

Environmental Audit Committee

Oral evidence: The Future of the Natural Environment after the EU Referendum, HC 599

Tuesday 25 October 2016

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[Watch the meeting](#)

Members present: Mary Creagh (Chair); Peter Aldous; Geraint Davies; Peter Heaton-Jones; Caroline Lucas; John Mc Nally; Kerry McCarthy.

Questions 276-411

Witnesses

Sir James Bevan, Chief Executive, Environment Agency, Richard Greenhous, Director for Forestry Services, Forestry Commission, and Rob Cooke, Director of Biodiversity, Natural England.

Right Hon. Andrea Leadsom MP, Secretary of State, Department for Environment, Food and Rural Affairs.

Written evidence from witnesses:

- [Environment Agency](#)
- [Forestry Commission](#)
- [Natural England](#)
- [DEFRA](#)

Examination of Witnesses

Witnesses: Sir James Bevan, Richard Greenhous and Rob Cooke

Q276 **Chair:** I call the meeting to order, and I would like to thank our guests for coming here to be with us today: Sir James Bevan, Chief Executive of the Environment Agency; Richard Greenhous, Director for Forestry Services at the Forestry Commission; Rob Cooke, Director of Biodiversity at Natural England. Thank you very much indeed for being with us today. It is obviously a very busy day for the Committee with the Heathrow announcement, so there is a bit of coming and going. Please do not be offended if that happens when you are in the middle of an answer.

In your evidence to us on this inquiry you refer to EU regulatory measures relevant to the natural environment. If we were to look, for example, at habitats and species, what would we lose if we were left with only our national regulatory measures? Natural England, Rob, could you start off, please?

Rob Cooke: We would lose some elements of European jurisprudence that we have now. We would lose some of the context about how we assess some of our species.

Q277 **Chair:** In what sense? What do you mean by context?

Rob Cooke: We have species and habitats that are important because they are known to be scarce throughout Europe, so we identify those accordingly. On land, a lot of the European designations are underpinned by domestic legislation, so some of the impacts there might not be as significant as they would be in the marine environment, where there is no domestic legislation underpinning some of the designations. That would be a key challenge.

How we address some of the tests that are currently enshrined in European legislation, which support sustainable development, becomes an issue that would need some further consideration.

Q278 **Chair:** Do you mean with specific regard to planning?

Rob Cooke: Yes.

Q279 **Chair:** Planning, jurisprudence and then the European context are your three big concerns. James, could you just elaborate? We have heard, after the UK leaves the EU, the enforcement of environment legislation might require the functions of EU institutions such as the European Environment Agency and the European Court of Justice to be replicated domestically. You are a regulator. What would you say to that idea?

Sir James Bevan: The first issue, Madam Chair, is what we are going to be enforcing and regulating, and there is a debate to be had about, after we leave the European Union, which bits of EU legislation we want to retain in one form in UK law, which bits we might want to reform and which we might want to abolish, and that is provided for in the Repeal Bill



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that the Prime Minister announced. There will have to be a process of going through all of those bits of legislation.

In terms of how we give effect to that legislation, the Environment Agency is going to remain an important player in that. We regulate. We do that through advice, through classic regulation and, as necessary, through prosecution, and we will continue to do that in the new context after EU exit. The UK courts will continue to play a critical role, and in the last few years I think the courts have shown that they take very seriously offences against environment law: seven-figure fines for polluting water companies, for example.

Quite a lot of the law that we will be enforcing and regulating, of course, will not just arise from the European Union. There is a lot of UK domestic law and a lot of international commitments that will outlast our departure from the European Union. There is a complex of mechanisms that will help ensure that law is given effect in the way that it needs to be.

I also think there is going to be a lot of public pressure, which I welcome. Most people, however they voted on 23 June, were not voting for a dirty country, and there will be a lot of public pressure on us, rightly, to make sure that we have regard to environmental legislation and that it is given good effect.

Q280 Chair: In your evidence, you said, "Much of the activity to improve the water environment is driven by existing European directives, such as the Water Framework Directive and the Nitrates Directive", and "40% of water bodies in England do not achieve 'Good Status' because of pollution from agriculture". There is a clear issue there with farmers. Do those directives cover the marine environment? Your colleague just said it does not. Who looks after the seas? Do you have a regulatory role with the marine environment at the moment?

Sir James Bevan: Most of our regulatory activity stops at the waterline.

Q281 Chair: Are you saying there is no marine protection?

Sir James Bevan: There will be small amounts of activity where we are engaged somewhere between the shoreline and a specific point out to sea, depending on what we are regulating in relation to—the Bathing Water Directive, for example.

Q282 Chair: Sewage?

Sir James Bevan: Yes, sewage. Some of our functions in relation to flood defence require us to be involved in planning decisions that affect beyond the waterline, but our overall activity is mostly land-based. There is very little activity in the marine environment itself.

Q283 Chair: Thank you. Mr Greenhous, we heard from National Parks England that most professionals think that EU legislation has more clout than UK legislation. From a forestry point of view, particularly with regard to



habitats, do you think that that is the case? Is that something you have found in your work?

Richard Greenhous: For forestry, the bulk of the regulation is domestic—the Forestry Act 1967. Most of my role as a regulator is to enforce domestic regulation, but there is clearly a significant influence that is had by EU regulation, including habitats, for instance, which limits the times in the year when it is appropriate to carry out certain forestry operations. Yes, it does have an influence, but the domestic regulation that we enforce does have plenty of clout as well as the benefit of having been stable for quite a long time.

Q284 **Chair:** What are your greatest fears about this as we go forward?

Sir James Bevan: My greatest fear will be that we do not seize the opportunity that we have to make things better. This is an opportunity. Whatever you think of EU legislation, it is not perfect. A lot of it has generated major benefits, a lot of it the UK was involved in shaping, but nobody thinks that all EU environmental legislation is perfect. Some of it is outdated or focuses too much on process rather than on outcomes or is not tailored to the very specific circumstances in the United Kingdom. My greatest concern is that we fail to capitalise on the opportunity to design and deliver a better environmental framework after we leave the EU. I think we can do that. That is my commitment and that is the commitment of the Government, so that is the task for the next few years.

Rob Cooke: I agree with that. There is an opportunity to take a look at what it is we want to achieve for the natural environment. The opportunity is there to look at the existing legislative regimes and the European ones, and take the best of those and work them up into something fit for this country. The thing that worries me is the speed at which it happens. There is such a lot of European legislation and it is very complex, so the challenge will be to make sure that we have captured everything we need to.

Richard Greenhous: I would add, of those opportunities, keen to grasp—and, therefore, the fear of not doing—is particularly to improve the common agricultural policy, and I am sure we will come on to that. Lastly, as a regulator, as a delivery body, making sure that—through the 25-year environment plan and the like—what is set as the ambitions is then matched by the tools for society and Government and regulators such as me to meet that ambition. I hope that will be a high ambition and that we will be well equipped to deliver against it.

Q285 **Chair:** What about this idea put forward by Grant Shapps about having a sunset clause in the Repeal Bill if stuff that we have not adopted into our domestic legislation falls after five years?

Sir James Bevan: I am going to say that is a matter for the Government. I promise only to say that once during this session. I think that the way the Repeal Bill is structured makes a lot of sense. What you



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have is a commitment by the Government to, on the day that we leave, nationalise the EU acquis so it all becomes part of UK law, and then a commitment that Parliament will decide which bits of that law, including all the environmental legislation, will stay, what will be repealed and what will be reformed. That will take a long time, and Rob is right that we need to take the time necessary to get it right, but I also think it is the right approach because what businesses are saying to us, what farmers are saying to us and what environmental NGOs are saying to us is that what you need is a mechanism that combines stability—which is important to businesses and farmers to know what the regulatory framework is for the next few years—with the opportunity for reform. I think that process gives us that.

Q286 **Chair:** How long do you think that process will take? You said, “A long time”. How long is a long time?

Sir James Bevan: If you think about the amount of EU legislation that we already have in effect in this country, we are talking about many years.

Q287 **John Mc Nally:** Just following up on that comment, the EU has done an awful lot of hard work in the last 25 to 30 years or so on environmental policy and the formulation of environmental policy. It has amassed a considerable amount of expertise. How are we going to replace this expertise? This is surely a daunting task for everybody.

Sir James Bevan: There is a lot of expertise, you are right. There is a lot of expertise in different bits of the Government. Some of that, which has been working in Europe—in UKRep, for example—will come back. Some of that expertise is lodged around Whitehall; I used to be a part of that. What you are seeing is the Government and agencies like ours making sure that the expertise we do have in relation to the European Union is being brought to bear on designing the right outcomes for after we leave. Where we have expertise, and we have quite a lot of it, we formed an EU exit unit for bringing people together to ensure that we help shape the debate. We are contributing other people to Defra and offering people around Whitehall. That expertise does exist. The challenge is to bring it to bear on the questions that you are focused on.

Q288 **Kerry McCarthy:** After the Great Repeal Bill, it has been suggested, or at least one Conservative Back-Bencher is talking about, a sunset clause so that once the legislation is nationalised, if it is not then considered, reviewed and put properly into English law within five years, it will fall by the wayside. Do you think that is a feasible timeframe?

My second question is, if there are EU initiatives that are being worked on at the moment—at the moment the Great Repeal Bill goes through, we bring over EU legislation. Does the fact that we then have a huge exercise to be done in unpicking and deciding what we keep in law mean that we are likely to lag behind in terms of the improvements that are going on at EU level? Sorry. Do you get the point? On the one hand you



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are reviewing what we already have, but does that mean that we will drop the ball in trying to bring that legislation up to date and improve it?

Caroline Lucas: I think it is called zombie legislation.

Kerry McCarthy: Zombie legislation, exactly, yes.

Caroline Lucas: It is just pickled in time and does not get updated.

Chair: Mr Cooke, can you answer? This is very much back to your answer around jurisprudence.

Rob Cooke: I cannot comment on the timescale. The zombie legislation must be a matter for the Government to decide what they want in terms of environmental legislation and the standards that apply. One would hope that in deciding those standards, Government would keep an eye on what was happening elsewhere, whether it be within the EU-27 or other parts of Europe, about what evidence is coming to bear that affects standards associated with environmental quality. I do not see any particular reason why any policy needs to be frozen in time, in my view.

Sir James Bevan: I would say on the first question to Ms McCarthy that it is important to take the time to get it right because there are big equities at stake. It is important in particular to listen. It is not just our agencies and the Government that need to shape this. We need to listen to parliamentarians, business, environmental NGOs and farmers. That will take time if we are going to deliver it right. The sunset clause is a matter for Parliament, but I would be cautious about anything that might remove protections that already exist that work effectively.

On your second question, we need to do both at the same time. As well as working out what we want to remove or reform, we need to have something better to put in its place.

Q289 **Caroline Lucas:** I have some questions about funding I want to ask, but before I get to that I just want to keep us on this issue of legislation for a second. Mr Cooke, you said, "Yes, we have to keep an eye on it". That sounds incredibly complacent, if I might say so. I was looking at the REACH legislation that has been updated 38 times since it came into force. This is a massive industry of keeping up to date with legislation that we are going to need, presumably, to be in conformity with EU standards if we want to sell in, depending on what the area of legislation is, but some of it will be dependent on selling into the single market anyway. Would you not accept that you have to keep an eye on it, but it is going to be a massive amount of time to make sure that all the legislation is kept up to date?

Rob Cooke: Yes, I would. It is the evidence that is leading to the review of legislation that is key, so keeping an eye on it—my phrase—monitoring changes to evidence—

Q290 **Caroline Lucas:** It is not just monitoring it, though, is it? It is actually changing our legislation to keep pace with what is happening in the EU. It



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is not a passive thing. It is a very active thing.

Rob Cooke: It is an active thing if the evidence shows it requires it. The evidence as to what is happening in one part of Europe may be different as to how it affects the UK, so there is an interpretation of the evidence needed before any decision about what needs to happen, I think.

Q291 **Caroline Lucas:** Can I check one thing as well? When you were talking about once we no longer fall under the jurisdiction of the ECJ in enforcing environmental legislation, is it the assumption that the Supreme Court will do all of that for us? If it is not, what other legal mechanisms are there? Can you clarify what you think we would need to put in place to fill that gap?

Rob Cooke: I am not making any assumptions about what mechanisms are needed. There is—

Q292 **Caroline Lucas:** Are you making any recommendations? If the ECJ is not doing it, someone has to do it. Right now, the Commission will refer a country to the ECJ if it is in breach of EU law. It is all very well importing all of this EU law into national legislation, but then who plays the part of the Commission and the court?

Rob Cooke: At the moment, of course we have the Supreme Court. Whether that is the appropriate mechanism I do not know, I am afraid.

Q293 **Caroline Lucas:** Does anyone else have any thoughts on that?

Sir James Bevan: I think, as I was saying earlier, that we already have strong mechanisms.

Q294 **Caroline Lucas:** Do we have enough already?

Sir James Bevan: We have strong mechanisms, and when we import current EU law into UK law, those mechanisms will apply to that law.

Caroline Lucas: I had understood, and maybe this is wrong, that there would be some elements that would not be covered by the Supreme Court and, therefore, a further legal mechanism would be required to enforce some of this legislation. That is what we heard from the RSPB, I think.

Q295 **Chair:** Who enforces marine at the moment? Is that enforced by the Commission and ECJ, if there is a marine breach? Do we know?

Rob Cooke: Marine regulation is the responsibility of the Marine Management Organisation.

Chair: MMO.

Rob Cooke: Yes.

Q296 **Chair:** Is it a regulator?



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Rob Cooke: It is a regulator in the marine environment, but of course it is subject or the UK is subject to the same level of European scrutiny in the marine environment as it is in the terrestrial environment.

Q297 **Caroline Lucas:** Turning to the funding question—this is for Rob Cooke again, sorry—Natural England quotes the report commissioned by the Land Use Policy Group on the scale of need when it comes to determining what level of resources are required to pay for ecosystem services. Interestingly, the funding that the report estimated was needed to deliver the environmental objectives is similar to the total current UK CAP expenditure. If environmental conditionality was applied to all current CAP expenditure, would that give you the resources you think you need?

Rob Cooke: The LUPG report figures were 2009. There are some significant assumptions in there, so it is worth bearing that in mind, and one of the assumptions was that the cross-subsidisation for Pillar 1 would continue the subsidy payments. If we move to a system whereby there are not going to be any subsidy payments, then those figures look a little bit light. That would be my guess. At the moment—

Q298 **Caroline Lucas:** Look a little bit light? Do you mean there will be a significant shortfall in money?

Rob Cooke: Potentially. The answer to the question, as with a lot of this, is that it does depend on what we want as a country to be delivered. If you assume that what we want to be delivered is what is currently delivered through agri-environment, then the range of figures was £1 billion to £3 billion—so settle on about £2 billion—of which about £1.3 billion was England. If you take away the Pillar 1 cross-subsidisation, £1.3 billion is too little. I do not have—

Q299 **Caroline Lucas:** Do you have a figure of what would be not too little?

Rob Cooke: I do not have that figure. We would need to do some more work on it and then bring the 2009 figures up to date.

Q300 **Caroline Lucas:** Implicit in what you have said answers my next question, but just to be clear, the question was: would there be knock-on consequences from the loss of basic farm payments that would increase the total resource required?

Rob Cooke: There would be some. There is little evidence to show any environmental outcome from Pillar 1 payments, but the Pillar 1 payments do support farming, and some of the farming, particularly in the uplands, is necessary to maintain environmental outcomes. If Pillar 1 subsidy payments are going to disappear, then how that cross-subsidisation works to the benefit of the environment is something that will need to be looked at carefully.

Q301 **Caroline Lucas:** I had another question. If there were to be no increase in funding for countryside stewardship and related schemes, what objectives would not then be able to be met?



Rob Cooke: A whole range; certainly biodiversity objectives, some of the water quality objectives. Countryside stewardship is a broad scheme delivering multiple outcomes. It is limited by its budget.

Q302 **Caroline Lucas:** If it is already limited by its budget and there is going to be no increase in funding, presumably the implications of that are fairly severe. I do not know if anyone else wants to comment on that.

Sir James Bevan: It is a really important debate that we have to have. It is impossible to put a particular figure on how much money you would need, but I do think that the principle of incentivising farmers and landowners to deliver ecosystem services and public goods is a really powerful one. It is going to be important for farmers in future that we find some way of helping them do that, and we want a thriving farming industry. The public want a countryside that is green and clean and water and air that is clean, and they help deliver that, and I also think it is value for money. For example, if you have a system that incentivises a farmer through sustainable land management to retain his soil on his field, what you are doing is not causing flood risk, which happens when that soil runs off into rivers, and what you are doing then is saving millions of pounds worth of damage and hurt to people who get flooded. It is value for money, that kind of investment. We do need to think about how we do it and the best way to get the best value for money.

Q303 **Caroline Lucas:** I am worried about the idea of not being able to put a figure on it, because if you do not put a figure on it or if a figure is not put on it, then there will be so many calls on the money that is supposedly now available to us as a result of not being part of the EU. If our sector is not fighting for it, there will be plenty of other sectors that are. When and how would you imagine a figure would get put on that?

Richard Greenhous: What I think we can do—for example, in forestry—is, if there is an ambition to plant X million trees, we can come up with a pretty accurate estimate of what that would cost to deliver through a mechanism such as countryside stewardship. What is harder to then put a figure on is which outcomes then flow from that, because it very much is determined by what trees in what place, for example. What countryside stewardship has sought to do is to maximise the biodiversity and water benefits, but you are also getting carbon and access and recreational and so on benefits from woodland creation, as a type of example.

Q304 **Caroline Lucas:** I am just slightly surprised. Maybe this is my misinterpretation, but I would have thought that you and your organisations would be putting forward really strong costed plans of saying, “If we leave the EU, these are the things that we may well not be able to do anymore unless you, O Government, will give us this amount of money to do this, this amount of money to do that”. I do not get the sense that that is something strongly, proactively being done, but maybe that is not correct.



Richard Greenhous: The mechanism I see is that we have the 25-year environment plan being drawn up. That will look at things in a holistic way, and yes, of course there are trade-offs to be made, but also synergies to be maximised. If that is the vehicle for determining what the overall ambition is, then for each part of that bodies such as ours can advise on how best to achieve that, sometimes about money, sometimes about regulation, sometimes about advice or behaviour change. It is a suite of tools that are available, of which grant monies are one.

Sir James Bevan: Perhaps I could just add it will not necessarily all be money from Government. With regard to the water companies, there are huge investments in ecosystem services through programmes that we work with them on that deliver cleaner water and greater biodiversity. We do absolutely need to think about what the Government are going to contribute. We also need to enlarge the scope of that debate and include other private entities.

Q305 **Chair:** Thank you. Mr Cooke, you said the £1 billion to £3 billion is a bit light if Pillar 1 is not continued. Are you able to revisit your research and come back to us with an updated figure?

Rob Cooke: Yes.

Chair: That would be very helpful. There is a challenge around timescales for this report. If you could meet the timescales, that would be great, but even afterwards. That exchange has shown that if we are not saying what is needed, we will end up with something that might not be the amount we need.

Q306 **John Mc Nally:** Following on just to develop what Caroline was talking about—and by the way, it is nice to see you again. The last time we met I think was the APPG on flooding some time ago. Hopefully that is moving along in the right direction. Anyway, to bring you back, we were talking about the importance of the non-CAP EU environmental funding. I want to hear where the funds other than CAP, such as the EU LIFE, Interreg, Horizon 2020 and Leader funds, all contribute to the conservation of biodiversity in the UK, and how important are they to the land management and biodiversity in the UK?

I would also like to bring in, while I can, that the devolved Administrations have all received large shares of various sources of EU funding, spent on less-favoured areas, as you know, and agri-environmental measures. Has any thought been given to how the future national funding of these schemes can be allocated fairly between the constituent nations? This is obviously extremely important to me.

Sir James Bevan: On the first point, Mr Mc Nally, for the Environment Agency itself, EU funding is not a major issue because our funding, as you know, comes from the Government or from charging, but it really is, as you rightly say, a big issue for our partners. When we deliver flood schemes, we do that in partnership often with local authorities. A lot of the money that local authorities contribute comes from European funding,



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like structural funding, so it affects their ability to fund flood defence. When we work dealing with habitats or biodiversity enhancement, a lot of the environmental NGOs with which we work get funding from LIFE. There will be implications when that money eventually disappears, and we need to think creatively and not just within Government about how we can replicate that money through other means.

John Mc Nally: This creative thinking is going to have to be rather quick. We are running out of time rather quickly. I think people need certainty. Everybody needs some sort of certainty.

Sir James Bevan: Absolutely. We have some time, because we know now how we are going to handle the issue of EU legislation immediately post-Brexit through the Repeal Bill. The Chancellor has set out some measures that will give certainty for the next few years in terms of monies that are coming into agriculture and some other bits of EU funding. We do have a bit of time, and we need to take that time to sit down and think really seriously about these very fundamental issues, including to your last point in conversations with the devolved Administrations. I was in Belfast last week talking to the heads of the other environmental protection agencies from Scotland, Northern Ireland and Wales, and clearly we are going to need to work even more closely together in future to design outcomes that work for the whole of the UK.

John Mc Nally: Does anybody else want to comment on that?

Q307 **Chair:** Can I ask Mr Greenhous? I was going to ask you about ash dieback and the research into plant health.

Richard Greenhous: Yes. Certainly it is the case that other European funds have contributed to that and research, and again it is largely our partners that are funded through such other funds rather than the Forestry Commission directly, often in partnerships with Forest Research, our research agency. It is important. It is not as important to us as the CAP funds in delivering the outcomes, but without the right research, adequately funded, clearly we will not be pointing towards the right outcomes.

On the devolved side, both agriculture and forestry are devolved matters and have been for some time, and the Scottish Government are currently consulting on the future of forestry in Scotland. I would see that as the main vehicle of where they might wish to end up, but whatever the outcome of that, co-operation across the border is really important for something like forestry, which is very much industry that spans the borders. We need to make sure that that works.

Q308 **John Mc Nally:** What potential is there to develop the private funding in the forestry schemes or agri-environmental schemes themselves?

Richard Greenhous: We have had a slow but encouraging start with the Woodland Carbon Code. That has started to get investment in carbon for forestry. Then it is the water companies that have started to do more in



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terms of funding tree planting for water quality and flood alleviation purposes. That is the stuff that has started. I do think the work on the Natural Capital Committee and the like shows quite how much more potential there is. Some other countries like the US have got further on some fronts. I think we still have a long way to go. If it was easy, there would be loads flowing already, so there is certainly an awful lot of work still to be done on making that a reality.

Q309 **Chair:** Could you write to us with the details of the US model, please?

Richard Greenhous: I can certainly write to you on what we know is happening in the US, yes.

Q310 **Chair:** That would be helpful. Just on the ash dieback issue, is it not the case that you have worked very closely with Danish and Dutch tree scientists to find the genetic tree that is going to replant our 100 million ash trees that are set to die? Is that not the case?

Richard Greenhous: Yes. We have very good links with other European countries on that front, yes.

Q311 **Chair:** What will happen to those links after we leave? What will happen to the co-funded scientific papers, the co-funded conferences? What happens to all of that?

Richard Greenhous: I do not know every detail of that, but certainly it will be our ambition to ensure that we maintain those relationships, regardless of any changes that happen around it, and an awful lot of that is about quite personal relationships, on occasions, between scientists and the scientific community, and I hope that that can continue. I do not see why it should not.

Q312 **Chair:** Do any other guests wish to add to that?

Rob Cooke: I would just add to the point the importance of non-CAP-related European funding for the environment. The LIFE funds have been hugely influential over the last decade, and also about £1 billion. Just recently we have secured nearly £5 million for some work restoring some of the Shropshire peatlands, which generated a further £1 million in partnership money. The importance of the wider gamut of European funding should not be underestimated.

John Mc Nally: Thank you. EU LIFE funded 235 projects in the UK, €967 million since 1992. That is a considerable amount of money to consider that you might not have access to. I would be very interested to see how you come up with how to replace that.

Q313 **Peter Aldous:** I would like to look at the effectiveness of current environmental land management schemes and perhaps explore what features any future schemes might have. Just by way of introduction, I should point out that I am a partner in a family arable and pig farm in East Anglia.

I welcome your views as to whether we have any evidence of the



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effectiveness of the new countryside stewardship scheme and whether this does provide a model that could be used post-CAP.

Rob Cooke: We are now in the second year of countryside stewardship, so it is early days in terms of evidence. We do have, though, an awful lot of evidence from the previous scheme, higher level stewardship, many parts of which have been rolled forward into stewardship, and that evidence is conclusive in terms of the environmental benefits. We have included some in the submission. I can read out some. We know that field margins have increased crop yields, that field margins reduce the impact of pesticide on crops, and productivity increases as well as yield. There is an awful lot of good evidence to support that and there is no reason to suspect that countryside stewardship will be any less successful.

Sir James Bevan: I agree. I think it is early days. I have seen lots of benefits derived from the countryside stewardship scheme. As I said, the principle of paying farmers to deliver public goods and ecosystem services is a good one.

I have spent quite a lot of time in the last few months getting to know farmers because I have clocked how fantastically important they are, for good or ill, in terms of delivering the good environment we want. What I hear from some farmers is a question about the degree to which countryside stewardship payment will incentivise them to do what we want. For example, we want farmers to plant trees. Many farmers tell me that what they currently get in terms of funding for tree planting does not compensate for the forgone loss of what they could use that land for for something else. The design of the scheme is a good one but we may need to look at whether we have got the incentives exactly right.

Q314 **Peter Aldous:** Do you have anything on that particular point, Mr Greenhous?

Richard Greenhous: Certainly countryside stewardship has started delivering considerable amounts of tree planting, in the millions. That builds on the previous scheme. As to whether the weight is enough, it has been reviewed at various times and increased in light of the evidence. Clearly, one would not want to be paying any more than one had to to realise the public benefit. Also bringing tens of thousands of hectares of woodland into management and all the benefit that that brings is important in delivering our objectives. What is different about countryside stewardship is that it is more targeted, and that has delivered more benefits from each hectare that you have done something to. It is how to try to find a relatively simpler way of improving it, both for the benefit of ourselves and our customers, to reduce the overhead for each pound delivering an outcome.

Q315 **Peter Aldous:** You touched on the magic word there, "simple", which I am just going to ask Mr Cooke and Sir James a little bit more about, in that both the Environment Agency and Natural England have said that future environmental land management programmes should deliver



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multiple benefits and that such schemes should be, among other things, simple. Just talk me through how you envisage simplicity running through such schemes. Some might say that if you achieved this, you have found the alchemy of policymaking.

Sir James Bevan: Yes. It is easy to say and tough to do, but I think it is important to try. My experience is that first you need something to be simple, because if it is not simple and you cannot explain it to somebody—an ordinary member of the public—in a way that they understand, then it is probably a bad policy. Simplicity is an inherently good thing.

Secondly, it needs to be simple for the people, including those of us sitting on this side of the table, who are going to be enforcing or regulating whatever future policies we come out with. We want to spend our resources and our effort promoting better environmental outcomes out there, advising and supporting farmers and industry. We do not want to spend it box-ticking with bureaucratic processes that do not deliver those outcomes, so it is important for us that it should be simple.

Critically, it is important for the customers and it is important for the farmers and the landowners that it should be simple. The farmers that I have met are mostly small businesses. They do not have the bandwidth to wade through 200 pages of guidance and fill in endless forms. If we want them to farm successfully and deliver the outcomes we want, it is our duty to try to make sure the system is as simple as it can be.

Rob Cooke: Yes, I agree with all of that, of course. Simplicity is about how you access a scheme, what you are asked to do, and, critically, what you are required to report on, and how you balance that with proper auditing of public expenditure. We are running a couple of pilots, one in partnership with the Yorkshire Dales National Park, on a payment-by-results approach, where rather than identifying a number of management prescriptions, we are identifying what it is we would like to see as a result of the scheme. That is promising so far. Again, it is early days. It is a European-funded project, but there is a lot of interest in it. For example, in the Yorkshire Dales we are looking at grassland. Rather than specifying sward type and suchlike or grazing pressure, it is how many particular indicator species you have. These are plants that are easily identifiable; they do not require specialist botanist skills. That approach is simplicity, using the right level of indicator species.

Q316 **Peter Aldous:** Just picking up on that particular issue, you have seen some encouraging initial feedback from those national park pilots, but I am aware that the National Audit Office has signalled a significant note of caution with regard to the payment-by-results approach, describing it as both risky and costly. How would you respond to their concerns?

Rob Cooke: The riskiness perhaps comes in terms of being able to audit what it is you are paying for. By identifying an outcome, you are not specifying exactly how much needs to be spent on ploughing or how



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much needs to be spent on grazing, so you can see an audit risk there. There are potentially some risks for those people entering the schemes because, although the prescription element is unpopular, it is relatively easy to follow a series of instructions saying, "You must raise this, you must do that". We are putting the onus on the land manager to deliver what he or she says they can deliver, so we are utilising their skills, which, in the pilots, seems to be going down very well.

Q317 **Peter Aldous:** Sir James, any feedback on the pilots?

Sir James Bevan: I do not have anything to add.

Q318 **Peter Aldous:** Just coming on to Mr Greenhous and the forestry issues, I am conscious that you have different forestry bodies that have different ideas on what support for forestry and woodland management should achieve. If you look at the visions of the Confederation of Forest Industries on the one hand and the Woodland Trust on the other, you might say their objectives are irreconcilable. From your perspective, what are the Forestry Commission's priorities, and how do you think these different objectives can be reconciled or prioritised?

Richard Greenhous: I suppose I am more optimistic than perhaps you are about this. The mission of my organisation is to protect and improve and expand our woodlands, but there are multiple different reasons why people would want to do that, and clearly Confor and their members have certain priorities, as Woodland Trust and their members and subscribers do too. I think we have learnt a lot over the last few decades about how most of these things can be synergistic so that by making productive use of your woodland, you can increase biodiversity. We have a more even balance now between the kind of tree-planting that can be supported by countryside stewardship in recognition that we might have gone too purely down the broadleaf route alone for a period, and now recognising the benefits that can flow from other kinds of woodland too. It is a role informing Government policy and then trying to deliver it to strike the right balance between these, but in the vast majority of cases the great thing about woodlands managed in the right way is that you can deliver the economic, social and environmental benefits simultaneously.

Equally, we need to be a little bit careful. We should not kid ourselves we can deliver all of the benefits all of the time everywhere, so there are some trade-offs to be made, particularly about where you focus your woodland creation and where you think it is most important to bring woodlands into management. Hence the greater focus on things like the countryside stewardship scheme, in comparison to its predecessors, hopefully delivers a greater range of those benefits that the different organisations would want simultaneously in each place.

Q319 **Kerry McCarthy:** Defra has been subject to some fairly stringent spending cuts in the most recent spending review, but also more severe spending cuts in the previous one. We know that about 900 jobs were lost in 2014. In terms of the resources of the Department and the way it



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works with you and the work that you do, particularly in auditing these schemes and giving advice to people on how to implement them, are you happy that you have the resources? I am thinking particularly, Sir James, with flooding. If we have another winter of flooding, that obviously takes up a lot of resources across the board. Are you confident that you have the resources to play the role that you have described?

Sir James Bevan: I do not think any of us would complain about the requirement to be more efficient and do better with less. That is a challenge that every bit of Government and the public sector and indeed the private sector has, so that is just a challenge that we should accept. How do you do better with less? You do it together. One of the underpinning philosophies of the new model of the Defra group that we are developing is that we work much more as an integrated set of operations, rather than different organisations. An example at the local level is that we divide England up into 14 areas, and our organisations have aligned our area boundaries so that we can work together in designing and delivering a plan for each of those areas. I hope that synergy between our people on the ground is a good way in which we will be able to deliver better with less, deliver better for the customers and provide better surveillance and better oversight than we might have done in the past.

Q320 **Kerry McCarthy:** Are you confident that you are doing more, rather than things having to fall by the wayside that you would otherwise have done?

Sir James Bevan: All strategy is about choice. Again, every organisation needs to focus where the priorities are. My guide is that we will go to the things that make the biggest difference to the environment. We will go and do the things that matter most to the people who pay our wages, who are the citizens of this country. I think that is the right approach to take in good times and bad.

Q321 **Kerry McCarthy:** In a post-CAP environment where you perhaps do not have as rigid a regime or you do not have CAP calling the shots on what farmers do, what resources do you think you would need to deliver the advice to farmers that is needed?

Rob Cooke: Natural England was working with the agency and others. We are able to give that advice where the schemes require bespoke advice. At the moment it is the higher tier where there are specific needs, and we have evidence to show that where our staff are having direct interaction with land managers and farmers, that gets a better result.

We are also looking at some schemes that do not require that advice, so they are off-the-peg schemes and that works well. Whether we will have the resources going forward, of course we will have to prioritise. That will be a big challenge for us. Depending on what any new scheme looks like, then we will need to invest the resources in order to develop that scheme so that we can turn the policy into something that can be delivered.

Q322 **Chair:** Thank you. Mr Cooke, can I ask you about the Chancellor's



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statement on 3 October that the Government will guarantee funding for structural and investment funds, including agri-environment schemes and competitively bid projects directly with the European Commission, such as Horizon 2020, signed after the autumn statement? Are you clear what is covered by the Chancellor's guarantee?

Rob Cooke: I am clear what is covered for those parts that Natural England is responsible for.

Q323 **Chair:** The Pillar 1 and the Pillar 2 side?

Rob Cooke: Yes.

Q324 **Chair:** Are you satisfied with the Pillar 2 guarantee?

Rob Cooke: Yes.

Q325 **Chair:** What changes did you see in the applications? Did you see a flurry of applications? We were told by the Minister for Agriculture that applications were up 17%. Was there an anxiety among farmers that they were going to miss out on those Pillar 2 payments before the Chancellor made that guarantee?

Rob Cooke: There was a bit of a hiatus in applications around the referendum, but that hiatus has picked up and now we have the same number of applications in as we expected at the start of the year before the referendum. As to why it has picked up, I do not know. I would imagine it is a variety of factors.

Q326 **Chair:** Sir James, what would you say to World Wildlife Fund, who looked at catchment-sensitive farming and said, "A 2011 review said that catchment-sensitive farming had no discernible impact on reducing agricultural pollution or improving watercourse health, and the more recent 2014 review was equally critical"?

Sir James Bevan: That does not tally with our evidence. Catchment-sensitive farming is an important part of what we do, working with farmers, in particular in those catchments where there are particular threats to water quality. The evidence that I have seen suggests that over time since that programme has been initiated, which I think is since 2005, we have seen a significant decline in the amount of pollutants going into watercourses, and we have seen a significant decline in the amount of sediment and nutrient going off fields into watercourses, which is a good thing, and we have seen a significant increase in biodiversity in those waters. I do not recognise that.

Chair: Thank you very much. The Secretary of State awaits us outside so we have to conclude our panel there. Thank you very much indeed. That was very helpful.

Examination of Witnesses

Witness: Right Hon. Andrea Leadsom MP

Q327 Chair: Can I welcome the Secretary of State to her first session with our Committee, of what we hope will be many more sessions as we go forward? This is the concluding session for the first part of our big inquiry into the implications of the EU referendum result on the natural environment and in particular your Department. Can I open the session by hearing from you about the further details of the process around the EU? Since we opened this inquiry more things have become clear, things around Pillar 2 farm payments have become clear. Given that a quarter of all EU legislation affecting the UK affects your Department, Secretary of State, what is Defra's current involvement in the process of preparing for the Great Repeal Bill?

Andrea Leadsom: Thank you very much for having me. Likewise, I look forward to many such outings.

I would like to say, first of all, that the ambition for Government and for my Department, and certainly for me in particular, is that we are the first generation to leave our environment in a better place than we found it. That is a big ambition. There are lots of elements to that but overarching it is a total commitment to ensuring that we make progress on some of the key environmental issues of the day. In answering your question, I hope that that will be taken into account. It is absolutely our intention that in leaving the EU we are better able to meet our own environmental objectives and we will be able to focus what we do in future on what works for the UK rather than what works for 28 EU member states.

You have asked for a bit of a run through of where we are on the Brexit preparations. What I can say is that when I came into the job, which I think was 101 days ago, my Department had already established a programme team, led by a DG with a director in charge, who have scoped out the various different pieces of work that are needed to deliver a successful Brexit. As the Committee would imagine, there is a piece of work looking at rolling forward legislation under the Great Repeal Bill, in effect bringing into UK law the entire body of environmental legislation. There is a work stream in my Department that is looking at how exactly you do that; what are the consequential of doing that; how much of that can be brought forward. We do think about two-thirds—you are right to say 25% of EU legislation impacts on my Department—

Chair: 75%. No, 25%, sorry.

Andrea Leadsom: I think what you meant there was that about 80% of what we do is determined by the EU but 25% of EU legislation impacts on my Department. We think that in the region of about two-thirds of the legislation that we are intending to bring into UK law will be able to be rolled forward with just some technical changes, so roughly a third won't, which means that obviously there will be work to do to ensure that we can make those measures continue to work once we leave the EU. Every week I have at least one, if not two, meetings with that programme team



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to discuss exactly where we are, and we are analysing stream by stream, element by element. Whether it is environmental legislation, dairy exports or whatever it might be, we are looking line by line at the implications of Brexit and what our analysis tells us we need to prioritise.

The way it will work is that once we leave the EU we will have the commitment from the Treasury to continued support for agriculture until 2020 and also for agri-environment schemes that have been undertaken up until the time we leave the EU even though they may still endure long after we have left the EU. Any new schemes that are signed up to will be subject to a value for money and a prioritisation process that we are discussing with the Treasury right now.

My philosophical approach to this is that we had a very big decision on 23 June and now what I would like to see is a smooth transition to the future state. As a key part of that we have, as you will be aware, our manifesto commitments to a 25-year plan for food and farming and a 25-year plan for the environment. In both of those areas I hope to be consulting quite soon on a framework that sets out the considerations with some quite open questions for all stakeholders—ranging from families and schools to farming groups, conservationists, the Defra body, arm's length bodies and so on—to be able to feed back what their best thoughts are about how we aspire to see our environment in 25 years' time.

Q328 Chair: Thank you. We will come on to the two separate plans and will be looking at those in some detail in this session with you.

EU regulations are currently underpinned by European jurisprudence, so the ability of the Commission to trigger a referral to the European Court of Justice. Witnesses to this inquiry have said the issue of accountability and the reference to a higher court is critical. Obviously the Commission will not be able to refer and there will be no European Court of Justice. Some people have suggested introducing a UK environmental court. You have said a third of this EU legislation will need new laws and new mechanisms. Are you able to share with us the detail of which laws will not neatly transpose into ours and what accountability arrangements you intend to put in place?

Andrea Leadsom: The answers to those are both quite straight forward in that as yet we can't give you a very clear, "This one won't transpose directly and this one will". That work is ongoing and, as the Prime Minister has made very clear, there will not be a blow-by-blow account, a weekly update on exactly where we have got to. I was just trying to give you a rough idea that about two-thirds will be relatively easy to transpose. Secondly, of course, is the fact that the UK courts have endured for many hundreds of years and we have a very clear court process in the United Kingdom that will absolutely be able to uphold the legislation that we undertake to take into UK law through the Great Repeal Bill.

Q329 Chair: Are you saying that you are rejecting the idea of a specific UK



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environmental court?

Andrea Leadsom: What I am saying is that the UK courts will be perfectly well able to deal with any issues of enforcement, as indeed they do now on issues with water or wildlife crime and so on. The UK courts are perfectly well able to deal with matters of enforcement. We won't be needing to replace European courts.

Q330 **Chair:** We could have a long discussion about that but I am keen that we keep making progress. Your colleague Grant Shapps suggested this week that there could be a sunset clause put into the Great Repeal Bill so that anything that had not been transposed would fall after five years. What is your response to that?

Andrea Leadsom: I am absolutely in step with the Prime Minister's decision that we will, through the Great Repeal Bill, bring all of that body of EU legislation into UK law so far as we are able to. Then it will be UK law and we will be able to change, amend, repeal, strengthen it at our leisure. In terms of continuity for businesses, whether they are farmers or environmental groups trying to work towards a particular goal in the United Kingdom, I think the certainty of the Great Repeal Bill will be a great comfort to them.

Q331 **Chair:** So you reject Mr Shapps's proposal?

Andrea Leadsom: As I say, I am absolutely with the Prime Minister's decision to bring that body of law into UK legislation.

Q332 **Chair:** On the legislation that will be transferred into our law, is there any legislation that Defra would seek to amend as soon as possible?

Andrea Leadsom: It is our plan that we will bring all laws that are capable of being brought under UK law straight away into UK law. There will be some measures—as I have said, roughly a quarter—that can't be immediately brought into UK law, either because it requires more intervention or it falls away, and that is the bit that we will be looking at to see what steps need to be taken. Essentially, I think the important point for certainty for businesses is that we make it clear that nothing will change unless it has to on day one and then over a period of time we will be able to change, amend, strengthen and so on.

Q333 **Geraint Davies:** Can you give a guarantee today that the British courts will continue to enforce EU air quality standards, given that 40,000 people are dying a year in Britain from diesel pollution?

Andrea Leadsom: What I can say is that air quality is a top priority for my Department. We have spent £2 billion on green transport schemes since 2010.

Geraint Davies: That is a "no" then?

Andrea Leadsom: We have just announced on our clean air zone consultation scheme. It is a top priority and, of course, whatever the law says the courts will uphold.



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Q334 **Geraint Davies:** But you won't keep the current law and enforceability of the current standards. Is that what you are saying?

Andrea Leadsom: I think I have just been very clear with the Chairman that we will be transposing, bringing into UK law all of the body of EU legislation that can be brought into UK law. Let's be clear about this, a lot of our UK objectives are as a result of the UK Climate Change Act, for example, and UK initiatives to try to ensure that we reduce our carbon emissions and so on. Of course, the UK courts will uphold the law.

Q335 **Geraint Davies:** But the current EU standards will be sustained at least for the future, or do you have plans to water them down?

Andrea Leadsom: We will be bringing EU legislation that we have signed up to into UK law wherever possible.

Q336 **Peter Aldous:** Secretary of State, four times in that answer you qualified how much EU law would be transposed into UK legislation. I think at one stage you said there might be difficulties with a quarter of it.

Chair: Or a third. Can you clarify which one it is?

Peter Aldous: Could you give an explanation about these EU laws where you envisage difficulties in putting them into UK legislation?

Andrea Leadsom: No, I wasn't announcing that there are problems. I was saying that as far as possible we will be bringing all EU legislation into UK law and at first glance it looks as though that will be feasible to do between two-thirds and three-quarters of legislation. That is not to say that there is some sort of ulterior motive. It is merely to say that a good deal of it will be relatively straight forward to bring into UK law.

Q337 **Peter Aldous:** What are the problems with that remaining third or a quarter?

Andrea Leadsom: That is part of the work that is ongoing in my Department to look at exactly the position as far as the Great Repeal Bill is concerned.

Q338 **Chair:** But you are not going to say which subject areas they come from?

Andrea Leadsom: No, I am saying that that is part of the ongoing work, so there are not conclusions. As I say, we will need to keep looking at the issues. They may be technical; there may be all sorts of reasons why a piece of legislation, for example, that is currently monitored somewhere in the EU can't exactly be brought into UK law. There is nothing odd about that. In trying to be helpful, I am just explaining where we are up to in analysing the task for the Great Repeal Bill.

Q339 **Chair:** EU monitoring does monitor things like air quality, water quality and also our membership of the various Ramsar and Berne conventions, does it not?

Andrea Leadsom: Absolutely. Ramsar and Berne, as you quite rightly point out, are international agreements that the UK has signed up to and,



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therefore, we will continue to be party to once we leave the EU. That is a very good example of something where once we leave the EU we will either need to have exactly the same inspection regime in the UK or we will need to have an arrangement that it continues as is. Those are the sorts of discussions that would be part of the review of how you bring that body of legislation under UK law.

Q340 Chair: The Great Repeal Bill is a sort of a cut and paste of EU law into UK legislation, but do you agree that we can't just cut and paste EU governance and accountability mechanisms into our own law?

Andrea Leadsom: As I say, that is precisely the point where some are technical issues and some are other issues of bringing EU legislation into UK law. We can all think of examples of how, in effect, we are repatriating some of the work as well as the law that accompanies it.

Q341 Geraint Davies: It seems to me, Secretary of State, if I may say so, that the future seems completely unpredictable. You seem to be saying you will do the sort of patchwork and do what you like and then the future will change it, and we don't really know where we are going. I know in the very short term we will echo the EU but you leave an open door to any change, don't you?

Andrea Leadsom: No, completely to the contrary. As I said at the very beginning, I am absolutely committed to a smooth transition, to a continuous period, to giving certainty, hence the agreement with Treasury to continue with agri-environment support and agricultural support. I have made very clear that we have our 25-year plans on which we will be consulting. It is absolutely my intention to keep that certainty, continuity and smooth transition.

Q342 Peter Heaton-Jones: Secretary of State, I want to explore more about those two 25-year plans and the fact that there is two of them is the subject of my first questions. We have taken evidence and there is a theme that runs through the evidence that we have taken. The National Trust said, "It would be mad to have two separate plans", in other words, one for farming, food and fisheries and one for the natural environment. The Tenant Farmers Association said, "It is madness that we should be looking at these things in isolation". My question is: do you accept the allegation of madness or do you think sanity in fact prevails?

Andrea Leadsom: I think what is really important is that food and farming is our biggest manufacturing sector, which employs one in eight of us and generates over £100 billion to the economy each year. It is a vast sector that is as big as cars and aerospace combined. It is a very important economic sector. When we look at the link between food production and the environment, about 72% of our land is farmed, so when we want to achieve our ambition of being the first generation to leave the environment in a better state than we found it, we are absolutely needing the support, the help, the buy-in and the enthusiasm of those people who work on the land to be able to generate the



environmental gains that we want to see. The purposes of those two plans are to try to tease out, with very clear inter-linkages—as I say, 72% of our land is farmed—between food and farming and environment, but they are aiming at slightly different topics. One is aiming at an enormously successful economic sector that we believe has great potential to do more in exports, in promoting the great British food brand and so on. The other one is very much about creating an environment that makes future generations in a better position than this generation. You can't simply bring those into complete alignment. I do entirely accept the point that they must be entirely mutually compatible and both plans, in terms of the framework, do cross-refer to each other.

Q343 Peter Heaton-Jones: The Conservative manifesto made it clear that there would be these two 25-year plans but, of course, that predates the result of the EU referendum. In the context of this Committee's inquiry, is the result of the referendum not an opportunity now to revisit that decision to have two separate plans. Should we not be putting more prominence on that because of the impact of Brexit on the natural environment and the laws and regulations relating to it?

Andrea Leadsom: There are always opportunities to review those decisions and I am quite clear that, having thought about it and asked the questions myself when I came into the Department, having two plans is absolutely the right thing to do. They do need to complement each other but they are focused on slightly different targets. One is a huge economic question, a big employment question, a big subject around the great British food brand, animal welfare, food safety, food traceability. The other is very much about what environment do we want to be living in for our children and grandchildren. I think it is right that we have two separate plans. Leaving the EU gives us the opportunity to improve our environment, to take leaps forward, to ensure that over a period of time—and again stressing that this is a smooth transition—we will have the chance to make sure that our environmental legislation focuses on what is right for the UK rather than on necessarily the lowest common denominator for 28 EU member states.

Q344 Peter Heaton-Jones: To what extent in the writing of the natural environment plan will you be working closely with the Brexit Department, for instance, to make sure that in the negotiations into how we exit the EU there is symmetry between what they are deciding and negotiating and what is best for the natural environment?

Andrea Leadsom: What is very clear from the decisions about the Great Repeal Bill is that we will be bringing all of that EU body of law into UK law. Of course, there are very frequent cross-Whitehall discussions on all subjects, as there will be on the framework for the 25-year plans, and we work very closely with the Brexit Department and the Department for International Trade on priorities as we leave the EU. There are enormous opportunities, very frequent opportunities for cross-consultation. I don't think that anybody should think that somehow either environmental legislation or the commitment to our environment is in any way impacted



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by Brexit. We are very clear that we see opportunities from leaving the EU for improving our environment and for making our environmental legislation more focused on what is right for the UK.

Q345 Peter Heaton-Jones: That leads to the obvious question: is it feasible to attempt to put together a 25-year plan for the natural environment before we know exactly what Brexit looks like and what the impact of Brexit on our environment legislation framework will be?

Andrea Leadsom: In writing a 25-year plan for anything you are always faced with the fact that things happen that nobody could foresee. Who would have foreseen the advent of the internet 50 years ago? Things change over a 25-year period and—

Q346 Peter Heaton-Jones: Sorry, Secretary of State, we can foresee Brexit. Brexit means Brexit, we are told, so we can foresee that. How can we put together a 25-year plan until we know exactly what Brexit looks like?

Andrea Leadsom: As you quite rightly say, we can foresee Brexit and we do know what we are looking to achieve through Brexit and, therefore, of course the aspirations for our 25-year plan can take into account the fact that we are leaving the EU. We know that we will not be a member of the EU, so it is perfectly possible to look at what our aspirations are for our environment in a world where we are no longer part of the EU but where, I should add, we absolutely intend to increase and enhance our global leadership in the many areas where we are already leading the world. We have done some fantastic initiatives in marine conservation zones, for example. We are absolutely leading in areas like illegal wildlife trade and so on. We will be looking to the world, to our global leadership role as well as what works best for the UK's environment at home.

Q347 Peter Heaton-Jones: Can I clarify timing on these two plans? I think originally we were expecting some sort of framework by this summer. That has now slipped to next year, has it?

Andrea Leadsom: No. I am hoping to be able to launch our 25-year plan frameworks within the next few months and those consultations will then give people the opportunity to feed back their ideas. That will carry on for a few more months and then we will have finally a proposal for what we think policies should look like going forward. I hope that that will be during the middle to autumn of next year.

Q348 Peter Heaton-Jones: Just to clarify, you say the framework within the next few months. Are you expecting that this year or next year?

Andrea Leadsom: I am trying to be very helpful without you holding my feet to the fire. As I think everybody knows, it is very difficult to be very specific over dates, so I will stick with my answer.

Q349 Kerry McCarthy: To try to clarify the distinction between the two plans, would the Pillar 2 type programmes—promoting biodiversity, maybe



things more along the agroecology side of farming, soil quality—sit in the food and farming plan or would they sit in the natural environment plan?

Andrea Leadsom: As I say, those two plans will be complementary to each other. Our commitment to the future for support for things like agri-environment schemes is undoubted, but the actual policy framework going forward is exactly the sort of discussion we will be having through those frameworks, those consultations we will be launching.

Q350 **Kerry McCarthy:** My understanding is that in the past groups that work on the agroecology side of things have been told that their stuff does not sit in the food and farming plan and it is in the environment plan. Would you see that?

Andrea Leadsom: I am not aware of those discussions that you have had. As I say, the opportunity for the two plans is to tease out exactly some of those issues. I think that is why it is really important that we have the opportunity to consult widely on what are very real opportunities for enhancing our environment, for providing a greater link. For example, just quite recently I went to an agri-environment scheme on a working farm in the Nene Valley, part of a nature improvement scheme set up by the Government, which was looking at a working farm combined with a higher level stewardship agreement that was creating wildflower meadows but also providing a flood plain to protect Northampton from excess rainwater coming through the Nene River. You can see where the linkages are very clear and I am sure that is precisely what you are talking about. I am very much aware that those things are very clearly linked.

Of course, many farmers and food producers are the biggest advocates for the environment. They are absolutely as keen as any of us to see soil improvements. They don't want to be doing things that damage the environment and they are very keen to get involved with pollinator packages and so on to try to improve their environment. I think we are all on the same side on this, but the point about the two plans is that one is very much focused on this very important sector from an economic and jobs and growth and exports perspective whereas the other one is very much focused on our ambition to be the first generation that leaves the environment in a better place than we found it.

Q351 **Chair:** You said the farming sector, food and farming is bigger than cars and aerospace. Is that by value?

Andrea Leadsom: By GVA, yes.

Chair: So it is gross value added not by value to the economy in terms of GDP?

Andrea Leadsom: That is a good question. I think not in terms of GDP.

Chair: That is quite a different thing and also the skills levels and the export levels. Thank you for clarifying that.



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Q352 Geraint Davies: Secretary of State, you will be aware that there have been major cuts in the Defra Department to deliver existing environmental outcomes within the European framework and now you want us to move to a situation where those resources are cut because some of them will have to be taken for Brexit negotiations. On top of that, you may be changing the outcomes as well. Isn't this a recipe for worse environmental outcomes because we will not have the capacity to deliver new and changing outcomes?

Andrea Leadsom: I think you are referring to the Defra transformation work. What that is about is very much creating a leaner and fitter organisation, working more closely with the arm's length bodies and very specifically sharing things like IT resources, back office resources like HR and finance and so on, and being more customer-focused. I think you heard earlier about the alignment of boundaries for Natural England and the Environment Agency to be more customer-focused so that if you are trying to apply for licences for something in one area you don't have to go to several different places.

The transformation of Defra is about making it a much leaner and fitter organisation whereas it is quite true to say that in the Brexit work there is a lot of policy work that needs to be done. Within my Department most policy officials in one way or another are now involved with some of the Brexit work but, of course, that is quite complementary because they are policy people who were previously engaged in looking at upcoming EU directives and what our position might be on those and so on. They know a lot about their subject area, so now looking at what we might want to do in a post-EU world fits very neatly with their work. But of course it is true to say that we are keeping under review the need for extra resources in the Department to look at specifically leaving the EU and that is something that we will be in discussion with Treasury about.

Q353 Geraint Davies: The thing is that we have a certain amount of resources and Defra has told us in the past that the flood management and flood prevention work will be ring-fenced so those people will not be affected. What is left, which is the minority, will have to take the burden of transposing all the EU law and perhaps making changes to it and negotiating it and delivering existing outcomes. Can't we predict problems in the future that there simply won't be the capacity from a slimmed-down organisation, where a part of it is protected, to deliver new outcomes?

Andrea Leadsom: I think that that is to not quite be clear about how this works. In the Great Repeal Bill we will be bringing the EU legislation into UK law and there will be the consequential results of that, which will be things like needing inspections to take place in the UK that were previously taking place in the EU. That will be new, additional resources and part of the analysis that is going on is to look at, for example, if you had a change of government where you were moving one aspect of government from one department to another, you would then expect to look at what are the resources applied to that and move those with it. In



taking back some of the work on the management of EU legislation—whether it is inspecting licences or whatever, just to give an example—you would be looking at the consequential resource implications for the EU and that is part of the analysis to be done.

Q354 Geraint Davies: I guess what I am getting at is you will need new resources for negotiation and policy development and at the same time we are wanting to get better outcomes for, say, countryside stewardship. There are new services we are trying to deliver, new demands on policy development transposition and there is a reduced Defra at a time of change. Surely this is going to end up with a worse service and you need more resources not fewer to do more work.

Andrea Leadsom: I have explained the purpose of the Defra transformation, which is a completely separate project, so I won't repeat that. But it is exactly right to say that in leaving the EU, because 25% of all EU legislation impacts on my Department, a decent amount of activity takes place within the EU that won't in future. When that workload comes back to the UK there will be resource implications and that is something that my Department is currently assessing.

Q355 Geraint Davies: So you will get more resources?

Andrea Leadsom: Part of the work that we are doing to analyse the way in which the Great Repeal Bill will work and the implications for the UK once we leave the EU is to look at what the resources implications are and what resources we will need in the UK to undertake some of the work that has been done in the EU. That is a piece of work that is ongoing.

Geraint Davies: So we will need more resources but we might not get them. I think we have got it. Okay.

Q356 Chair: In September your colleague Dr Coffey told us that work was ongoing to identify gaps in the Department's capacity for EU work. We heard that eight officials had been seconded over to the Department for Exiting the EU. Can you update us on those gaps? What gaps have been identified and how are you filling them?

Andrea Leadsom: As I have explained, when I got to the Department already a programme team had been established, led by a DG with a director in charge. As I have also explained, most policy officials in Defra are looking in combination at existing briefs that they have for upcoming EU directives or reviews of directives and so on, but they are also getting involved in the policy work for Brexit, which is exactly right. They have that knowledge of the existing portfolio. We are in part seconding people and in part where they sit they are undertaking some of the Brexit analysis. As I say, we are keeping under review the resource implications for the Department of the policy work, the legal work that is needed to bring the EU body of legislation back to the UK and the implications of that from a legal point of view as in the work that needs to be done for that legislation to happen. Then, of course, we are also looking at the options in a post-EU world, which means bringing back some work that



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currently goes on in the EU. There is roughly three buckets of work that is going on and the specific numbers of people who will be needed is all part of the assessment that we are undertaking now.

Q357 **Chair:** Given that you have told us that a quarter of all EU law affects your Department, aren't you concerned that in the Department for Exiting the EU there is no senior official on the organogram responsible for agriculture and environmental issues?

Andrea Leadsom: No. I am glad that you have raised this, Chairman, Very specifically, it was agreed that because of the unique sort of interrelatedness, the complexities—for example with food exports you have animal health certificates, biosecurity issues and so on—Defra officials will represent Defra sectors in the discussions about Brexit and indeed in international trade. I think that is really important. We are working very closely with DExEU and DIT on the Defra sectors.

Q358 **Chair:** Okay, but there is no one official in the Department for Exiting the EU looking after your area of work?

Andrea Leadsom: I think there are a number of Ministers. For example, I have had a number of informal stakeholder meetings with the food and farming sector, fishing groups, environmental groups and so on. At each of those meetings David Jones was present to represent DExEU and make sure that the information and the question and answer session was fed back to DExEU. There is absolutely no sense in which DExEU is not involved, but it is merely that Defra has the knowledge base to be able to represent our specific interests.

Q359 **Chair:** We have heard that last year 900 Defra staff were cut. We have had two-thirds of the staff in Defra go over the last 10 years and we have also had evidence that the Department and its agencies have been criticised for their administration of payment schemes relating to the EU. What action are you taking to ensure that your Department has the ability to design and deliver any post-EU payment schemes to farmers who are currently relying on it for, in some cases, the majority of their farm income?

Andrea Leadsom: As I say, I meet with my programme team every week, if not twice a week, and we look very closely at all of these issues. The means by which we deliver any future food production environmental support schemes is absolutely key to that. You specifically raise the issue of the Rural Payments Agency. No doubt you will be aware that right across the EU there have been some significant difficulties last year with delivery for various reasons but essentially as a result of the very difficult and quite manually interventionist methods that had to be used to get the information that was necessary and so on, following some quite last minute changes to the new CAP schemes. This year the Rural Payments Agency is quite confident that it will be able to meet its key performance indicators of making 90% of basic payments during the first month of the opening of that window for payments. We are in close contact and very



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closely watching what is going on, but after a very difficult period, for all sorts of reasons, I think that we are now in a much stronger position.

Q360 **Chair:** But the future is going to be another very difficult period with a totally different new scheme, people who have never administered it before, or maybe they have.

Andrea Leadsom: That obviously is not the case because you don't necessarily throw one delivery body away and start again. What we will be looking at very closely, as I say with great sensitivity and awareness of the challenge, is exactly what that delivery body will need to do in future. That, of course, needs to hang on the back of what our support policies are in the future and all of that work is ongoing now. But just to reassure the Committee, it is something I am extremely conscious of and absolutely prioritising and ensuring that once we have got our policy set we can then deliver on it. That is an absolute priority.

Q361 **Chair:** You anticipate that there will be a son or daughter of the Rural Payments Agency?

Andrea Leadsom: I would think that is highly likely.

Q362 **John Mc Nally:** It does seem to me, and probably to many others here, that it is going to be very difficult for you to make this seamless, smooth transition and I wish you power to your elbow in making this transition as smooth as possible.

However, if I can bring you back to this morning's first panel, Secretary of State. We discussed the level of funding necessary for the country to meet its environmental commitments. A large proportion of this funding, as you know, is necessary for the country to meet its environmental commitments and a large proportion of the funding is currently provided through the EU and you mentioned earlier on the agri-environmental schemes. Could I press you further to tell us just how much of a priority it is for you to ensure the equivalent funding for the environment is available once we leave the EU?

Andrea Leadsom: It is an absolute top priority for me that we meet our ambition of being the first generation to leave the environment in a better state than we found it. What that means is that, as I say, I argued very strongly as soon as I arrived in the Department that we should continue to support agri-environment schemes. It is quite clear that if farmers or landowners don't continue to roll over certain schemes then you lose an awful lot of investment in time and effort that has already been put in. It was very important to me that we got that continuity and I was delighted that the Treasury was so willing to do that and also beyond the time that we have left the EU there is an ongoing commitment to that. We have absolutely demonstrated an ongoing commitment to supporting schemes that promote and enhance our environment. I expect that to continue, but you won't be expecting me to give you the absolute finalised details of such schemes right now.



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Q363 **John Mc Nally:** Well, I was. You are going to have huge competing issues here, without a doubt, and you have already mentioned that air quality is going to be a top priority as well. You have other ones such as reducing the subsidies to farmers, protecting farmers or protecting funding for flooding. How does that relate to other priorities within your Department?

Andrea Leadsom: You are exactly right, there are a lot of priorities and there is a lot of work to be done. We have a lot of ambitions and it is exactly true to say that part of making the environment better than we found it includes things like air quality, water quality, reforestation—we have a manifesto commitment to plant 11 million trees during this Parliament. They are all really important. We have a lot of different priorities; some of them are driven by our membership of the EU and others are not. To be very clear, I don't see that leaving the EU changes those priorities or our commitment to them. The UK taxpayer at the moment is paying via the EU for these activities and it is my absolute expectation that there will be money available in the future to continue the very good work that is ongoing under each of those areas. I don't think it is going to be a case of you have to pick and choose. It will be we will continue with our priorities, which by the way are agreed across Government. These are Government priorities to our environment, the quality of our air, our climate work, our flood defences, improving our waters in the United Kingdom. These are cross-Government commitments.

Q364 **John Mc Nally:** Can I take you on to monetary questions? I want to move on to the devolved Administrations as well, because that is again a top priority for me. What case are you making to the Treasury regarding the future funding of the environment in the UK after we leave the EU? What consideration has been given to the allocation of money for environmental funding to the devolved Governments? Can you give us an assurance that this will be done fairly and transparently? Is there a danger that the involvement of the devolved Administrations in the allocation of funding will be undermined in any way, for example by the centralisation of responsibility of funding allocation to a UK-wide body? It is of great concern to us that we would lose control of that.

Andrea Leadsom: The Prime Minister met yesterday, as you will know, with the First Ministers from each of the devolved parliaments.

John Mc Nally: I have not had quite enough time to speak to her directly yet. I will do my best.

Andrea Leadsom: No, I understand. That really is absolutely symbolic of the desire to work very closely with the devolved parliaments on, exactly as you say, fair and transparent agreements on how we do this. I can't give you any specific detail at the moment other than to say that our commitment to the environment is absolutely solid, as is our commitment to the fairness and transparency that you speak of with the devolved



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parliaments. I think the Prime Minister has made very clear how she wants to conduct negotiations and I fully support that.

Q365 **Peter Aldous:** I will just preface this: I am a partner in a family farm in East Anglia.

Secretary of State, Farmcare told us earlier in this inquiry that it would be planning for its 2019 production from the middle of next year. Do you anticipate the Government will be able to offer businesses certainty about future land management policy by then?

Andrea Leadsom: That is back into the territory of trying to pin down exact dates. What I can say is that I am completely committed to ensuring a smooth transition and to business certainty. It is very difficult to put very specific dates on particular announcements, as you will know, but I think I have been as clear as I possibly can be that, having taken the decision to leave the EU, it is absolutely vital that we now focus on ensuring that we keep that renewed business confidence and the certainty so that people can make investment decisions. Everything that I do will be absolutely focused on achieving that certainty.

Q366 **Peter Aldous:** Seeking to achieve that certainty, do you anticipate that the Government will have to make further interim commitments so as to allow farmers, businesses and conservationists to make their investment decisions?

Andrea Leadsom: Well, either that or we will have a new, very clear set of policies. It will be one or the other, of course, but I can't tell you as of now.

Q367 **Peter Aldous:** How easy do you think it is going to be to develop those policies at a time that much policy creation is going to be more strategic on working out what our future trade and relationships with the EU are going to be? Do you think you might be putting the cart before the horse?

Andrea Leadsom: No, I think it is very clear. I have tried to explain that my programme team in Defra is very much looking at this, as in the legal work to achieve the Great Repeal Bill; that is one piece of work. There is another piece of work that is looking at what policies we will have in place, and that is subject to our 25-year plan discussions and so on. Then there is a further piece that is looking at the longer-term opportunities for changing legislation and so on. Those are not mutually exclusive by any means and we are absolutely focused on ensuring that we create a set of comprehensive and confidence-raising policies that give that certainty to businesses.

Q368 **Peter Aldous:** We have already touched on staffing and capacity issues, and from what you have just said that is a significant commitment over the last year or so. Touching on what was said previously, do you think you will need more staff and greater capacity to be able to deliver these goals?



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Andrea Leadsom: I am sure that we will need more staff to work on the policy set and also, as I mentioned earlier, when we repatriate some of the activities that currently go on in the EU. Yes, there will be resourcing requirements and those we are constantly reviewing and discussing with Treasury.

Q369 **Peter Aldous:** Are you getting a favourable response from Treasury?

Andrea Leadsom: Yes, absolutely.

Chair: A slight hesitation there.

Q370 **Peter Aldous:** Finally, we have heard criticism of the requirement to keep land in agricultural condition and the classification of some environmental features as ineligible for funding or support. Some witnesses have described this as a perverse incentive that discourages environmental innovation. Would you agree with that?

Andrea Leadsom: You would have to give me a specific example. As I said earlier, roughly 72% of our land is farmed and we do need the enthusiasm, support and very practical help of those people who work on the land to be able to achieve the environmental goals we want. What we need is incentives to encourage the good behaviour and the results that we want to see.

Q371 **Chair:** You asked for an example. Sir Charles Burrell last week said, "One of the main stoppers at the moment is the permanent ineligible features and temporary ineligible features. We get penalised if we have trees on our landscape, wood pasture, scrub, areas where we have flood plains for streams and if we have ponds. They are all penalised at the moment". Would you be looking to change those permanent ineligible features?

Andrea Leadsom: I think that will be absolutely a part of the policy discussions and the consultation on the 25-year plans.

Q372 **Chair:** Secretary of State, if I can just press you, we have had the Chancellor's announcement on 3 October about certainty to British businesses about receiving EU funding while we are still a member, guaranteeing projects signed prior to this year's autumn statement. When your colleague, the Farm Minister, came to us she couldn't go any further than that. He said, "The Treasury will offer a guarantee to bidders whose projects meet—as you said yourself—UK priorities and value for money criteria". Can you set out what the UK's priorities are and what the value for money criteria are, or where can they find that?

Andrea Leadsom: We are in discussion with Treasury about exactly what the criteria will be and we will make an announcement on that in due course.

Q373 **Chair:** Before the autumn statement or afterwards?

Andrea Leadsom: I can't say for sure.

Q374 **Chair:** Will they be significantly different from the current EU priorities?



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Andrea Leadsom: They will be focused on what is best for the UK environment as far as we are able to define it right now. As the Chancellor has made clear, it must be in line with UK priorities. It may not be exactly the same but it would be in a reasonable alignment.

Q375 **Chair:** You said earlier in this session that you don't anticipate the food and farming and environment 25-year plans to be completed before the middle, at the earliest, of 2017, given the process and then the consultation process. Do you agree that it would be slightly perverse to set out what the priorities and value for money criteria are before those plans are completed?

Andrea Leadsom: I think that it is really important that we give certainty to businesses and those who are trying to undertake good work in our environment. We are trying to provide that just as soon as we can and so I would say that it doesn't make sense to try to stack everything up for a particular date. What we should be doing is giving as much certainty as we can as soon as we can. That is why we are in discussion with Treasury now and we will be making an announcement as soon as we can on what the criteria are.

Q376 **Chair:** So possibly before the two plans are finalised?

Andrea Leadsom: I would expect that, yes.

Q377 **Chair:** There is a bit of ambiguity about what happens if someone enters a scheme, say in March 2019, a week before we leave the EU. Do they get their five-year scheme fulfilled for that period of time or not?

Andrea Leadsom: I think the Chancellor was very clear that any schemes entered into, even if they carry on beyond the time that the UK leaves the EU, will be guaranteed.

Chair: Thank you for the clarification.

Q378 **Kerry McCarthy:** We have taken evidence from witnesses who have said that any replacement for the current CAP payment schemes should be focused more on public goods, so public money for public goods. Do you think that is the right direction of travel?

Andrea Leadsom: I think that it is really important that we get the right balance of environmental outcomes and food production outcomes. I don't want to prejudge or second guess the consultation that we want to have on this, but I would agree with you that a lot of the anecdotal feedback that we get, that may translate into feedback in the consultations, is that people would like to see environmental goods being a focus. At the same time, going back to the points made about having two plans, food and farming is a very important economic sector and we do want to see more innovation, more food production, more advanced promotion of the great British brand and so on, but the extent to which we can do that in a way that enhances and improves our environment will be the real sweet spot.



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Q379 **Kerry McCarthy:** You see that you have to maintain a balance between looking at market failure and the public goods in terms of environmental benefit?

Andrea Leadsom: We are absolutely committed to our ambitions on the environment and so the extent to which we can achieve greater productivity and success in our food and farming sector, while at the same time promoting enhancements to our environment, will be a real win. That would be what I would like to see.

Q380 **Kerry McCarthy:** On the public goods side of the argument, what do you think the priorities should be?

Andrea Leadsom: There are all sorts of priorities. It is not really possible to pick out one priority. We have our marine conservation zones, our pollinator strategy, our water ambitions, our air quality ambitions.

Q381 **Kerry McCarthy:** I am talking particularly about agricultural subsidies and the sort of things that are currently funded under Pillar 2.

Andrea Leadsom: Some of the schemes that are incredibly popular are the pollinator strategies. There is a lot of good work going on to create flood reserves so that where there is a problem with too much water, too much rain or too much river or whatever, that farming land can then be allowed to flood in a way that does not harm the soil or the agricultural prospects of the farm. There is all manner of them. I don't think you could just pick on one and say, "That is the one we are after". We want to see the continued diverse approach to agricultural improvements that are also enhancing the environment in all sorts of ways.

Q382 **Kerry McCarthy:** In a strategic sense there has been much criticism from the Leave campaign that our hands are tied by the bureaucracy and the diktats of the current subsidy scheme. I would like to think that for those who believe we are now free to implement our own approaches, they would have some idea of where they would want to go with those approaches as to what the most important ones are.

Andrea Leadsom: That is a point about bureaucracy and the complexity of applications and so on. If there is the opportunity to simplify things, to make it easier to apply for something, to improve the incentive because it is not so complex and not so much running round in circles, then obviously that will be a big opportunity for the UK. Part of the advantage in being able to focus on what is right for the UK is not having to go through the loops that try to make a policy work for 28 EU member states.

Q383 **Kerry McCarthy:** Is addressing the carbon footprints of the food and farming sector something you see as a public good?

Andrea Leadsom: Absolutely, yes. In Defra we support a huge amount of innovation. Yesterday I was opening the Food Innovation Network, which is slightly more food specific but we have had science exhibitions in Defra looking at some of the fantastic work that is going on, for example



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using drones to target crop spraying better, using more comparisons between one farm and another farm of where exactly if you use this mix rather than that mix you might improve your productivity and so on. There are all sorts of opportunities to improve farm productivity while at the same time doing something for the environment.

Q384 **Chair:** In 2007 you wrote a blog post criticising farm subsidies and arguing that they should be abolished. Is that still your position?

Andrea Leadsom: My view is that we will do everything we can to meet our twin ambitions of being the first generation to leave the environment in a better place than we found it and of making a huge success, as we leave the EU, of the food and farming sector, one of our biggest manufacturing sectors. That particular blog was talking about basic payments and, as you say, it was in 2007.

Q385 **Chair:** So you think they should be abolished?

Andrea Leadsom: As you say, it was in 2007, before I was a Member of Parliament. I think it is a very complicated area and I absolutely stick to our twin ambitions of a successful food and farming sector and striving to be the first generation that leaves the environment in a better place than we found it.

Q386 **Chair:** So you don't think that farm subsidies should be abolished?

Andrea Leadsom: I think I have given a very clear account of where I think food production support should lie and I stick with what I have just answered.

Q387 **Chair:** When you were an MP, during the referendum campaign you were asked about this issue again and you talked about environmental trading credits, "It would make more sense if those with the big fields do the sheep, those with the hill farms do the butterflies, and it is perfectly possible". Is that your position, is that your direction of travel now as Secretary of State?

Andrea Leadsom: I am not prejudging the consultation. We have been very clear about the work that is underway with our 25-year plan launches to look at exactly what works best for the United Kingdom. I am not ruling anything out or in.

Q388 **Chair:** The issue of subsidies is very important because when we leave the EU we may have lower international environmental and agricultural standards, depending on what trade deals are negotiated. How do you intend to ensure that environmental land management is not sacrificed to competitiveness?

Andrea Leadsom: It is an extremely important point that you raise and it is something that has been raised with me by a number of food producers who are concerned about our extremely high standards of, for example, animal welfare, food safety, food traceability. What they don't want to see is unfair competition coming from imports of food that has



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not been as carefully raised, where perhaps the food has been treated in a different way and so on. What is very clear is that that will be a core part of all considerations of free trade agreements, that the UK is committed to our own high standards and we won't want to see those overturned, but that will be a very important part of any free trade negotiations.

Q389 Chair: The Prime Minister said yesterday that we would have some sort of free trade agreement with the EU. Can you name a country that has such a free trade agreement with the EU that does not have agricultural tariffs of some kind on their produce?

Andrea Leadsom: I think a key point about the UK is that we have been trading with the EU with exactly the same rules and regulations for 43 years.

Q390 Chair: We are about to change all that though, aren't we?

Andrea Leadsom: We are not a third country that has had—

Chair: We are though. We have just agreed that is what we are going to do and have a free trade area.

Andrea Leadsom: We have also agreed that we are going to be bringing the entire EU body of law into UK regulations. A free trade agreement with a country that has completely aligned rules and regulations is a less complicated task than with a country that has had hundreds of years of doing things very differently. That would be my answer to that.

Q391 Chair: If I can just press you on that, because the free trade area is extremely important as farmers are making their business plans over the next two or three years. We have heard from witnesses who were talking about some of the tariffs, if we end up leaving or there is a transitional period where we don't have the deal negotiated, where we could see subsidies of up to 50% on our beef and sheep products. What are you doing to mitigate that risk to our farm industry?

Andrea Leadsom: We are working extremely hard, as I have said a number of times, in our programme work to look at exactly the negotiating position, which of course also involves the net position. If tariffs are applied, both sides then suffer. We have been aligning our rules, regulations and systems for 43 years. It is not the same as a country somewhere else in the world that has had several hundred years of doing things differently. I am extremely optimistic about the prospects for our farming sector.

Q392 Chair: When we leave, do you think there will be a trade deal already in place?

Andrea Leadsom: What I will absolutely agree to is that the Prime Minister and the whole of Government are very committed and determined to see the best possible deal for the UK as we leave the EU.



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Q393 **Chair:** The answer is that you don't know, essentially, because we cannot predict with confidence whether there will be that free trade agreement or not. At the moment agricultural subsidies are exempt from WTO rules because of our membership of the EU. That is correct, isn't it?

Andrea Leadsom: That is not exactly how it works, but it is the net effect.

Q394 **Chair:** So, the net effect is that EU membership gives us some sort of protection from their rules on subsidies. When we leave the EU, we will lose the net effect of that protection. Is that not the case?

Andrea Leadsom: We are absolutely working towards the best possible deal for the United Kingdom. We need to carry on through that work.

Q395 **Chair:** I know, but we are in a rules-based, global trading system and we are about to leave one market and go into the World Trade Organisation or a free trade area or something, or a different form of negotiation and trading, both within the EU and with all the other countries of the world. Is there a country that has a free trade area with the EU that does not have agricultural tariffs?

Andrea Leadsom: There is not a country that is in the position that the UK is in, where it is leaving the EU but has 43 years of aligning its rules and regulations and freely trading with the EU. There is not a country that is in this position. That is a really important point to bear in mind when looking at the arrangements we will have as we leave the EU. I can only reiterate that we will absolutely be working for the very best possible deal for the United Kingdom as we leave the EU.

Q396 **Chair:** Would you consider, then, as part of that process of negotiation with the EU, retaining the net exemption from WTO agricultural tariffs in order to protect the UK farm industry?

Andrea Leadsom: The discussions on the negotiation are something that the Prime Minister has been clear about. There will not be a blow-by-blow account.

Q397 **Chair:** This is an area that you will be in the negotiating room doing, isn't it?

Andrea Leadsom: All members of the Committee will be able to figure out what the possible options are. What I can say is that all possible options are being considered in our efforts to get the very best possible deal for the United Kingdom.

Q398 **Chair:** On the issue you raised earlier about how the UK can ensure agricultural imports meet the same standards as our domestically raised products, which are obviously to higher welfare standards and higher environmental standards, have you worked out how you can do that without falling foul of WTO rules?

Andrea Leadsom: That is something that we are absolutely looking at and it is a key part of the discussions on free trade arrangements that we



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are working closely with the Department for International Trade on. Again, it is all part of the discussions that are underway.

Q399 John Mc Nally: I wanted to come in on that. Thank you very much, Secretary of State. Could you go back a bit here? How will the wishes of the devolved Administrations be respected if the UK does sign a trade deal allowing something that we have forbidden on environmental grounds, such as GM crops, or fracking? How will these wishes be respected?

Andrea Leadsom: In various ways. The Prime Minister is meeting with First Ministers; there is a lot of regular dialogue between the Welsh Office, the Northern Ireland Office, and the Scotland Office with their counterparts. In my own Department, we have a regular meeting, official-to-official, looking at the issues and there is a regular update process. I have meetings scheduled for my visits to the devolved parliaments to go and meet counterparts there to discuss some of their ideas. While our 25-year plan is an England plan, we are very much hoping that we will get feedback from our colleagues in the devolved parliaments to get their views as well. There are different levels and of course my ministerial colleagues in Defra are also meeting their opposite numbers on a regular basis. There is a huge amount of discussion and opportunities for sharing views.

Q400 John Mc Nally: Could you say that our wishes, and the decisions we have taken, will be respected?

Andrea Leadsom: Absolutely, as far as possible, of course that is the case. We work in a very positive and collegiate way with our colleagues in the devolved Administrations.

Q401 Kerry McCarthy: Can I return to something on the public good side? We have been told during the evidence sessions that markets are developing for some environmental benefits. We heard that water companies, for example, would be paying the farmers to reduce agricultural pollution and improve water quality; looking at excess biomass being used for fuel. It is encouraging to see that the private sector is moving things along. What role do you see for Defra?

Andrea Leadsom: We often act as facilitator. I have some examples of where we have acted as facilitator. There is a project on reed beds being used for biomass where Defra has been involved. Quite often we are the facilitator and quite often parts of the Defra family of organisations are closely involved because they play a part in that particular scheme, so quite often as facilitator and certainly as information provider. We do a lot of disseminating of information, whether it is scientific information or best practice information and so on, that then brings private companies to the table to get involved. Certainly, in some of the discussion on natural capital, one of the areas we are targeting in the greater use of natural capital is what we can do to get private sector involvement for



funding and so on. It is a very fruitful area and something I am keen that we do more of.

Q402 Kerry McCarthy: How do you address the moral hazard where farmers who have not polluted or who have already been doing the right thing for many years then do not receive payments to do the right thing whereas the private sector, water companies in particular, would step in to give financial incentives for those who have been perhaps not reaching such high standards?

Andrea Leadsom: That is a very good point that you raise there. Schemes are always evaluated on their own merits but at the end of the day, we do need to keep in sight our own ambitions for the environment. There is a lot of regulation that prevents really bad practice, and then enforces where bad practice is found, that requires that it be put right. At that level, there is that sort of regime of requiring bad practice to be put right. On the other side, as you rightly point out, there is the carrot approach, which is incentivising and paying for public good. Each scheme is looked at on its own merits. I am sure you could probably find some examples where it maybe did not seem quite right but we do need to keep in mind our ambitions for our environment of being the first generation to leave it in a better place than we found it. What we don't want to have are pockets where we are allowing environmental damage to carry on. It is important that we keep that balance right.

Q403 Chair: Can I go back to the question on the funding and the Chancellor's guarantee? Is it your understanding that various other funding streams, such as the European Regional Development Fund, the Agricultural Fund for Rural Development, the Maritime and Fisheries Fund, are covered by the Chancellor's guarantee of 3 October? Yes or no? Structural funds.

Andrea Leadsom: As I understand it, the structural funds are not covered by the Chancellor's guarantee but I do understand—I may be wrong on this, so I will have to check and confirm if I am wrong—that that will be subject to a further announcement later on. The bits that obviously most profoundly affect my Department are the agri-environment schemes, which I was delighted that we had confirmation on. I am not 100% sure about that but one of my officials is going to tell me the answer. Yes, structural funds are covered, so I was wrong. Sorry.

Q404 Chair: So the Social Fund, the Youth Employment Initiative, the European Regional Development Fund, CAP Pillar 2 are all guaranteed.

Andrea Leadsom: All structural funds¹.

¹ For the avoidance of doubt the Secretary of State later confirmed the specific EU structural and investment funds covered are:

- the Rural Development Programme (RDP),
- the European Regional Development Fund (ERDF);
- the European Social Fund (ESF); and
- the Maritime and Fisheries Fund (MFF).



Q405 **Chair:** All structural funds. Thank you for clarifying that because we have not had that very clearly on the record in words of one syllable. Thank you for that.

Chair: The UK has led the way in the European Union in terms of greening the CAP, getting subsidies much more towards public goods—the butterflies, the biodiversity, the soil improvement, which we all want to see—as opposed to just the simple farm incomes support. We have been told that it is quite possible that when the UK leaves the EU the CAP's environmental goals will be deprioritised. There is also some concern that UK farmers may ask you to do the same thing in order to give them a level playing field to compete on the same basis. Has that happened? If it did, what would your response be?

Andrea Leadsom: I do not see why there is any sense in which the goals of good environmental outcomes would be watered down in any way. That is just simply not the case. I have been very clear. I must have said it six times: our ambition is to leave the environment in a better place than we found it. We have very clear goals on all sorts of issues of climate adaptation, air quality, waste and our ambitions for marine conservation zones that are not dependent on our membership of the EU. The announcement we have made on microbeads, to try to protect our environment—many congratulations, I must say, to this Committee for your work on that—I am delighted that we were able and keen to support that. Things like plastic bag charges are UK initiatives that demonstrate our commitment to the environment. Those things are not at all under threat as we leave the EU. Those commitments remain and are enhanced by our ability to take our place on a world stage. I don't know where that is coming from; I just don't see it.

Q406 **Peter Aldous:** You are quite right, Secretary of State, you have said half a dozen or more times that we are the first generation to leave the environment in a better shape than when we inherited it. But is it not the truth that we simply have no control over whether we are able to deliver that until we know what Brexit looks like because the EU has had such a fundamental and intrinsic part to play in shaping our environmental policy for the last 43 years? Until we know what is going to replace that, we have absolutely no control over whether we can deliver this ambition, do we?

Andrea Leadsom: To be specific and try to clear this up for the Committee, when we bring this EU legislation into UK law, that will include all the current targets and so on that are in UK law. We in the UK will then have to take a specific action to repeal, change, strengthen—whatever we want to do—and we would have to take legislative action in this Parliament, with all the debates and discussion that go around that, in order to change that. We will not be creating a vacuum or a void or an absence of any rules and regulations. We will be nationalising the *acquis communautaire* with all of its targets and so on. That will be the framework unless and until we decide as a Parliament to change it. I hope that clarifies.



Q407 Chair: Is there not a risk that with the changing of it there is going to be a new, very delicate, hard-negotiated ecosystem of trading arrangements with the EU and trading arrangements with the rest of the world? Isn't the danger that, if you start to unpick some of the acquis, which you said is possible, it will affect our future trading arrangements, either within the EU or with the rest of the world?

Andrea Leadsom: There is a timeframe here and the Great Repeal Bill—I was a huge fan of that decision because what it does is give that certainty. It gives us effectively a framework until such time as we might decide—and we might not decide to change it but I suspect that in the fullness of time we will. The point about it is that we can then take decisions that are in the UK's interest. You are exactly right, that we might decide to change something that then has consequential knock-on elsewhere, but that would be decided in the UK by the UK Parliament. Of course we make decisions every day that have knock-on consequences elsewhere but we take those in possession of the facts and in the best interests of the United Kingdom. I don't think we should be worried about that, but at the same time we are creating the certainty of the nationalising of the acquis that gives us a framework from which we can then act in the best interests of the UK over time and if we think it is fine as it is, then we do not need to change it. It is really important to understand that we are creating that certainty and continuity.

Q408 Chair: For the time being, but we heard from Natural England in the panel just before you came in that they had an estimate that what we needed to deliver the environmental outcomes was £1 billion to £3 billion and if you take away the Pillar 1 subsidy, the subsidies that in a previous life you were keen to abolish altogether, you would need a significantly larger amount of money to achieve the same environmental outcomes because if you are not subsidising farmers' incomes through Pillar 1, and are asking them to do stuff through Pillar 2, there is a kind of cross-subsidy going on there. Isn't the danger with the vote to leave the EU that as soon as you make any change to farm subsidies you are going to run into all sorts of issues, either in our future trading relationship within the EU—I hear what you said about the 43 years trading arrangements but obviously everything will be up for negotiation—or outside the EU, if we do not have that net protection guarantee that you talked about?

Andrea Leadsom: That just highlights that this is a big and complicated piece of work that we are absolutely determined to get a good outcome for the UK from. Again, you are asking me to go into a level of detail that we have been quite clear about. If I were to set up one thesis, you would set up another one and, before we know it, we are not making any progress at all. The key thing is that we are absolutely committed to being the first generation to leave our environment in a better place than we found it and to a successful, sustainable, productive food and farming sector. Those are the twin objectives and we will be working towards arrangements that facilitate those.

Q409 Kerry McCarthy: In the previous session we were talking about the risk



of zombie legislation, so with the Great Repeal Bill, the legislation that gets transferred into UK law but then not much work is done on improving it or reviewing it. When you were asked about the sunset clause, you used a few times the phrase “at our leisure”. It struck me that there was not any great imperative on your part to drive better environmental standards, to improve this legislation, to make more progress than we would do if we were discussing it with our EU partners, who might perhaps be putting pressure on us. What do you mean by “at our leisure”? It sounds a bit casual.

Andrea Leadsom: I am trying to avoid using the words “taking back control” because I think everyone has heard enough of that, so “at our leisure” merely means within our own parliamentary timeframe; as we see opportunities to improve things, then we can seize them. I do not mean at our leisure in the sense of not getting round to things. I simply mean within our own prioritisation for the UK as opposed to dancing to the tune of 28 EU member states.

Q410 Kerry McCarthy: For those such as yourself on the Leave side, who say that the EU has been holding us back from doing more, would not the answer now be to have a very clear plan—maybe it will be in 25-year plans—of not just where we are now but where we want to get to, including targets, deadlines, strategic action?

Andrea Leadsom: Yes. That is exactly what we aim to achieve through the 25-year plans; exactly that. There is a lot of work going on now within the Department, looking at where the opportunities are, the kinds of low-hanging fruit, to simplify things, the objectives that we would all share for more sustainable farming and so on, to analyse what the opportunities are. But when you do the proper consultation, get feedback and see where other people who know a lot about the subject can add to the discussion, it is only at the end of that that we will have a very clear plan for what we think we want to achieve and then that will also be consulted on so we will end up with a very clear plan.

There is no sense whatsoever in which any of this is random. The Great Repeal Bill: as you can imagine, if you were trying to repeal bits, change bits, amend bits, strengthen bits, all at the same time, you would never do it. By far the cleanest and neatest way to leave the EU, to give effect to the referendum, is by nationalising that body of law. When I say “at our leisure” I mean within the timeframe that we have established for ourselves between now and then, we will be able to amend, adjust, strengthen and so on.

Q411 Chair: With the food and farming and environment plans proceeding in parallel with the negotiations to leave, isn't there a danger that our counsel of perfection—which I hope those plans will be; we would like to see a very long-term plan and vision for the environment—is rowed back on and left behind in the hurly-burly of the free trade decisions, the negotiation of the trading relationships with the EU, and that some of our big ideas could be lost in that process?



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Andrea Leadsom: It is my opinion that if you are trying to achieve something you have to know what you are trying to achieve so I would not advocate let's negotiate Brexit and then wonder about what we want to do afterwards. It is absolutely vital that we are now looking very carefully at what we want the world to look like and the 25-year plan is the perfect opportunity to take a long-term view of how we want to meet our ambitions. So, it is absolutely right that we should be getting the best ideas, the best input, during the process of negotiation and not waiting until we have negotiated something we did not necessarily want in an ideal world. This kind of parallel work is absolutely vital and will add to the outcomes we achieve.

Chair: Secretary of State, thank you very much indeed. You have been very generous with your time. Thank you.