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Thank you for your letter of 9 February and for taking the time to consider and comment on the provisional Agricultural Support Framework and Concordat.

I have addressed your questions in the order you raised them. As you know, the arrangements for co-operation envisaged under the Framework and Concordat are currently in operation, pending their final agreement, and are working well. Officials who operate these arrangements work together closely to ensure they meet the objectives and requirements of the provisional Framework and Concordat and will continue to do so.

**In previous correspondence with you, we were told that the PCG would convene every three months, an idea supported on p25. However, Annex B states the PCG will “normally meet every month”. Can you clarify how often will the PCG meet?**

While the formal arrangements for co-operation between the UK Government and the devolved governments on agricultural support remain relatively new, the PCG will meet every month as it is doing now. As the arrangements become more embedded, the PCG meeting schedule may move to a longer timeframe although this will probably be 6-8 weeks in the medium term rather than 3 months to ensure issues can be discussed and acted on in a timely way. The Framework provides in Section 9 – ‘Roles and Responsibilities of each party to the framework’ under the ‘Officials’ sub-section on page 17 for meetings to take place more frequently than 3 months if required. We will make sure the Framework’s references to the frequency of meetings reflects current arrangements.

**On p25 we read that “The MMG will be supported by a standing DEFRA secretariat and the PCG will be supported by a rotating secretariat”. Yet in Annex B, we read that the PCG will be “supported by a standing DEFRA secretariat”. Can you confirm which group will be supported by a standing DEFRA secretariat, and which one will be supported by a rotating secretariat?**

Both the PCG and the MMG will be supported by a standing Defra Secretariat. The Chair of the PCG will rotate among senior officials from Defra and the devolved governments. It is intended that the Chair of the MMG will rotate but the devolved governments have agreed that, for the present time, Defra will chair. We will make sure the Framework reflects this.

**In previous correspondence with you, we were told that “The MMG and PCG work together to aid policy coordination and collaboration” but the framework does not outline this role. Could you clarify how the PCG and MMG will work together?**

I have set out the principles and procedures that inform how the MMG and the PCG will work together below. I have elaborated on the references to how the MMG and PCG interact contained in Section 3 of the Framework ‘Proposed operational elements of framework - Decision making’ and Annexes B and C which give the MMG’s and PCG’s Terms of Reference. The successful interaction of the MMG and PCG will be subject to ongoing review by the officials who operate these meetings to see how we can improve working arrangements in line with the objectives of the Agricultural Support Framework and Concordat.

The MMG’s role is to share information and to analyse and coordinate evidence on the impact of market developments across the UK. The MMG will decide on issues to be escalated to the PCG. The PCG will consider the recommendations coordinated by the MMG and evaluate with them the options for intervention measures particularly in times of crisis, for example Private Storage Aid for pigmeat. The PCG may form a policy coordination sub-group in response to a specific crisis on an ad-hoc basis bringing in policy, analytical and senior representation as required.

The PCG has a dispute resolution role in considering issues that are escalated from the MMG that need to be resolved at policy intervention level. In making their decisions, the MMG will determine the main factors driving the development of the market and assess the short- and long-term impacts of these factors. Evidence used by the MMG will consist of analysis of a mixture of quantitative market price and production data, market intelligence, industry representations and political lobbying, amongst other factors. The MMG secretariat will share their findings by correspondence with the PCG a week after their meeting, or immediately and by other means if necessary.

The PCG will then consider if a new or changing policy, leading to divergence between Defra and the devolved governments will have an unwanted impact on one or more parties. The PCG will work closely with the MMG, in appropriate cases, to establish an evidence base to inform its decision-making.

In procedural terms, the monthly meetings of the MMG and PCG will be synchronised, as far as practicable, so that updates can be provided and issues escalated in a timely way to the PCG. This means that each PCG meeting will hear an update from the Market Monitoring Group and there will be standing items to discuss significant issues such as Private Storage Aid schemes.

**In Annex C, it sets out that one of the roles of the MMG is to provide a “platform for Policy Leads to consider UK MMG evidence at the separate UK Agriculture Market Policy Group (UKAMPG)”. The Committee were unable to find any information on its existence. Could you provide further detail on this group?**

The UK Agriculture Market Policy Group (UKAMPG) was the previous name for the PCG. The relationship between the MMG and the PCG has been described above. The Framework will be updated to ensure the correct references are included.

**On p22 it states that that the PCG will have “engagement with the industry via the proposed ‘Farming Conference UK’ or other working groups.” The Committee were**

**unable to find any information on this proposed group. Could you provide further detail on this group?**

The reference to Farming Conference UK refers to what has now become the UK Agriculture Partnership – a technical information sharing forum for stakeholders from across the UK on issues affecting the agricultural sector. As the PCG will engage with industry and other stakeholders via any relevant fora and working group in the agricultural sector as the Group sees fit, we do not think it is necessary to identify one specifically. We will make sure the Framework reflects this.

**The Committee were unclear what the difference is between the senior officials on the PCG and the SOPB. Could you explain the difference?**

Defra and the devolved governments are all represented at senior official level on both groups. There is some overlap between representation from the Northern Ireland Executive's Department of Agriculture, Environment and Rural Affairs and the Scottish Government on both groups. Otherwise, different officials attend each group.

Broadly speaking, officials with policy responsibilities for agriculture and future farming attend the PCG while officials attending the Senior Officials Programme Board have responsibilities for the oversight of relationships across a wider range of devolved issues across the Defra portfolio. For example, Defra officials attending the PCG will be drawn from the Future Farming and Countryside Programme while those attending the SOPB will be from Defra's central Devolution team.

**We were also unclear how often reviews of the framework will take place after the first review. We read that "Further reviews will continue to take place annually at which point it can then be reviewed every three years". Does this mean reviews take place annually or only once every three years? Additionally, we were unclear as to who is responsible for conducting these reviews. Please could you provide further detail?**

Policy officials from the four administrations will review the Framework and Concordat every year for an initial period while the arrangements operating under the agreements bed in. Policy officials from all signatory parties will decide following each annual review whether the reviews can be moved to take place every 3 years.

**We would therefore be grateful if you could first clarify which devolved areas covered by the scope of this framework could be impacted by the Subsidy Control Bill? Second, can you also clarify what would happen if the CMA or Competition Appeal Tribunal, High Court or Court of Session made a different decision on subsidies to one proposed or agreed within the framework?**

The new domestic subsidy control arrangements and common UK frameworks, including the Agricultural Support Framework, are complementary.

Following EU Exit and the UK's departure from the EU common agriculture and fisheries policies, the devolved governments and the UK Government in England, have the freedom to pursue their own policy choices.

Inclusion of agriculture in the domestic subsidy control regime will balance the need to minimise risk of distortions to UK competition and investment and ensure consistency across sectors with flexibility for the UK Government and the devolved governments to

develop their own policies. Although the regulation of harmful and distortive subsidies is a matter that is reserved to the UK Parliament, the devolved governments will continue to be responsible for devolved spending decisions for agriculture and fisheries. This is the same situation as for devolved spending decisions in every policy area. This means that the Secretary of State can only refer subsidies or subsidy schemes by the devolved governments (or other public bodies) to ensure compliance with our international trade obligations and the proper functioning of the UK internal market. Therefore, the power of the Secretary of State to refer subsidy cases to the CMA does not extend to overriding the policy decisions of the devolved governments.

*George Eustice*

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