House of Commons

Scottish Affairs Committee

The future of Scottish agriculture post-Brexit: Government Response to the Committee's Ninth Report of the Session 2017–19

First Special Report of Session 2019–20

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The Scottish Affairs Committee

The Scottish Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Scotland Office (including (i) relations with the Scottish Parliament and (ii) administration and expenditure of the offices of the Advocate General for Scotland (but excluding individual cases and advice given within government by the Advocate General)).

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Former members

Kirstene Hair MP (*Conservative, Angus*) was also a Member of the Committee during this inquiry.

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The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No. 152. These are available on the internet via www.parliament.uk.

Publication

Committee reports are published on the Committee's website and in print by Order of the House.

Evidence relating to this report is published on the inquiry publications page of the Committee's website.

Committee staff

The current staff of the Committee are Ben Williams (Clerk), Bradley Albrow (Second Clerk), Ben Rayner (Committee Specialist), Abigail Samuels (Senior Committee Assistant, Robert McQuade (Committee Assistant), and Zoë Grünewald (Media Officer).

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First Special Report

The Scottish Affairs Committee published its Ninth Report of Session 2017–19, The future of Scottish agriculture post-Brexit inquiry, HC 1637, on 31 July 2019. The Government response to the Report was received on 30 September 2019, and is published as an appendix to this Report.

Appendix: Government Response

Introduction

The Government is grateful to the Scottish Affairs Committee for their report on the future of Scottish agriculture once the UK has left the EU. The Government and the Department for Environment, Food and Rural Affairs are working closely with the Scottish Government to ensure that the UK's agriculture industry is supported as we prepare to leave the EU and the Common Agricultural Policy (CAP).

To note, responses covering similar recommendations have been grouped together.

Agricultural Funding

1. **Allocating CAP funding within the UK on historic values does not reflect Scotland's unique agricultural conditions and practices. This has resulted in Scotland losing out on much needed funds and led to criticism of the UK Government's handling of the EU convergence uplift.** ***We recommend that the Government work with the devolved administrations to develop a new fair and transparent funding arrangement which meets the needs and individual circumstances of all the UK nations post-Brexit.*** **(Paragraph 10)**

The Government recognises the longstanding concerns among Scottish farmers on the allocation of the 2013 convergence uplift. In 2018 the Government announced a review into intra-UK funding allocations. The independent review, chaired by Lord Bew, looked at the factors that should inform the UK allocation of 'convergence' funding from 2020 to 2022. Its conclusions were informed by current and historical CAP allocations.

The Government has accepted the recommendation of the Bew Review that 'convergence' funding for the period 2020–22 should be divided according to land across the UK that previously received less CAP funding per hectare than the EU average. This is the same basis for the original allocation of EU 'external convergence' funding to the UK.

In addition, the Government will provide an additional £160 million to Scottish farmers as a one-off payment to draw a line under the previous funding allocation disagreement. This will help achieve a sustainable funding settlement for the future, without a continuing perceived injustice undermining that long-term solution.

As outlined in its response to the Bew Review, the Government will work with the devolved administrations to develop a fair approach to future funding allocations.

Engagement between the Government (HM Treasury, Defra and the Territorial Offices) and the devolved administrations will set out to agree funding beyond this Parliament, recognising that agriculture policy is and will remain devolved.

2. **We welcome the commissioning of an independent review into intra-UK farm support post-Brexit and are pleased that the Government has clarified that the review's conclusions will inform funding post-2022. (Paragraph 14)**

The intra-UK funding allocation recommended by the Bew Review is limited to the period between 2020 and 2022. The panel's recommendation will inform funding post-2022 insofar as it was clear that its recommended allocation formula would be an inappropriate basis on which to allocate total agriculture funding beyond 2022.

The Review made some wider observations beyond its terms of reference covering the period 2020–22. The Government will discuss these in more detail before a decision is made on post-2022 funding. As outlined above, we will work with the devolved administrations to agree funding after 2022.

3. **The distribution of agricultural funding within the UK must be based on objective criteria that reflects each country's conditions and situation. This should reflect the fact that Scotland has a much higher proportion of LFA land and recognise the social and environmental benefits farming this land provides.** ***We recommend that the proportion of a nation's LFA land be a central criterion in determining intra-UK agricultural funding. While we do not know the total amount of funding available, this should result in a significant increase in the proportion of agricultural support allocated to Scotland.*** **(Paragraph 21)**

The Government agrees that the way in which the distribution of agriculture funding between each part of the UK is determined should be based on objective criteria and that all parts of the UK should be treated fairly and their individual circumstances are taken into account.

The Government supports the recommendation of the Bew Review for a modest change in allocating the 'convergence' component of the farm support budget to benefit those who farm in challenging environments. This acknowledges the justification for recognition of the great social value provided, and the unique challenges faced, by those farmers throughout the UK in the toughest environments.

However, as found by the Bew Review, the Government agrees that LFA is an inappropriate measure for allocating funding. The review panel observed that "LFA remains an imperfect, and in many senses outdated, measure to reflect the challenges faced by those farming various land types."[1] This is due in part to the different ways in which agricultural land is classified across England, Scotland, Wales and Northern Ireland, and the resulting difficulties in making direct comparison between the different types of land across the UK.

With regards to the intra-UK allocation of agricultural funding, central to the discussions on post-2022 funding arrangements outlined above will be the principle that we should avoid giving farmers in any part of the UK an unfair competitive advantage.

The extent to which farm support funding is directed to those farmers on LFA land in Scotland is a matter for the Scottish Government.

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4. ***We recommend that the Government consult on increasing the number of LFA categories used to make funding decision, to reflect the diversity of LFA land across the UK. This should ensure that farmers and crofters working in the most difficult and challenging landscapes get the support they need.*** **(Paragraph 22)**

Land is currently classified as Less Favoured Area (LFA) in the UK if certain circumstances make agricultural production or activity difficult. These circumstances include difficult climate conditions, steep slopes in mountain areas or low soil productivity.

LFA categories are currently designated by the EU through Regulation (EU) No 1257/1999. This has been rolled over into domestic law by the EU (Withdrawal) Act 2018 and made operable by the Rural Development (Amendment) (EU Exit) Regulations 2019.The Scottish Government currently operate a Less Favoured Area Support Scheme (LFASS) for farmers and crofters who actively farm land that has been designated as LFA in Scotland. Once we leave the EU and the CAP the Scottish Government will be able to bring forward primary legislation that would make changes to LFA categories in Scotland if they wish to do so.

The Government recognises the great value of upland farming and the unique challenges faced by farmers throughout the UK in the most challenging environments. In England we have outlined how farmers in the uplands could be additionally supported through the new Environmental Land Management (ELM) scheme.

As agriculture is devolved, it is for the Scottish Government to decide how best to ensure how farmers and crofters in these areas are provided with the appropriate support. For the reasons outlined above we do not agree that LFA categories are the appropriate measure to achieve this.

5. **Farming is a long-term industry, and the sector needs a financial settlement that gives farmers and crofters the certainty to make investments that will not see returns for several years.** ***We therefore recommend that the UK Government set agricultural budgets on a seven-year basis and commit to a review half-way, to ensure it is still meeting the needs of Scottish agriculture.*** **(Paragraph 26)**

We recognise that certainty over future funding arrangements is important to farmers and land managers across the UK.

The 2017 Conservative Party Manifesto pledged to continue to commit the same cash total in funds for farm support UK-wide until the end of the parliament. All CAP pillar 2 projects signed by the end of 2020 are guaranteed, and the future ELM scheme in England will have multi-year contracts as is the case now.

The regular cycle of Spending Reviews, Single Departmental Plans and Departmental Supply Estimates is the process through which Government and Parliament together makes decisions about public spending.

It will remain for the Scottish Government to ensure that the funding it allocates to agriculture meets the needs of its own sector.

6. ***Rural communities in Scotland have benefited from the rural development funding provided by EU schemes. We therefore welcome the Government's intention to use the Shared Prosperity Fund to help replace this valuable source of funding. However, the***

Government must provide more clarity on the purpose of the fund, how it will operate in practice, which existing EU funds it will replace and how much will be made available for rural development projects. **(Paragraph 32)**

21. **While the uptake of new innovations may not be right for all farm businesses the substantial costs associated with adopting new technology is proving a barrier to some.** ***We therefore recommend the Government explore the option of using the Shared Prosperity Fund's rural development budget to help farms purchase new technology and equipment through innovation grants.*** **(Paragraph 111)**

The UK Shared Prosperity Fund will operate across all four nations. The Government has been clear we will respect the devolution settlements in the devolved nations and will work in partnership with the devolved administrations to ensure the fund works for all places, including both rural and urban areas. The fund will tackle inequalities between communities by raising productivity, especially in those parts of the UK whose economies are furthest behind.

The Government will bring forward plans on the UK Shared Prosperity Fund, and recognises the importance of providing certainty and clarity on the fund. There are many detailed design questions to come, on which we welcome input from across the UK. However, it is only right we take any final decisions regarding the design of the fund after a cross-government Spending Review.

Agricultural Policy

7. **Direct payments have an important role in supporting agriculture across Scotland. Without this support many farmers and crofters will become unprofitable causing economic, environmental and social problems for their communities. We welcome the unequivocal assurance from the UK Government that the Scottish Government's existing direct payments will not be restricted by the UK's WTO obligations. (Paragraph 38)**

The Government would like to reiterate that Direct Payments in Scotland will not be restricted by the UK's commitments at the WTO. WTO rules will still apply to Scottish farming policy, but it is not the Government's intention to restrict schemes which are currently available whilst WTO rules remain the same.

The Scottish Government's LFASS scheme will also not be impacted by the UK's WTO commitments. This is because the LFASS scheme is currently classified as 'blue box'. Support classified as 'blue box' is trade distorting, but also requires farmers to put limits on production. It is therefore unrestricted. LFASS would therefore be able to continue as long as the schemes continue to meet the criteria set out in Part IV Article 6 of the Agreement on Agriculture and would only change if there is a rule change at the WTO.

8. **The uncertainty about the legal basis for continuing to make agricultural support payments to Scottish farmers after Brexit has been a cause of great concern. This has not been helped by the lack of a clarity from both the UK and Scottish Governments on when their respective Agriculture Bills will be passed.** ***We recommend that the UK***

and Scottish Governments work together to agree a joint statement on the future of these payments to provide clarity about the future of these payments and announce timetables for the passage of their respective pieces of agricultural legislation. **(Paragraph 45)**

The Agriculture Bill will legislate for the Government's landmark reform of the agricultural sector in England. The Bill is needed regardless of whether we leave the EU with or without a deal on 31 October so we can start our planned agricultural transition in England in 2021. The Government expects the Bill to be reintroduced to Parliament in the next session. The Bill will mostly legislate for England, although there are some UK wide powers relating to upholding our obligations at the WTO and maintaining exemptions from competition law. Although agriculture is devolved, the Bill also makes provision for Wales and Northern Ireland at the request of the Welsh Ministers and Department of Agriculture, Environment and Rural Affairs (DAERA) on their behalf.

The Scottish Government chose not to take any powers in the Agriculture Bill. Fergus Ewing, the Cabinet Secretary for the Rural Economy, recently announced that the Scottish Government intends to introduce a Rural Support Bill in the Scottish Parliament later this session.

The legislative basis for making Direct Payments to farmers for the 2020 scheme year depends on the terms of our exit from the EU. Article 137 of the current Withdrawal Agreement disapplies the EU legislation governing Direct Payments for the 2020 scheme year. If we leave the EU under the terms of a Withdrawal Agreement with similar provisions to the current one, we would need primary legislation in place to reapply that Direct Payments legislation, and secondary legislation to make it operable. The Government is working to ensure that the necessary legislation is in place and is working closely with the devolved administrations to ensure that it will work for each part of the UK.

This legislative fix will only be needed in the event of a deal with the EU. If we leave without a deal, then the Direct Payments legislation will become domestic law pursuant to the EU (Withdrawal) Act 2018. This will allow each part of the UK to make payments to farmers until the end of the 2020 scheme year.

Whether we leave the EU with or without a deal, the Government intends for the powers in the Agriculture Bill to be used as the legislative means to make Direct Payments to farmers in England from the 2021 scheme year. The Agriculture Bill provides equivalent powers for Wales and Northern Ireland. The Scottish Government have stated that is their intention to use the Rural Support Bill as a legislative vehicle to make payments from 2021.

9. **We welcome the firm commitment from the Secretary of State that agricultural common frameworks will not be imposed upon the devolved administrations but agreed by consensus on the basis of mutual and meaningful engagement from all parties.** ***These frameworks must ensure that the Scottish Government has at least the same flexibility over agriculture policy as it currently does under the CAP. We believe that a reformed JMC, as recommended in our Report on intergovernmental relations would provide a suitable forum for frameworks to be agreed and managed.*** **(Paragraph 52)**

10. **While progress has been made on the governance and development of common frameworks, it has been difficult to obtain detail about their contents.** ***We therefore***

urge the Government to publish its draft agricultural frameworks and set out a timetable for their agreement so Scottish farming groups can help shape their final form and start preparing for any changes they introduce. **(Paragraph 55)**

Agriculture policy is devolved. Outside of the EU each administration will have the flexibility to develop agricultural policy suited to their own unique circumstances.

The Government is working with the devolved administrations to develop a common framework for agricultural support. This will cover policy areas which previously came under the CAP, and where there is now a desire to co-ordinate and collaborate between each part of the UK. The government is confident that a framework for agricultural support will be non-legislative in nature and is working with the devolved administrations to find administrative approaches that work for the whole of the UK.

The policy areas that the framework is currently planned to cover includes:

- agricultural support spending;
- marketing standards;
- crisis measures, public intervention and private storage aid;
- cross border farms; and
- data collection and sharing.

Separate work is ongoing on a cross-cutting internal market mechanism, which is being led by the Department for Business, Energy and Industrial Strategy and HM Treasury.

The UK Government plans to have the framework in place by the end of any Implementation Period or as soon as is practically possible if there is the potential for divergence in agricultural policy in the UK.

The UK Government welcomes the Committee's recommendations on the role of the JMC. At the Joint Ministerial Committee Plenary held on 14 March 2018, the Prime Minister together with the First Ministers of Scotland and Wales and representatives from the Northern Ireland Civil Service agreed to review the existing intergovernmental structures to ensure they remain fit for purpose in light of the UK's exit from the EU. It is vital that we ensure the governments of the UK work together effectively in a way that respects the devolution settlements and devolved institutions, and crucially works on behalf of all citizens and businesses in the UK. The IMG (EFRA) was also established in February 2019. This group contains Ministers from Defra and their counterparts in the devolved administrations, and is a multilateral forum for the promotion of collaboration in areas of shared interests between portfolio Ministers in all UK administrations.

As referenced in the government's response to the Committee's report on 'the relationship between the UK and Scottish Governments' of 10 July, the UK Government is committed to considering the Committee's recommendations as part of this wider review into intergovernmental relations.

Trade post-Brexit

11. **We are alarmed by the negative reaction Scotland's farming sector has had to the Government's temporary no-deal tariffs, which appear to provide significantly less protection than the current regime and give industry very little time to adapt.** ***The Government must address these concerns during this consultation period on its permanent tariff regime. The Government should also provide more detail on the financial support it will make available to farmers and crofters to offset the impact of the EU's high no-deal tariffs on their exports.*** **(Paragraph 64)**

In preparing the Temporary Tariff Regime, the UK faced a choice. If we maintained our current external tariff regime and applied it to the EU, this would impose new tariffs on EU imports, driving up prices for consumers and disrupting business supply chains. If we fully maintained open trade with the EU, we would also have to open trade to the rest of the World to comply with World Trade Organization rules.

The temporary tariff announced on 13 March 2019 has sought a balance between the impacts on consumers and producers. To support consumers and business supply chains, 87% of total current imports by value would be eligible for tariff free access. However, tariffs and quotas have been maintained in a few sectors to address areas likely to be particularly exposed to significant adjustment costs, with the aim of having a broadly neutral impact on consumption and production patterns.

The Government will continue to listen to the concerns of consumers and business, as it does through a variety of channels at present, including through direct correspondence with consumer organisations, business and business representative organisations and other interest groups. Equally, stakeholders can communicate through existing business and trade helplines.

At the end of the temporary 12-month period, the Government will introduce a permanent tariff regime. This will be developed over the course of the coming months following a full public consultation process. The Government recognises that there should be a means of review for the Temporary Tariff Regime in the meantime. The Government will provide a mechanism to hear business and consumer feedback and will consider exceptional changes to the tariff where clear evidence is provided by stakeholders against the criteria set out in the Taxation (Cross-border Trade) Act. We will provide further details on this mechanism in due course.

The Government recognises the concerns of stakeholders and has contingency plans in place to minimise disruption for the food and farming sector. We value our close contact with the farming unions and other farmer representatives across the UK as we continue to refine our plans on how best to support our farmers across the country as we leave the EU. We will be monitoring the markets closely to identify early signs of market disturbance allowing us to react swiftly.

12. **Geographical indications have been crucial in protecting the provenance of many iconic Scottish products, and we are pleased that the UK Government has acted on our recommendation and established a domestic register.** ***While we are reassured that the Government is committed to continued recognition of UK products, the Government must provide more clarity on how it will ensure the future protection of Scottish GIs in the EU given that this may be revoked by the EU if a reciprocal arrangement is not reached. We also repeat our call for GI protection to be a red line in future UK trade negotiations.*** **(Paragraph 70)**

The Government's strong preference is for a deal that would see EU GIs protected until a subsequent agreement with the EU enters into force. Even if a reciprocal arrangement with the EU is not reached, the default position is that UK GIs will continue to be protected by virtue of being on the EU's various GI registers. The current EU legislation means that EU GI protection is indefinite unless specific grounds for the cancellation of a GI are met. None of the grounds for cancellation relate to a change in status from Member State to Third Country. To remove UK GIs from its registers, the EU would have to change its rules. In the event that the EU does take steps to change its rules and removes protection for UK GIs, the Government will support UK GI holders in reapplying for EU GI recognition.

The Government recognises the important role GIs play, both as exemplars of quality British produce and economically (representing over £5 billion in export value each year). We are committed to celebrating the success of these products and driving further market access. We have already signed a number of trade continuity agreements and Mutual Recognition Agreements to secure the ongoing protection of UK GIs overseas. For example, the ongoing protection of Scotch Whisky—the UK GI with the highest export value—has been secured in the Andean Community, Chile, Switzerland (including Lichtenstein), Central and South America, and the USA.

Agricultural Workforce

13. **We welcome the Government's decision to launch a Seasonal Workers Pilot Scheme, however there is overwhelming evidence that 2,500 workers will be insufficient to meet the demands of the agricultural sector in Scotland, let alone the rest of the UK.** ***We recommend that the Government increase the size of the pilot to 10,000 workers next year. We also recommend that its scope be broadened to cover other sectors reliant on seasonal workers such as floral and meat processing.*** **(Paragraph 78)**

The horticulture sector is a particular British success story, with soft fruit production having grown by 131% in the last 20 years. In recent years there has also been a revival in the domestic production of top fruit, vegetables, salads and cut flowers. The government is committed to ensuring that this sector has access to the labour that it needs in order to be able to flourish in the future.

The Seasonal Workers Pilot is not designed to meet the full labour needs of the horticultural sector. Rather, the Pilot will test the effectiveness of our immigration system at alleviating seasonal labour shortages during peak production periods.

The Pilot operates in the edible horticulture sector to support farmers growing UK fruit and vegetables. This is the sector of agriculture which has been experiencing the most severe seasonal labour shortages but the Government also wanted to focus the scheme on a part of the horticultural sector and not spread the numbers in the pilot too thinly. The government recognises that the labour needs of sectors such as the daffodil industry are similar to edible sectors and would be considered for any future seasonal workers scheme introduced after the pilot.

We are currently closely monitoring how the Pilot is working. Defra and Home Office are responsible for monitoring and evaluating the Pilot against its stated aims and ensuring that rules and regulations set out in the Request for Information are being adhered to. We will also continue to monitor the Pilot's impact and work with the devolved administrations to understand the workforce pressures faced by farmers using robust evidence as we assess how best to support the longer-term needs of industry.

14. **It is clear to us that a permanent Seasonal Workers Scheme is needed to meet the demand for seasonal agricultural workers post-2020.** ***We therefore recommend that the Government commit to running a version of the scheme on a permanent basis.*** **(Paragraph 79)**

The Pilot is proving very useful to help inform our understanding of how such immigration routes perform in a modern global context and support the design of our new immigration system.

Defra is working with Home Office to improve the official evidence base on temporary worker supply and demand, including though a quarterly survey of growers. The results of which we will consider closely alongside other available evidence.

15. **We welcome the additional support the UK Government has made available to the pilot scheme following our intervention. However, we are concerned that there remain difficulties in processing workers in Ukraine and Moldova to allow them to reach farms on time. This has not been helped by the additional costs expected of workers to book a visa interview on-top of the £244 visa fee, which could deter student workers. This is substantially more than comparative schemes in Europe and risks pricing the UK out of the market for agricultural workers.** ***If the Government wants the best and most motivated workers, not just those who can afford to pay, we recommend it abolish visa interview fees and review the cost of Tier 5 visas, to ensure the pilot remains competitive internationally.*** **(Paragraph 84)**

The Home Office and its commercial partners offer a range of optional services which are welcomed by those customers who prefer a more personal, convenient or faster service. The majority of visa application points, including Kiev, are free to use. However, for some locations where visa demand is low, as in Moldova, or sometimes where there are multiple application centres in one country, UK Visas and Immigration (UKVI) charge an additional fee. This charge enables UKVI to extend the network of application centres to locations where it would otherwise not be viable. The fee for an appointment is £55 which applies to all user pay standard application centres locations globally.

The Home Office sets visa, immigration and citizenship fees at a level that helps provide the resources necessary to operate the Border, Immigration and Citizenship system. The fee-setting criteria are set out in Section 68(9) of the Immigration Act 2014, full details of which can be reviewed via the following link: http://www.legislation.gov.uk/ukpga/2014/22/section/68

Visa application fees are set within the parameters agreed with HM Treasury and Parliament, balancing a number of factors, including the administrative cost of processing an application, the wider costs of the immigration system and the benefits likely to accrue to a successful applicant. The Home Office believes it is right that a greater share of the cost of operating the system is borne by those applicants who directly use it. As a consequence, application fees have increased in recent years as the Home Office aims to reduce the overall level of funding that comes from general taxation by reducing costs and increasing the proportion which is funded by income generated from fees.

16. **We were disappointed to hear that some foreign workers have expressed a reluctance to work in Scotland's seasonal agricultural sector, based on preconceptions that we do not recognise. While it appears that many concerns are based on misconceptions, it is important that these are addressed to ensure that Scottish farms continue to attract the best workers. *We welcome the work that Concordia and Pro-Force are already doing on these issues and recommend that the UK and Scottish Government work together to identify ways to address the concerns raised by Pro-Force and Concordia.* (Paragraph 87)**

Defra has produced information for UK employers who hire workers from the EU and for EU citizens who want to work in the UK. The document is available on GOV.UK and sets out the steps EU nationals will need to take to work seasonally in the UK in both a deal and no deal scenario. Growers and labour providers have been sharing these documents, including translated versions, to support the recruitment of EU seasonal workers. Additional tools will be developed and released in the future to provide further clarity for those residing in the UK and those looking to work in the UK.

The *Seasonal Workers Pilot: Request for Information* stated that operators must demonstrate their capability to provide Pilot workers to growers and employers across all of the UK. The Pilot operators have adhered to this requirement and workers have been placed across the UK. As the Pilot progresses, Defra and the Home Office will continue to monitor the success of the Pilot in placing workers across the UK.

17. **We welcome the Secretary of State's assurance that the Government will consider the sectoral needs of Scottish agriculture in its future immigration policy, but this is not reflected by the proposed £30,000 salary cap for skilled workers. This will have a detrimental impact on supporting professions like the veterinary sector which are reliant on non-UK workers. *We recommend that the £30,000 salary cap be removed and welcome the fact the Government appears to be asking the Migration Advisory Committee to revisit this issue.* (Paragraph 93)**

The then Home Secretary, Sajid Javid MP, asked the Migration Advisory Committee (MAC) in June 2019 to consider how future salary thresholds should be calculated, the levels of salary thresholds, whether there is a case for regional salary thresholds for different parts of the UK, and whether there should be exceptions to salary thresholds. They are expected to report back by January 2020 The present Home Secretary has additionally asked the MAC to consider how a Points Based System may help ensure that the UK labour market has the skills that it needs.

With regards specifically to veterinarians, on 29 May, the (MAC) published the outcome of its full review of the Shortage Occupation List (SOL). The MAC recommended a number of changes to the main UK-wide SOL, expanding the list to cover a range of high-skilled occupations, including veterinarians. On 23 July, the then Home Secretary announced the Home Office would accept all of the MAC's recommendations on the composition of the SOL and the necessary amendments have now been made to the Immigration Rules.

18. **The proposal of a temporary 12-month visa for low skilled workers will likely only increase training and recruitment costs for businesses and prevent them from relying on returnee workers.** ***We recommend that the Government remove the cooling off period for temporary workers, at least for the broader agricultural sectors, and consult on how businesses can best be supported in reducing their dependency on overseas workers.*** **(Paragraph 96)**

The Government is committed to ensuring that a wide range of stakeholders across the UK, particularly businesses and including the agri-food sector in Scotland, have an opportunity to contribute their views on the future immigration system for EU and non-EU citizens alike. The Home Office has initiated an extensive programme of targeted engagement across the UK, and with the EU and international partners, and has been capturing views to ensure that we design a future system that works for the whole of the UK.

19. **Automation and technology can help reduce Scotland's reliance on non-UK workers in the future and help make the agricultural sector more productive, but this is not the silver bullet to solve the labour shortages facing the sector and there will still be a need for additional agricultural labour in Scotland for the foreseeable future. (Paragraph 100)**

We know that there is a range of problems facing these sectors, including low levels of labour productivity and process innovation, retention and recruitment issues, and a high reliance on low skilled labour from EU countries.

There is significant untapped potential for automation and associated technologies to transform these industries and address the problems outlined above. We know from a number of studies that these technologies can improve productivity and competiveness, provide safer work environments, reduce waste, and improve product quality.

Investment in capital and Research and Development (R&D) for automation will help address some of the workforce issues faced by parts of the agri-food chain. As outlined in the Health and Harmony consultation paper, Defra wants to stimulate forward thinking investment in automation technologies across the agri-food chain. We know that there are a range of problems facing these sectors, including low levels of labour productivity and process innovation, retention and recruitment issues, and a high reliance on low skilled labour from EU countries.

We are working with the Scottish government and industry to identify ways in which we can encourage greater take up of automation technology to reduce labour dependency in the food chain. This work will ensure that we develop a full picture of the current landscape and build an evidence base which can be used to guide future policy development.

Agricultural innovation

20. **We welcome the additional funding the UK Government has made available for agricultural research; however, it must ensure that the outcomes of this research lead to technologies and techniques that are of practical relevance to farmers.** ***We recommend that the Government stipulate that bids for UK funding for agricultural research must include proposals for how the outcome of the research will be shared with agricultural businesses, including proposals to trial or demonstrate new technologies where appropriate. We also recommend that groups of farmers and farming cooperatives be allowed to bid for funding to trial new practices.*** **(Paragraph 107)**

Investment in Research and Development (R&D) and Innovation is a key part of this Government's Industrial Strategy for the United Kingdom. We are committed to meeting the Manifesto Commitment to invest 2.4% of GDP in R&D within 10 years.

The UK agriculture sector is one of the big beneficiaries from the Industrial Strategy. There will be a £90 million public investment in "Transforming Food Production" (TFP). This will support the development and adoption of integrated data-driven precision approaches. These innovations will boost the efficiency and productivity of the UK agricultural systems and can play a significant role in the sector's contribution to achieving the UK's net zero target. The UK has a unique opportunity to lead a global revolution in precision farming by investing in rapid development and adoption of novel advances precision agricultural technologies. This will enable the optimum use of resources (e.g. water, nutrients, crop protection products and antibiotics) and more effective decision making.

The successful projects from the first round of the TFP collaborative R&D strand were announced on 28th June. Thirty one projects are receiving £22.4 million of government investment, with a further £8.8 million industry funding. Within Scotland these projects include one utilising Artificial Intelligence to ensure only crops at greater risk of plant disease will be treated with crop protection products.

The Science and Technology into Practice funding competition aims to enable a co-creation approach between the R&D community and practitioners.

These investments build on the 2013 Agri-Tech Strategy. Under this Strategy, £90 million was committed to establishing world class Centres for Agricultural Innovation to support the wide scale adoption of innovation and technology, developing skills and capability in the food and farming supply chain. A further £70 million funded an Agri-Tech Catalyst, to support collaborative research projects which take agricultural innovations from the laboratory to the marketplace.