

EXPLANATORY MEMORANDUM TO THE FARMING FOR THE GENERATIONS SCHEME REGULATIONS (NORTHERN IRELAND) 2024

SR 2024 No. 16

1. Introduction

1.1. This Explanatory Memorandum has been prepared by the Department of Agriculture, Environment and Rural Affairs (the Department) to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2. The Statutory Rule is made under exercise of the powers conferred by section 5 and 6 Agriculture Act (Northern Ireland) Act 1949(1) and is subject to the negative resolution procedure.

2. Purpose

2.1. The purpose of this Statutory Rule is to introduce the Farming for the Generations pilot Scheme. The Scheme provides for payments to be made by the Department of Agriculture, Environment and Rural Affairs to eligible farm businesses in relation to the succession planning consultation grant, succession business restructuring grant and the successor development grant.

2.2. This Statutory Rule also provides for the amounts of payment and enforcement powers, including repayment provisions and criminal offences.

3. Background

3.1 Farming for the Generations (Generational Renewal) is one of 14 workstreams being progressed by CAFRE under DAERA's Future Agricultural Policy Programme. The Farming for the Generations pilot scheme aims to support farm families through a 3 phased approach: planning for succession, developing the successor, and supporting each generation within the farm family. This is in line with what was agreed by the then Minister in March 2022.

3.2 The transfer of the farm business from one generation to the next is multifaceted with three distinct but related processes: succession, retirement and inheritance. Succession is the process of gradually handing over managerial control.

3.3 Traditionally in Northern Ireland, it has been normal practice for both the succession and the inheritance of family farms to take place together after the death or ill health of the older generation, with planned retirement and transfer seldom being a consideration. This widespread lack of expectation of retiring and unwillingness to retire has led to a farming population whose median age has been steadily rising over the past number of decades. According to 2018 DAERA equality indicators statistics, the mean age of farmers in Northern Ireland is 59, 36% of managers of a family farm in Northern Ireland are over the age of 65, and only 8% are under the age of 40.

(1) 1949 c.2 (N.I.)

3.4 'Farming for the Generations' aims to raise awareness of the need for succession planning within NI Agriculture+---+

. Businesses and proposes a Succession Planning Facilitation Service which brings together a range of interventions including;

- Planning for succession – incorporating promotion and facilitation of farming in partnership opportunities
- Preparing the Successor - development of the successor; with a particular focus on leadership, environmental and business training
- Leading Succession – provision of support for the lead generation
- Maintaining support for both generations through continued mentoring support for scheme participants.

3.5 The College of Agriculture, Food and Rural Enterprise (CAFRE) is responsible for the management of Farming for the Generations, with an appointed agent planned to take the lead in administration and delivery.

4. Consultation

4.1. Formal written Consultation on Future Agricultural Policy Proposals for Northern Ireland was carried out in 2020.

4.2 The former Minister subsequently announced a raft of future agricultural policy decisions in March 2022, including the introduction of a Generational Renewal – Farming for the Generations scheme.

4.3 Further consultation has taken place with the industry through a Generational Renewal Workstream Committee. This committee supports the proposed pilot scheme and its potential to investigate and tackle the issue of generational renewal and the development of a sustainable farm businesses. Representatives on this committee include, Ulster Farmers Union (UFU) Northern Ireland Agricultural Producers Association (NIAPA), Young Farmers Clubs of Ulster, Agricultural Law Association, Rural Support and Royal Countryside Fund.

5. Equality Impact

5.1. The Department considers that the proposed Statutory Rule complies with section 75 of the Northern Ireland Act 1998 and has screened this out of a full equality impact assessment.

5.2. The scheme design has been developed with relevant stakeholder engagement.

6. Regulatory Impact

6.1. A Regulatory Impact Assessment has been completed for the Farming for the Generations Scheme.

6.2 The scheme design has been developed with relevant stakeholder engagement.

7. Financial Implications

7.1. The Farming for the Generations scheme is due to be funded from HMT's ring-fenced agricultural support budget.

8. Section 24 of the Northern Ireland Act 1998

8.1. This Statutory Rule complies with the provisions set out in section 24 of the Northern Ireland Act 1998.

9. EU Implications

9.1. Article 10.2 of the Northern Ireland Protocol provides for a derogation from EU State aid rules where they are applicable to the UK in respect of measures to support the production of and trade in agricultural products in Northern Ireland. This derogation is subject to a maximum annual level of allowable support as decided by the Joint Committee Decision of 17 December 2020 (baseline £382.2m per annum). As subsidies granted pursuant to this measure are exclusively provided in support of agricultural product sectors and UK authorities have not yet made any additional spending commitments with respect to the 10.2 limit, it is considered that the measure meets the conditions for the derogation.

10. Parity or Replicatory Measure

10.1. The Farming for the Generations (Northern Ireland) Regulations 2024 apply to Northern Ireland only. The measure does not replicate, nor is it required to maintain parity with, legislation in other administrations.

Additional Information

11.1. For further information contact George Moffett, Agricultural Policy division, Department of Agriculture, Environment and Rural Affairs, George.moffett@daera-ni.gov.uk or Martin McKendry, College of Agriculture, Food and Rural Enterprise, DAERA, Martin.McKendry@daera-ni.gov.uk.