

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Third Delegated Legislation Committee

DRAFT DIRECT PAYMENTS TO FARMERS
(REDUCTIONS) (ENGLAND) REGULATIONS 2022

DRAFT AGRICULTURE (FINANCIAL ASSISTANCE)
(AMENDMENT) REGULATIONS 2022

DRAFT AGRICULTURE (LUMP SUM PAYMENT)
(ENGLAND) REGULATIONS 2022

Tuesday 15 March 2022

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Saturday 19 March 2022

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The Committee consisted of the following Members:

Chair: †MR PHILIP HOLLOBONE

† Bradley, Ben (*Mansfield*) (Con)
Byrne, Ian (*Liverpool, West Derby*) (Lab)
† Dines, Miss Sarah (*Derbyshire Dales*) (Con)
† Eagle, Dame Angela (*Wallasey*) (Lab)
Gardiner, Barry (*Brent North*) (Lab)
† Glindon, Mary (*North Tyneside*) (Lab)
† Hayes, Sir John (*South Holland and The Deepings*)
(Con)
† Hollinrake, Kevin (*Thirsk and Malton*) (Con)
† Jenkinson, Mark (*Workington*) (Con)
† Kruger, Danny (*Devizes*) (Con)

Millar, Robin (*Aberconwy*) (Con)
† Murrison, Dr Andrew (*South West Wiltshire*) (Con)
† Prentis, Victoria (*Minister for Farming, Fisheries and
Food*)
Sultana, Zarah (*Coventry South*) (Lab)
† Timms, Stephen (*East Ham*) (Lab)
† Warman, Matt (*Boston and Skegness*) (Con)
† Zeichner, Daniel (*Cambridge*) (Lab)

Jonathan Edwards, *Committee Clerk*

† **attended the Committee**

Third Delegated Legislation Committee

Tuesday 15 March 2022

[MR PHILIP HOLLOBONE *in the Chair*]

Draft Direct Payments to Farmers (Reductions) (England) Regulations 2022

2.30 pm

The Minister for Farming, Fisheries and Food (Victoria Prentis): I beg to move,

That the Committee has considered the draft Direct Payments to Farmers (Reductions) (England) Regulations 2022.

The Chair: With this it will be convenient to consider the draft Agriculture (Financial Assistance) (Amendment) Regulations 2022 and the draft Agriculture (Lump Sum Payment) (England) Regulations 2022.

Victoria Prentis: As ever, it is a great pleasure to serve under your chairmanship, Mr Hollobone. It is also a great pleasure to be part of the Committee, and a particular honour to welcome my right hon. Friend the Member for South Holland and The Deepings, with whom it is always a pleasure to serve.

A draft of the Direct Payments to Farmers (Reductions) (England) Regulations was laid before the House on 3 February. Although I do not directly benefit from agricultural support, I should say that I come from a farming family who very much benefit from agricultural support schemes. The matters in the statutory instruments are closely related. The instruments are being made under powers in the Agriculture Act 2020. They implement important aspects of our new agricultural policies, set out in the “Agricultural Transition Plan 2021 to 2024”, which was published in November 2020 and updated in June 2021.

The direct payment to farmers regulations apply progressive reductions to direct payments for the 2022 scheme year. The Government remain committed to phasing out direct payments—the basic payment scheme, as we used to call it—in England over the seven-year agricultural transition period. We are doing so because area-based payments obviously go, in the main, to larger landowners. Almost 50% of the total £3.7 billion budget goes to the largest landowners. Those payments artificially inflate land rents, stand in the way of new entrants to farming accessing land, and offer the taxpayer little environmental return.

To help farmers plan, we committed in 2018 to phasing out BPS direct payments. The specific reductions provided for in the statutory instrument were announced as far back as November 2020. As was the case last year, higher reductions will be applied to payment amounts in higher payment bands—that is, to people who own more land. Although direct payments are reducing, total funding to farmers is not reducing. We will make money from the reductions available for targeted schemes to increase farm productivity, improve the health and welfare of animals and deliver environmental gains.

In the coming year, much of the reallocated money will be used to meet the rising demand from farmers for the countryside stewardship scheme, which is our key environmental offer at the moment. My family’s farm also takes part in the scheme. We now have 52% of farmers enrolled in countryside stewardship, and the intention is very much that we farmers will transition automatically to the mid-tier of the new schemes.

Farmers today face significant challenges because of rapidly increasing input costs. The war in Ukraine has directly affected the price of food and fertiliser. I am very keen to target support at those who need it most. We will offer a new suite of opportunities to farmers, supply chains and researchers to enable them to collaborate on research and development, so that they can find practical solutions to the challenges and opportunities that farming faces.

The draft Agriculture (Financial Assistance) (Amendment) Regulations update a similar instrument approved on 23 March 2021. They put in place requirements relating to financial data publication, and to enforcement and monitoring, for four new financial assistance schemes that we established under the Agriculture Act 2020. The amending statutory instrument extends the range of financial assistance schemes covered by the 2021 regulations to ensure that any new financial assistance schemes launched in 2022, and thereafter, will be subject to the same checking, monitoring and enforcement requirements that applied to the original schemes that we launched last year.

As we have set out for several years, as part of our wider agricultural reforms, we want to support farmers who wish to leave the industry, as well as those who want to stay. Some farmers would like to retire or leave farming but have found it difficult to do so for financial reasons. That is why the lump sum payment regulations allow a scheme to be introduced in 2022 that provides lump sum payments to farmers in England who want to leave the sector. Some who wish to retire can find it very difficult to do so, and the lack of finance is the barrier to retiring with dignity. We surveyed farmers during the planning for the Agriculture Act 2020 and found that about 6% wanted to leave but felt unable to, with financial reasons obviously being the biggest obstacle. The scheme in the regulations provides those farmers with a way out. More than 1,000 farmers have so far requested a forecast statement, showing the lump sum amount that they could receive if eligible. Obviously, that does not mean that they will take that sum, but it is an indication that there is a group of farmers who will find the new scheme useful. The payments will be in place of any further direct payments to the recipient during the remainder of the agricultural transition. It is not new money, and will not have an impact on the funding of other schemes.

Sir John Hayes (South Holland and The Deepings) (Con): I am grateful to my hon. Friend for her remarks. The direct payment instrument before the Committee is a consequence of the decision that was taken to incorporate into a new law in 2020 direct payments of the kind that my hon. Friend has described. It is uncontroversial and this is the regulatory application of that change. She has spoken about farmers leaving the industry receiving direct payments. I do not imagine that she will be able to commit to it now, but will she think about direct payments

to people entering the industry? It is very hard now for someone to become a farmer. The barriers to entry are very high—the price of land is prohibitive—but we need to get more people, young people in particular, drawn into agriculture and horticulture. Will my hon. Friend give that further consideration?

Victoria Prentis: As ever, my right hon. Friend makes a very valid point. I had a really useful meeting this morning with the National Farmers Union new entrants, who came to the Department for Environment, Food and Rural Affairs. They were full of ideas and practical solutions to the problems faced globally and by their farming businesses. Yes, DEFRA has very ambitious plans for new entrants; we are working them up in conjunction with those new entrants. We are approaching the agricultural transition hand in hand with farmers. We have 4,000 farmers testing things for us and checking that the new schemes actually work.

The new entrants policies will be rolled out next year. The exit lump sum is partially designed to enable the retirement of older farmers, but it is also envisaged that it will free up land that we hope may be made available for new entrants. The new entrants at the Department today had many other ideas, as do other groups, about how we can support new entrants to the sector generally.

2.38 pm

Daniel Zeichner (Cambridge) (Lab): It is pleasure to see you in the Chair, Mr Hollobone. I am slightly in awe of the weight of experience on both sets of Benches, given the presence of the right hon. Member for South Holland and The Deepings, and of my right hon. Friend the Members for East Ham, and my hon. Friend for Wallasey. I will do my best.

The Committee will be relieved to hear that the Opposition do not intend to oppose the SIs, although it is a close call on the lump sum payment regulations. I will explain why in a moment. The draft Direct Payments to Farmers (Reductions) (England) Regulations are familiar ground, because we discussed an almost identically named SI almost a year ago. The Minister will be delighted to know that I have her speech from a year ago before me, so I can quote from it.

Victoria Prentis: Good.

Daniel Zeichner: Absolutely. At the time, I predicted that we might be back here a year later, doing this again.

Victoria Prentis: Yes, and next year, too.

Daniel Zeichner: Who knows how many years we will be doing this for? That is probably for others to judge.

The matter is not particularly complicated, but there are some points from last year that I want to raise again. First, there is the question of why this is being done year by year, when the Government have laid out a clear plan well into the future. I just wonder whether the Government lack confidence in their future timetable. I must also ask again where the money is actually going. Last year, the Minister told us:

“All funding released from the reductions will be reinvested in new schemes in this Parliament.”—[*Official Report, Fifth Delegated Legislation Committee*, 18 March 2021; c. 3.]

I think she echoed that in her opening comments today. When and how will we be able to see whether that is actually happening? We are now some way through year one. When can we see figures on how much has been released and how much has gone into schemes so far? If there is a gap, where might that money reside?

Of course, this year, the reductions are much more significant—20%, not 5%. That will be really painful for some people. What form will the promised impact assessments take? I will also get my customary gripes in early. The Minister referred to some of the pressures that we are seeing as a consequence of world events. Input prices are frankly eye-watering, and every cost is going up—feed, fertiliser, fuel and gas. The hon. Lady referred to that but did not really tell us whether there are any plans to offer direct assistance. Could she say a little bit more about that?

On the level of detail, the reference to direct payments in paragraph 7.2 of the explanatory memorandum was the source of a complaint from me last year. The Minister referenced the possible impacts in her speech today. Paragraph 7.2 states:

“Direct Payments are untargeted, can inflate land rent prices and can stand in the way of new entrants to the farming industry.”

All possibly true, but that is conjecture, because they also can provide stability and keep many people afloat. They may even have contributed to Cambridge United’s six-nil defeat of Sheffield Wednesday at the weekend—I do not know. There should not be conjecture in an explanatory memorandum; there should be clear statements of fact. I hope that paragraph 7.2 is deleted. In fact, that conjecture has been copied across to the explanatory memorandums accompanying a number of SIs.

The terms of the Agriculture (Financial Assistance) (Amendment) Regulations are slightly more intriguing. It seems to be tightening up some financial assistance schemes, and widening the investigatory powers so that they apply to employees or agents of an applicant or agreement holder. Perhaps the Minister can tell us what prompted those changes. Perhaps there were oversights in last year’s SI. She described it then as a “flexible and proportionate framework”. Well, perhaps it was too flexible. Have problems been encountered already? We should know.

How many problems have arisen with the four schemes that were launched in 2021? How many suspected offences are there? I am also slightly puzzled by paragraph 7.7 of the explanatory memorandum to the financial assistance SI, which says that the instrument brings DEFRA’s investigatory powers

“closer to those...previously created under Common Agricultural Policy...rules”.

In that sense, the powers are not new; but the paragraph goes on to say that the SI gives DEFRA flexibility in a more proportionate way. So it is like the CAP, but not like it. Perhaps the Minister can explain that.

The meat of today’s debate relates to the lump sum payment regulations, the principle of which we discussed at length in Committee on the Agriculture Act almost two years ago. We will not revisit the principle today, although I must say that the amendment I moved in Committee remains relevant. We argued then that the scheme posed a range of risks, and I am afraid I see little in the detailed regulations to reassure us about that. I am grateful to organisations such as Sustain and

[Daniel Zeichner]

the Land Workers Alliance for their briefing on this. They made points very similar to those we made two years ago, and which I repeat today, not least the point that encouraging farmers to exit does not automatically lead to new entrants coming through, much as we all hope that it will. They also fear, as do I, that the scheme is wide open to abuse. I am astonished that more safeguards are not in place. I would not be at all surprised if, in a few years' time, we found that there had been significant problems with the scheme.

I need hardly remind the Minister about the difficulties that her Government have had with fraud. One of her colleagues memorably resigned from the Dispatch Box in exasperation at the failures. There was £4.3 billion written off; we do not want that added to. I am sure that the Minister will want to reassure me, and the wider public, that I am wrong on this, and I will listen with interest, but it is hard to see the necessary safeguards. Sustain warns that a landowner using the exit scheme could rent their land on a five-year farm business fixed tenancy and regain full control at the end of that time. Can the Minister confirm that? The definition of "connected person" in paragraph 7 of the regulations seems to suggest that the land could be simply gifted to a brother, sister or family member—indeed, anyone other than a spouse or civil partner—and get up to £100,000. Is that really correct? Two brothers farming adjacently—hardly uncommon—could basically do a swap. What is to stop it?

As I argued two years ago, the linkage to new entrants is tenuous. We do not yet have details of the new entrant support scheme. According to paragraph 4, applications have to be in by 30 September, which is just six months away. Does the Minister expect the scheme to be in place by then? As the right hon. Member for South Holland and The Deepings asked, what will the link be? Does the Minister have any clue what the new scheme will look like? Will it take on any of the recommendations in David Fursdon's 2013 "Future Of Farming Review Report", which I am grateful to George Dunn of the Tenant Farmers Association for pointing me to? Getting new people into farming is complicated, and the report contained many excellent recommendations, which I hope have come up in some of the Minister's discussions.

It is not just Sustain raising such concerns. The discussions of the Environment, Food and Rural Affairs Committee in June last year are illuminating and bear rewatching. A series of expert witnesses suggested a range of potential problems, including the problem of how DEFRA could be sure that the right farmers were taking advantage of the scheme. That rather prompts the question: who would be the right people? Does the Minister have a view? Frankly, it depends on what one sees as the purpose of the scheme, which remains less than clear.

Presumably the Minister can give us a projection of how many people the Government expect to take up the scheme. At an early stage in the discussions, it was suggested that it would be so popular that it would be limited by the available funds, but I think many people are now less convinced that take-up will be that high. Is the scheme cash-limited? If so, what is the limit? How many are expected to take it up? How many new entrants

are expected to benefit? I suspect that the Minister may not have all the answers, so perhaps she could write to me.

In the absence of explanations, the Minister will hear us express again the concerns that we have long raised, including concern that the real plan is to get rid of inconvenient family farms and either intensify, to the detriment of the environment, or rewild and import food produced to lower standards. That is the only rational conclusion that can be drawn when the Government persist in failing to set out a proper vision for farming. Perhaps when we get a response to Henry Dimbleby's review, we will get a clearer idea. Will the Minister hint at when that will finally happen?

There are one or two other minor concerns and loopholes. Paragraph 7.4 of the explanatory memorandum to the lump sum payment regulations says that the Government wish to help

"those farmers who wish to leave the sector",

but that is not what the regulations do. So far as I can see, there is nothing to stop someone taking the exit payment, using the money to rent or buy land elsewhere, and then applying either to the environmental land management scheme or for countryside stewardship—a rather attractive double-earner. The Minister is shaking her head, so perhaps she can explain how that will be avoided.

It is two years since we discussed these issues during the passage of the Agriculture Bill, and despite a public consultation exercise, the level of detail we are being given about how the schemes are supposed to work remains disappointing; there are many more questions than answers. The Opposition want a revitalised food and farming sector, in which new entrants are encouraged and helped, so that there is innovation and new vigour, and so that the enthusiasm that so many have for our countryside can help our food production systems to flourish. However, we have real doubts that the schemes will achieve those objectives. We will not vote against the regulations today, but I hope the warnings are noted.

2.48 pm

Dame Angela Eagle (Wallasey) (Lab): It is a pleasure to serve under your chairship this afternoon, Mr Hollobone. I cannot say that I am an expert in all things agricultural or farming, but a few general questions occurred to me while perusing these statutory instruments, and I look forward to the Minister's response.

First, I do not think that DEFRA or this country was ever stunningly brilliant at administering the common agricultural policy scheme, so transitioning away from a stable scheme that everyone was familiar with to something different, albeit for good reasons, is bound to create the potential for confusion, worry, and maybe even administrative problems. This is quite a complex transition from a steady state to something that is evolving. It would be useful to know whether the Minister has the confidence to say that her officials and DEFRA can administer the system over its transition period, which, at seven years, is quite long.

Secondly, I understand the need for a transition period of this length, but during such a transition, the objective circumstances change. My hon. Friend the Member for Cambridge mentioned this when he discussed

the unforeseen circumstances in which we find ourselves, in which volatile energy prices are impacting directly on farmers' costs. At the same time, the cost of fertiliser and other inputs is rising, and the Government—this was preannounced and expected—are reducing direct payments significantly and putting in place a different scheme with different criteria.

Farmers face uncertain and volatile—but probably rising—costs at a time when the basic income that they are used to is transitioning. It will be difficult for farmers to deal with that volatility without some sort of reassurance from the Government, especially as the Government's schemes are being tried out and may change. In fact, the Minister has effectively admitted that they are being shaped as the Government go along, which again creates a lot of moving parts, and more uncertainty and volatility. It also means that there may be a lot of unintended consequences. Does she have any words of reassurance about that? When all the cogs start going, we cannot always predict the output.

As a member of the Treasury Committee, which has just interviewed Lord Agnew about fraud in the coronavirus schemes, I reinforce the point made by my hon. Friend the Member for Cambridge about the potential for fraud in some of these schemes. Obviously, they are about giving farmers income. The schemes have new criteria, which are being applied in new circumstances. Will the Minister reassure us about the degree of detail in them, and particularly in the mechanism for enforcement and minimising the chances of fraud? If one looks at what has happened in the coronavirus schemes and what is happening with anti-fraud enforcement across the piece with this Government, it is very, very fragmented. The enforcement muscle is weak and unused, and consequently billions of pounds are being lost to criminal gangs, opportunistic fraudsters and, quite often, fraudsters who are far more sophisticated than opportunistic. If these statutory instruments and the changes to agricultural schemes are not properly drawn up or enforced, this is another area where that might happen. Will the Minister reassure me on those points?

2.53 pm

Kevin Hollinrake (Thirsk and Malton) (Con): It is a pleasure to serve under your chairmanship, Mr Hollobone. I am not sure who chose me to serve on this Delegated Legislation Committee, but we do not often have the chance to discuss something in which we have a genuine interest. I represent a rural constituency, and it is a great pleasure to do so. The Minister has been fantastic in her engagement with my farmers, and she knows some of their concerns about many of the areas that have been discussed. I really appreciate her engagement.

I shall make a few short points. My very good friend, the Minister, has talked about the quantum staying the same with regard to what farmers will receive when moving from one system to another. Can she confirm that the amount that farmers receive overall will be the same? There is a worry that we are moving from a simple, stable system, as has been alluded to, to a much more complex system that must include lots of checks and balances, because we are looking at an outcome-based policy—people are paid for outcomes, rather than acreage. How much of that money will be absorbed by the administration and bureaucracy of the process? It is hugely important that farmers receive the right amount, and the amounts that they have been used to.

As has been said, the amount that farmers receive directly is reducing, and other schemes are supposed to compensate for that. I think that my hon. Friend has acknowledged that some of the pilot schemes are not particularly well explained, detailed or clear. A lot of farmers have seen a reduction in revenue—vital support—particularly hill farmers, and they have not seen a commensurate increase in revenue arising from other schemes that they might be in. As my hon. Friend knows, in the past the countryside stewardship scheme was hugely bureaucratic and often it felt like people gave more money to be involved in it than they received in compensation for running the scheme itself. I know that my farmers would very much like to see a delay in the proposed reduction and more development work on the pilots before we move to a system of reduced payments.

We all know that food security and energy security are really important. I am seeing an increasing amount of my productive farmland—the best and most versatile land—going under solar farm applications. That is equivalent to hundreds and hundreds of acres in what is a very productive part of the country. Our local authorities in their wisdom have declared climate emergencies, and they are using that as a way to get round any requirements to keep the best and most fertile land for farmland. They argue, “Actually, we have a climate emergency, and therefore that overrides the need to keep the best and most fertile land for growing food.” We have energy production imperatives and targets because of the race to net zero, and at the same time we have not got food production targets. Our self-sufficiency was 75% in 1985, but it is now 60%. If we had a target for self-sufficiency to grow to that higher amount, perhaps that would act as a check and balance against local authorities giving consent for solar farms.

Sir John Hayes: I am extremely grateful to my hon. Friend for giving way. There was a debate in Westminster Hall about this last week, and the points he is making were amplified. The critical thing is that these two things are not unrelated. You can shorten the food chain, reduce the number of air miles and grow more of what we consume locally. Then one is both serving the objective of aiding the planet and making us more secure in food in these uncertain times. He is absolutely right that there is a need for an urgent review of Government policy, and a change in planning law, if necessary, to prevent monstrous solar parks from taking up valuable agricultural land.

Kevin Hollinrake: I was lucky enough to speak at the end of that debate, although I was able to be there only for the last few minutes of it. It is absolutely true. It seems perverse that we are putting solar farms on productive farmland and not putting solar panels on top of every commercial building, school, hospital and prison. There must be some reason why we are doing it that way, but it would make obvious sense to put panels in those locations rather than on farmland. It is a debate that we need to have. I have been to see the Secretary of State for Environment, Food and Rural Affairs, who is very supportive about the need for more clarity.

We are moving away from acreage payments, as the rest of Europe has, for example, to a system that is based on public goods. That means that we are putting

[Kevin Hollinrake]

our farmers at a competitive disadvantage. That is the reality, because they have to do stuff to get that money. That means investment and the cost of capital. We must maintain that fair and level playing field through trade agreements and through the system of payments that we make. I fear, and I know that the Minister has some sympathy with this thought, that we are potentially putting our farmers at a disadvantage. That is something we need to be very careful about.

2.58 pm

Victoria Prentis: I cannot comment on the abilities of Cambridge United—I stick to supporting Banbury United—but I am absolutely convinced that the basic payments scheme is fundamentally unjust at the moment. The top 10% of recipients receive half of the total budget, while the bottom 20% get 2%. That is not a system that I want to defend. We are applying the reductions to direct payments fairly, with higher reductions being applied to those receiving higher payments. About 80% of farmers will see a reduction of 20% this year.

I would like to reassure the hon. Member for Wallasey that the Rural Payments Agency, which traditionally many of us in the farming industry were possibly less than polite about, has now got a superb delivery record, and paid 98% of farmers immediately the payment was due last year. I am genuinely reassured, and I would be delighted to talk to her offline about that or any other aspect of future farming policy. I am genuinely reassured that farmers will be able to deliver these schemes as we roll them out. They are an integral part of our planning for the new schemes, and they are at all the meetings. The roll-out of the scheme is very much about the delivery—testing and checking that the money can reach the farmer on time. If it does not do that, it does not work, so we need to make sure that that happens.

I should also like to reassure Members that we have committed to maintaining the farming budget for the duration of this Parliament. The money freed up by these reductions will be repurposed, as I said, into our improved countryside stewardship scheme—still slightly more complicated, and I say this as a farmer who filled in the form shortly before Christmas, than I would hope, and very much more complicated than the application forms for the new schemes. That is very much part of our transition to the new schemes. The reductions will also fund the beginnings of the new environmental land management schemes and the many grant schemes that are on offer.

All moneys that are saved by those reductions will be invested in farming and farming businesses. I should like to reassure my hon. Friend the Member for Thirsk and Malton, to whom I often speak on these matters—he represents some crackingly good farmland, as well as many pig farmers, who are having a difficult time at the moment, and many poultry farmers, who have had a very difficult time with avian influenza this year—that the £3.7 billion budget will stay the same for the duration of this Parliament. That is very much an undertaking that the Government have given and to which his neighbour, the Chancellor of the Exchequer, is committed.

Direct payments are not strongly correlated with food production levels. They parted company with headage payments about 15 years ago, and many of the sectors

in which we have the greatest self-sufficiency are those that we have not traditionally subsidised very much or at all. We are close to 100% self-sufficient in poultry, eggs, carrots and swedes, and direct payments have never been part of the business model of many of these really successful sectors. Food security is important, and very much part of departmental planning, as we seek to roll out these new schemes. Indeed, one of the advantages of the productivity grants is that sectors that have not been supported by Government finance in the past will now be able to make real innovations as a result of the money that we can put in.

Many Members are particularly concerned about the impact of removing direct payments on small farms, but farm business profitability is not, in fact, closely dependent on farm size. Many smaller farmers are no more reliant on direct payments than larger farmers, and they will initially receive smaller reductions in their payments. The Government published an evidence paper that was updated in September 2019 and which set out the impacts of removing direct payments, including sector-by-sector analysis, location and type of land tenure. Detailed and updated impact assessments will be published later this month, and it is important that we continue to do that as we roll out this genuinely iterative policy.

The Agriculture (Financial Assistance) (Amendment) Regulations 2022 will ensure that our new financial assistance schemes are regulated in the right way and are subject to the same requirements as the schemes launched last year, but they are tailored to the schemes that we have launched since then, and that is where the differences arise. The measures have grown as the schemes have grown. I was interested in the point made by the hon. Member for Wallasey about fraud. We are absolutely committed to making sure that these schemes are not subjected to fraud. We are a small industry—85,000 farmers—and our land is well mapped. A great deal is known in the Department and in Government generally about the businesses that we support, but it is important that we remain vigilant.

Daniel Zeichner: I hear what the Minister says, but I do not see anything in the regulations to prevent some of those things from happening. In some ways, it will not be fraud; it will just be people using the system.

Victoria Prentis: If the hon. Gentleman could hold on for just a moment, I will come to the specific points that he made about the lump sum exit scheme.

The regulations made good on our commitment to offer farmers a lump sum exit scheme this year. We believe that the calculation of the lump sum payment amount is fair. For most farmers, the lump sum will be approximately equivalent to the amount that they might otherwise receive in direct payments for the years 2022—this year and next year—to 2027, as they are phased out over the remaining years of the planned transition.

The difference, which the hon. Member for Cambridge has perhaps not had fully explained to him before, is that if farmers leave farming, they will not be eligible to enter into new agreements for certain land management schemes. The sustainable farming incentive, agricultural options in countryside stewardship, and agricultural options in local nature recovery will not be open to

them. The lump sum is very much aimed at those leaving farming, and will require a bespoke agreement—we are in the process of creating bespoke quotes for farmers at the moment. It will not be appropriate or possible for them to take a lump sum and then enter new schemes or take options within schemes that are based primarily on owning agricultural land.

The lump sum exit scheme sits alongside extra support to help new entrants into the industry. As I said earlier, the new entrants schemes will be detailed and rolled out in 2023.

On the other points made by the hon. Member for Cambridge about Henry Dimbleby and the Government's food White Paper, I have written to him, but the letter has obviously not reached him yet. I was very much hoping, as I think he knows, to publish the Government's food strategy White Paper this week or last, but the decision has been taken not to do that at the moment because of the war in Ukraine. I reassure the hon. Gentleman, however, that the work that would have flowed from that White Paper will commence immediately, as if it had been published. I very much hope that global events will enable us to publish it as soon as we can.

To conclude, it is important that we continue with the agricultural transition as planned. Applying reductions to direct payments frees up money that we can use to

pay farmers to encourage environmental protection and enhancement, public access to the countryside and the safeguarding of livestock and plants.

Question put and agreed to.

Resolved,

That the Committee has considered the draft Direct Payments to Farmers (Reductions) (England) Regulations 2022.

DRAFT AGRICULTURE (FINANCIAL ASSISTANCE) (AMENDMENT) REGULATIONS 2022

Resolved,

That the Committee has considered the draft Agriculture (Financial Assistance) (Amendment) Regulations 2022.—(*Victoria Prentis.*)

DRAFT AGRICULTURE (LUMP SUM PAYMENT) (ENGLAND) REGULATIONS 2022

Resolved,

That the Committee has considered the draft Agriculture (Lump Sum Payment) (England) Regulations 2022.—(*Victoria Prentis.*)

3.8 pm

Committee rose.

