, will work? We have not had a very good experience, have we, so far, of computer systems in Defra? I do not think that is too unkind.

Clare Moriarty: I would hesitate to give you any commitment in blood.

Chair: That may be a bit too far, I accept.

Clare Moriarty: These are the IT contracts for our functional IT. It is about making sure that we have all the kit that people use to work with, that our systems across the group are running properly. It is not so much the design of the systems; it is more the hardware that keeps the organisation going. It is something that my Executive Committee focuses on quite regularly. The board has had some discussions about it. Like any big programme of this kind, we need to keep absolutely on top of it, but, in my understanding, we are going in the right direction.

Chair: We await it with great interest.

Q103 **Jim Fitzpatrick:** This may be more for Clare than you, Andrea, because it refers back to last year's annual report. There were several comments from non-executive directors saying major projects had limited talent pools; recruitment was sometimes a bit difficult; it was a challenge to



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retain the right skills. Are you confident that you will be able to deliver? Why are the non-executive directors expressing such concern about the quality of the staff, given what you have been saying for the past couple of hours? Do you recognise those points?

Clare Moriarty: Non-executive directors rightly challenge us, as the Secretary of State was saying, to make sure that we are not complacent. We are certainly not complacent about it. We have some very big projects, and we have brought in quite a lot of capability, particularly in the IT area, over the last few months, so it is something that is very high on my agenda.

Chair: You were definitely saved by the bell there. Thank you very much, Secretary of State, for being so open and frank with us, and Clare as well. Thank you very much for attending. I think you wanted to get away now. We all have to go and vote, so I declare the meeting closed. Thank you very much for coming.