

West Sussex Growers' Association (WSGA)

Executive Meeting – 8th June 2020

Report to the Executive – John Hall (Consultant)

1.0) Covid-19

As with many industries, the Horticulture Industry has been hit hard by the affects of Covid-19; especially the Ornamental Sector. Garden Centres were closed during much of the critical Spring sales period and only just started to reopen on 13th May 2020; leading to huge losses of perishable seasonal plants. Some businesses have lost up to 50% of their stock during this period.

WSGA has held weekly video conference calls throughout the lockdown and lobbied hard with Government Ministers, MPs, NFU, HTA and other key stakeholders to raise issues of concern for the Association membership and the wider Industry. Some of the key points that are still to be resolved are below.

1.1) CBILS

The assistance under CBILS is not as available to agricultural and horticultural businesses as to other industries. Our sector can benefit from only about half the Business Interruption Payment (BIP), and only about half the CBILS loan amount, available to businesses in other industries. But this could instantly be rectified, without need for any further engagement with EU Commission on the matter, by a simple UK Government decision to deem the BIP, or even just its interest benefit element, as operative under section 3.3 rather than 3.1 of the EU Temporary Framework.

Points **A** and **B** which follow describe the problem; point **C**, the solution.

A. Consider a non-agricultural business borrowing £5M under CBILS.

They could benefit from the first-year Business Interruption Payment (BIP) by, say, £75,000 arrangement fee (1.5%), plus £200,000 interest (4% on £5M), total £275,000. The BIP is currently registered under Temporary Framework section 3.1, which has a 100,000 Euro cap on 'agriculture'. An agricultural business can benefit by only up to £89,000 under section 3.1.

So, Growers are currently disadvantaged in this scheme by up to 275-89 = £186,000. We are not getting the same assistance under this scheme as businesses in other industries.

B. Now consider an agricultural business needing to borrow up to £5M under CBILS.

They are being told by banks that, because they are committed to implementing the

scheme with an interest- and fee-free first year, the banks can only lend them c£2.5M, so as to keep the fee + interest below €100K, since government can only pay them that much.

So, Growers are also currently disadvantaged in this scheme by being offered on half the CBILS loan amount by banks, which government intended them to offer to all businesses sectors.

C. This can easily be fixed.

The UK Government worked miracles to launch CBILS only a few days after the Temporary Framework came out. These severe disadvantages to horticulture and agriculture compared with other industries, under CBILS, would not have been prominent when UK government decided to offer the BIP interest under Temporary Framework section 3.1, which has the agricultural state aid cap.

The good news is that on 6th April it was made easy to escape this catch-22 situation. The EU Commission approved an umbrella scheme which includes authorisation for the UK Government to offer aid under section 3.3, which has no agricultural state aid cap. See:

https://ec.europa.eu/competition/state_aid/cases1/202015/285283_2146683_71_2.pdf

Gereon Thiele of DG Competition in the Commission advises that on this basis, *“The Commission does not need to be informed when the UK government offers such [3.3] aid.”*

So, all we are asking UK Government to do here, is to decide to operate the CBILS scheme year one interest payment under section 3.3, not 3.1. Then immediately, HM Treasury + BBB can inform lenders they need no longer limit Growers’ year-one interest-free benefit to the agricultural state aid cap’s €100K. As a result:

- The £186,000 disadvantage to our sector will be removed, and,
- Banks will no longer cap the amount they will lend our sector under CBILS at c£2.5M in order to keep the year-one benefit below €100k: up to £5M will be available to us as to other industries.

1.2) Grants – Compensation Scheme

Due to the huge loss of perishable plants, the bedding and garden plant sector urgently needs a Grant Compensation Scheme to help Commercial Growers to survive.

- The Dutch Government has already provided massive additional financial support for its Horticulture Industry to the tune of 650m euros.
 - The scheme is based on taking an average turnover for the last 3 years between the 13th of March and the 11th of June. If the loss is less than 30% then no

compensation is paid. Losses of more than 30% qualify, but documented evidence of plants having been destroyed is required.

- If the losses are less than 30%, there is another scheme where the Government will pay the labour bill for that period if staff have been employed.

If UK Growers do not receive similar support to survive, the future market will be lost to the Dutch.

2.0) Brexit & Government Issues

a) Immigration Bill & Migration Advisory Committee (MAC)

The Immigration Bill continues to make its way through the Houses of Parliament. Key points of concern for the Horticultural Industry are:

- Details around the proposed points system
- The proposed minimum annual salary of £25,600
- Shortage Occupations – Job Descriptions

With the UK food and farming sector currently contributing more than £120 billion to the nation's economy, the NFU says more detail is needed on how the government plans to address labour needs that fall outside the higher skills categories.

While the proposed reduction in the salary threshold to £25,600 is a step in the right direction, this needs to go further to match the current skills threshold if we are to maintain access to a workforce with the skills needed across both permanent and seasonal roles.

We need to list all jobs (job descriptions) where the Industry has skills shortages (shortage occupation) and the salary is below £25,600. WSGA will then campaign to have those jobs included in the shortage occupation list for our sector.

b) Seasonal Workers

WSGA, NFU and other organisations continue to press for the Seasonal Workers scheme to be increased to 70,000 for 2021.

A national "Pick for Britain" campaign has been launched: <https://pickforbritain.org.uk>

c) The Agriculture Bill

This Bill is also making its way through the Houses of Parliament.

Direct payments will be withdrawn and partially replaced with environmental schemes over the next 7 years. This could have a major effect on farming businesses dependent on subsidies to run their businesses; especially smaller tenant farmers.

d) EU Settlement Scheme

EU, EEA or Swiss citizens can apply to the EU Settlement Scheme to continue living in the UK after 30 June 2021. Please see the link below for further details.

<https://www.gov.uk/settled-status-eu-citizens-families>

e) Import of Plants & Seeds

The Plant Health Regulation and Official Controls Regulation were put in place in December 2019. These regulations apply across all EU member states and are being applied by the UK in-line with the commitment to maintain high standards of biosecurity. For further information; please contact your local Plant Health inspector, or contact APHA or Defra at:

Apha_srsfmailbox@apha.gov.uk

pvs.helpdesk@apha.gov.uk

DefraImportsandExportsCommunications@defra.gov.uk

f) Environment Bill

The Environment Bill has had its first reading in Parliament. It is designed to make provision for environmental protection; including: waste and resource efficiency, air and water quality, nature and biodiversity, the regulation of chemicals and for connected purposes.

3.0) Growing Together – Strategic Plan

The current version (July 2017) of the WSGA – Growing Together – Strategic Plan is in the process of being reviewed and updated.

4.0) West Sussex Horticulture Industry – Consultation

WSGA is in the process of investigating sponsorship for a new Consultation & Report on the current position of the Horticulture Industry in West Sussex and projections for the future.

5.0) Video

It is planned to produce a WSGA video with a link to it on the website. It will also be uploaded to YouTube and made available to all members and stakeholders. The video will be particularly useful when discussing the Horticulture Industry with schools, colleges, recruitment agencies, new entrants, politicians and local authorities.

6.0) Agriculture & Horticulture Development Board (AHDB)

At long last, the Department of the Environment, Farming and Rural Affairs (Defra) has issued its long overdue findings following the consultation on the current performance and future priorities for the AHDB. The key points from the Defra consultation are to:

- Cut bureaucracy and duplication
- Reduce organisational costs and overheads
- Strengthen farm businesses
- Drive market development

Horticulture members will certainly welcome the first three points, but will be very unhappy about issues around *Market Development*, as the horticulture sector believes strongly that the AHDB should focus on *Research & Development*, not *Market Development*.

7.0) Coast to Capital (C2C)

C2C is in the process of writing a Local Industrial Strategy (LIS); including, a Rural Strategy. The key components of the Rural Strategy will be:

- High-tech Horticulture
- Viticulture
- Tourism

8.0) Water Abstraction + Water Availability

All those who abstract from surface water (rivers) and ground water (bore holes) must register with the Environment Agency. The relevant link is here:

<http://apps.environment-agency.gov.uk/wiyby/151261.aspx>

9.0) Recent and Upcoming Meetings

- Through March, April & May – Weekly video conference meetings to discuss issues around Covid-19
- 8th June 2020 – WSGA Executive Meeting – Video Conference
- 7th September 2020 – WSGA Executive Meeting

John Hall – 8th June 2020

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