



Chairperson, Committee Members,

Thank you for the opportunity to address you today on behalf of Northern Ireland's Mushroom Growers.

Purpose

The Northern Ireland Horticultural sector has been underfunded and is at risk unless urgent interventions are delivered. This document is to outline to the Committee why the Agricultural Bill should be suspended immediately and the current F&VAS extended, until a suitable ringfenced replacement grant scheme can be identified for the sector.

Overview of the Mushroom Sector in Northern Ireland

- £42 million in farmgate sales per annum, representing circa 40% of all horticultural output
- 19,300 tonnes of fresh Mushrooms placed in the UK market per annum
- 92% of all Mushroom Producers in Northern Ireland are part of a PO structure
- Total mushroom sector estimated to be worth £64 million per annum
- It is a significant employer with over 1,000 employed within the industry
- The sector provides 10% of all mushrooms and 40% of organic mushrooms across the UK

The Current F&V Aid Scheme:

The current F&V Aid Scheme provides match funding for investments in facilities, employment of specialist staff, professionalisation of production planning, growing, marketing operations and Research and Innovation projects. Via this scheme's structure, growers can direct investments where they will have the greatest impact, they also further demonstrate the value of co-funded investments by contributing half of the project costs themselves, with the other half coming from match funding via the Government. Funding is managed by the Rural Payments Authority (RPA). The Northern Ireland annual funding budget is circa £1.6 million and gives growers an uncapped 3–5-year security of funding.

The Fruit and Vegetable Aid Scheme offers a range of benefits to the taxpayer:

- Profitable farming that furnishes economic growth, value for money and increased employment in rural communities.
- Food security, by reducing reliance on imported produce, increasing availability of produce, price competitiveness and a boost to the Horticulture Infrastructure.
- Vast development in Agri-Tech and innovation in the sector, facilitating high-capital investments.
- Nature-friendly farming that is adapting to climate change.

Our Competitors:

The EU in 2024, revamped the F&V scheme rules to make it more attractive than the current scheme operated in the UK. EU PO's now have access to;

- 7-year operational programmes, which guarantee's funding for 7 years
- Minimum 4.1% of VMP guaranteed
- Can rise to 5% for Transnational Producer organisations
- Can rise by a further 0.5% if targets are obtained (Environmental, R&D measures)
- 50% grant funding, 80% grant funding for environmental and R&D actions
- In Ireland Teagasc are actively promoting the F&V Scheme

The Scottish Government announced last week that they are continuing with the F&V scheme for a further 3 years and new programmes are to be submitted before 15th September 2025. They have this week written to their PO's, advising of the value of the scheme and they will be conducting a consultation this year on how it can be improved.

Northern Ireland's progression on the Replacement of the F&V Scheme

The NI future agriculture policy outlined the objective to double horticulture from £100m to £200m over the next 5-7 years.

This policy outlined the next steps were to develop a suitable support program through pilot programmes. This was to be done by focusing on group cooperative structures, focus on the production of crops with good economic potential and work in consultation with relevant sub-sectors of the industry.

The F&V scheme is exactly what DAERA are looking for to meet the above objectives, a collaborative approach to increase growth in the sector and improve synergies.

Instead of funding and supporting the F&V scheme the horticultural sector have been directed towards 3 new schemes "Sustainable Sector Growth Groups, Innovation Driver and Support and New Growers Academy" which are currently in development. Initial briefing on these 3 schemes suggests that they are of limited value to the mushroom sector and it has to be said, were developed with no consultation with the mushroom sector. Also, we would query how effective they will be on delivering on the wider sector objectives and on the cost effectiveness of the schemes.

Therefore, no suitable replacement to the F&V scheme has been identified, particularly for the mushroom sector. Additionally, indications are that if this bill is passed then existing funding could be removed from Horticulture and given to other sectors or diluted within the Horticultural sector itself.

Consequences of Enacting the Agricultural Bill without a ringfenced suitable F&V Scheme:

With Reference to Clause 1 of the Agricultural Bill: The removal of the requirement for all eligible claims to be funded leaves growers no future security in this industry. The term discretionary gives no confidence to the industry, it does not allow future planning and leaves Northern Ireland at a significant disadvantage in comparison to our competitors. Without guaranteed ringfenced funding at the same level, the department won't deliver for the objectives of the NI

future agriculture policy and due to level of funding that our competitors will receive – the whole of Northern Ireland horticulture sector will become uncompetitive and will diminish.

Direct costs of the delay:

- Staffing issues within our organisations
- Postponement of some planned expansion investments
- Industry confidence at an all-time low, with growers considering closing their businesses due to increasing uncertainty

Other issues:

- Lack of clarity of where funding will come from if Northern Irish Growers remain in England registered POs.
- Added stress to our growers due to no guaranteed future funding after 31st December 2025
- Increased business pressures due to competitors having long term grant funding strategies
- Food Security
- Farm to Fork – Carbon Footprint

Our Recommendations:

The 3 PO's currently operate within the existing scheme and believe it has been fantastic for Northern Ireland horticulture, particularly the mushroom sector. It delivers value for money and reduces the overall administrative burden on government departments.

At this point in time it is too late to replace the current F&V scheme before 1st January 2026. We recommend that DAERA pause this bill and prioritise the continuation of the existing scheme for a further 3 years, similar to what Scotland have recently announced. This 3-year period, will allow for the review of the scheme to be complete and if needed developed with industry consultation.

Minister for Agriculture and Connectivity
Ministear an Àiteachais agus Ceangal
Jim Fairlie MSP
Jim Fairlie BPA

T: 0300 244 4000
E: scottish.ministers@gov.scot

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Sent via email: [REDACTED]

17 February 2025

Dear [REDACTED]

FRUIT AND VEGETABLES AID SCHEME

I am writing to you to confirm arrangements on the future of the Fruit and Vegetables Aid Scheme in Scotland.

The Scottish Government remains committed to supporting the fresh produce sector in Scotland. The Fruit and Vegetables Aid Scheme is one I consider very valuable and I would like to reassure you that we have no plans to change the existing scheme model for Scotland in the short term. It has particular strengths in the way it works to encourage members to work together, for example through sharing facilities, and combining production to access markets which might otherwise only be available to the largest producers. It also supports innovation to boost efficiency, and promotes the uptake of environmentally friendly practices, which the Scottish Government fully supports.

As such please take this as confirmation that [REDACTED] may apply for a new Operational Programme to commence on 1 January 2026 under existing Fruit and Vegetables Aid Scheme legislation. Applications should be submitted by 15 September 2025. I hope this provides the reassurance you have been seeking.

There are however some planned administrative changes that I would like to make you aware of. As you know the Rural Payments Agency (RPA) currently deliver the Fruit and Vegetables Aid Scheme on behalf of Scottish Ministers. This arrangement will not continue for any new operational programmes that are approved for the 2026 scheme year and onwards. Instead the Fruit and Vegetables Aid Scheme will be delivered, and payments to Producer Organisations will be made, directly by the Scottish Government.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

My officials, together with the RPA and the other governments of the UK, are working through the details of this transition of services. I hope you can appreciate that this is a significant piece of work and requires a considered approach. It may mean some change going forward but please be assured that we aim to maintain the status quo and provide an uninterrupted service and continued support to you, as far as is possible. Further details will be provided as and when they are available.

I would also like to take the opportunity to make you aware that we will begin to explore possible longer term changes that may be necessary to the Scottish Fruit and Vegetables Aid Scheme in the future. A consultation is planned for 2025 and we look forward to continuing to work closely with you in this area.

Please do not hesitate to contact me or my policy officials if you have any queries.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jim Fairlie', written in a cursive style.

JIM FAIRLIE

PO Steering Group – Treasury Submission

Treasury Submission: Future of the Fresh Fruit and Vegetables Aid Scheme

The UK Fruit and Vegetables (F&V) Aid Scheme is a legacy of the EU scheme and has provided vital support to growers through Producer Organisations (POs). The scheme has incentivised collaboration and drives strong growth in the sector by increasing productivity, offering better access to a competitive market, and significantly improving sustainability within the horticultural sector.

The scheme is scheduled to end on 31 December 2025, and at present there is no tabled replacement. This has very much left the UK edible horticulture sector on the back foot in relation to its EU neighbours and greatly puts some POs at risk of closure. This would jeopardise many UK businesses and have far wider negative implications, not least on UK food security.

This submission outlines the policy rationale for:

1. an initial extension of the scheme to ensure continuity
2. review and appraisal of the current scheme to create a UK specific replacement scheme that meets industry needs, whilst aligning with broader economic and environmental goals.

2. Policy Rationale

- Increased domestic production, reducing reliance on imports (currently 45% of vegetables and 83% of fruit are imported).
- Strengthened food security and supply chain resilience.
- Improved efficiency, quality, and innovation through shared investment, research, and technological advancements
- Environmental benefits, including carbon footprint reduction and energy-efficient production.
- Infrastructure investment in crop production, packhouses, storage, and energy efficiency.
- Alignment with government priorities, including food security, National Food Strategy and Net-Zero commitments.

The F&V Aid Scheme is a matched funding scheme costing currently circa £40 million, available to POs. POs work like co-operatives enabling member grower businesses to meet their shared economic needs through collaboration: exchange of industry expertise, shared usage of high calibre resources and access to markets which would normally be inaccessible to smaller growers.

Our proposed extension of the current scheme, followed by a revised and improved matched funding scheme would proffer multiple benefits which are intrinsically in line with the UK Government's targets.

Currently, 45% of vegetables and 83% of fruit consumed in the UK is imported. By protecting a scheme such as the F&V scheme, the UK Government is investing in British grown fruit and vegetables, further strengthening domestic supply chains, enhancing food security and resilience, ensuring greater self-sufficiency and reducing the risks associated with international trade disruptions. The scheme also contributes to improving sectoral efficiency, production quality, and driving research and innovation in the space by facilitating shared investment, research, and technological advancements.

Other pivotal successes of this scheme are the environmental benefits it has brought to the sector, and to the UK as a whole. The scheme has enabled growers to: adopt energy-efficient production methods, minimise waste, and implement crucial climate adaptation strategies, undertake targeted infrastructure investment in crop production, packhouses, storage facilities, and implement energy efficiency measures. The allocation of funds to the UK Edible Horticultural sector through the F&V Aid scheme has harnessed the tax payer's money in a way that truly modernized the sector's operational functions, it also continues to equip it for long-term resilience in the face of climate change, for example combating increases in global temperatures, and risk of flooding.

The scheme's objectives inherently align with broader government priorities too, including the National Food Strategy and net zero commitments, making its continuation nothing but a logical step in supporting the future of sustainable UK agriculture. Should the scheme cease to exist, or any alternative not be modeled on a match-funding structure there is grave concern that tax-payer's money will be inefficiently spent, and all the significant achievements in environmental benefits, production efficiencies and drive in innovation will be lost.

3. Cost and Revenue Implications

- Current funding is circa £40m annually of matched funding.
- Revenue benefits:
 - Increased tax receipts from sectoral growth and employment.
 - Enhanced corporation tax contributions from more profitable businesses.
 - Reduced NHS burden due to improved public health from greater fruit and vegetable consumption.

It has been consistently proven that this matched funding, with investment from both the scheme and the grower, offer substantial revenue benefits.

Increased tax receipts from sectoral growth and employment will generate additional VAT, income tax, and corporation tax revenues. Furthermore, enhanced profitability within the horticultural sector will result in greater corporation tax contributions from businesses reinvesting in modernized infrastructure and innovation.

A continuation of the scheme will also have positive public health implications. Greater fruit and vegetable consumption, in alignment with the National Food Strategy recommendations, will contribute to improved dietary outcomes, reducing obesity-related illnesses and alleviating long-term pressures on the NHS. This indirect cost-saving measure adds another compelling financial justification for maintaining and expanding the scheme's reach.

4. Effectiveness and Value for Money

- The match-funding model ensures growers co-invest, maximising impact per pound of taxpayer's money spent.
- Competitive tendering risks sectoral economic and operational inefficiency and unnecessary administrative burden.
- New technology adoption, such as AI, will enhance efficiency and sectoral competitiveness, a key area of interest for policymakers.
- Auditing and compliance ensure accountability, making it more cost-effective than broad-based grants.

Match funding ensures that POs spend 'like for like' with the funding from the F&V Scheme, maximising the impact of each pound spent. This financial model incentivises responsible investment decisions and strategic resource allocation, maintaining no money is wasted. A departure from this model to a competitive grant model risks gross economic inefficiency, increased administrative burdens, and suboptimal resource allocation many grower businesses cannot afford to allocate recurring resources on tenders that they may not win). All of the above issues are further magnified when grants are awarded without a direct understanding of the sector's needs. Competitive grant schemes favour larger businesses who can afford to contract consultants to undertake the tender process and thus receive the lion's share of the funding. This activity is very much to the detriment of the smaller, often more in need growers. A fairer, matched funding scheme ensures that growers of all sizes have access to funding through the PO system.

Given the co-operative nature of the POs, they are perfectly positioned within the UK Horticulture Sector to embark on the 'trial-and-error' nature of adoption of new technology. For example, PO's have already understood that adopting AI technology can significantly enhance efficiency within the sector by reducing waste, optimising supply chains, and

improving predictive analytics for better resource management. Pos already undertake a lot of admin on new technology research, which the Government in turn do not need to do, including attestations to be able to ensure that these meet environmental requirements for industry, and as such reducing the Government admin burden. The POs approach is perpetually aligning with modern policy priorities and provides a forward-looking solution to sectoral challenges. Additionally, the existing auditing and compliance mechanisms within the F&V aid scheme ensure that public funds are utilised effectively, making the current model more cost-effective and, importantly, accountable compared to broad-based grant systems.

5. Macroeconomic, Sectoral, and Distributional Impacts

- Ensures variety of home grown food on shelves
- Supports rural economies and employment in agricultural and food supply sectors.
- Strengthens the UK's competitive position against EU producers, who benefit from €1.5bn in PO support and other country specific Horticultural automatic grants
- Ensures smaller growers remain viable in a market dominated by large retailers.
- Enhances productivity and resilience, mitigating climate and trade-related risks.
- Facilitates export trade missions, both inward and outward, to expand market reach.
- Reduces carbon footprint of food

The continuation of the F&V Aid Scheme plays a vital role in supporting rural economies and driving employment within the horticultural and food supply sectors. Investments in the scheme strengthen the UK's competitive position against EU markets, who already benefit from €1.5 billion in PO support. Without a comparable match-funded scheme, UK growers risk losing their foothold in an increasingly competitive global market.

Smaller growers, benefit from the collaborative structures that POs provide. The POs give them bargaining power they would otherwise not afford, and as result access to markets too that would otherwise be out of their operational reach and create efficiencies through shared resources. By ensuring continued access to funding, the scheme helps maintain the viability of these smaller enterprises (who are, arguably, the backbone of British Farming) supporting economic diversity within the sector.

As a result of the above, and the work of POs, the UK's export opportunities are far wider reaching than if they were to cease to exist, rendering POs a strong actor in both the growth of the sector but also of the wider UK economy. Both inward and outward trade missions will allow UK producers to build international partnerships, unlock new revenue streams,

and enhance global competitiveness. Ensuring UK horticultural businesses can expand their market reach will drive long-term economic growth and improve international competitiveness.

6. Administrative and Compliance Considerations

- Proposal for streamlined administration using modern digital tools to reduce bureaucracy.
- Improved access for non-PO growers by modifying restrictive rules on membership and contribution structures.
- Establishment of a PO working group to oversee implementation and necessary refinements.

The current scheme has been running successfully for many years, and as such is a system which both the POs and Rural Payments Agency (RPA) are able to use efficiently. Already, the use of digital tools can significantly reduce bureaucratic burdens, allowing for faster and more efficient funding allocation. After an extension of the current scheme, through using the expertise of the PO Steering Group, we would welcome the opportunity to work further with industry stake holders, and policy makers to further refine the scheme and its implementation, to ever improve the UK edible horticulture sector.

7. Legislative and Operational Requirements

- Continuation requires adjustments within Defra's remit, ensuring a seamless transition post-2025.
- Aligning with the EU's 7-year funding cycle would enhance stability and investor confidence.
- Legislative clarity on asset ownership and contribution flexibility to remove barriers for new entrants.
- The existing scheme is closing, so it needs a new piece of legislation

The closure of the Fruit and Veg Aid Scheme was legislated against, without industry consultation, via an amendment to the Agricultural Act (2020), which set out that the scheme would formally end on 1 January 2026 in anticipation of a new scheme.

Given the lack of consultation of the new scheme and our strong evidence-based case demonstrating why the scheme should remain operational past 2025, as detailed in this submission, our initial request is to further amend the legislation and extend its closure until

a new scheme can be agreed. We propose delaying the closure of the scheme to 31st December 2028. This would need to be actioned with immediate effect to allow for sufficient legislative and parliamentary scrutiny of the Statutory Instrument (SI) before it achieved Royal Assent.

Delaying the closure of the scheme would allow sufficient time to consult on the development of a new scheme that best meets the needs and interests of POs, the edible horticultural sector, and the wider British public.

We seek further advice from Defra officials and lawyers on whether the introduction of a new scheme may require legislation under the Agricultural Act (2020), but an initial extension of the scheme would allow for detailed discussion, and support wider and ongoing conversations with Defra and the RPA on operational and budget requirements, for the new scheme.

8. Environmental and Sustainability Benefits

- Supports net-zero goals
- Enables targeted R&D on sustainable horticultural practices
- Promotes long-term resilience to climate change through improved water and resource management.
- Reduces grid burden by promoting solar and wind etc
- Encourages plastics recycling and replacement to reduce environmental impact.
- Promotes quality actions to reduce food waste

The F&V scheme has played a critical role in achieving net-zero through energy-efficient production and storage technology, reducing food miles, improving yields per meter squared, and minimising waste. It has enabled growers to invest in sustainable practices such as Controlled environment agriculture (CEA) and regenerative farming.

Encouraging plastics recycling and replacement is another crucial initiative. Transitioning to biodegradable or reusable packaging solutions will align the horticultural sector with national environmental policies and consumer preferences, reducing its impact on landfill waste and marine pollution.

9. Summary

POs encourage and enable collaboration between growers to reduce their costs and improve their overall position in the marketplace

- POs currently receive vital support from the Government through the Fruit and Vegetable Aid Scheme. The current scheme will formally come to an end on 31st December 2025. POs

were not consulted on the decision to close the scheme and have so far not been consulted on the development of a new scheme.

- The current scheme provides vital matched funding and a platform for innovation, research and productivity within POs. The scheme is competitive with the EU's scheme and is beneficial to UK food security. In the EU there are 1600 POs receiving circa £1.5 Bn in support through PO Schemes. The EU also agrees long-term 7-year budgets giving their POs a much longer security of funding than the rolling 3–5-year programmes in the UK. Diverging significantly from the EU scheme will put UK growers at a competitive disadvantage in terms of industry investment. Failing to remain competitive will encourage replacement of UK production with imports.
- A new scheme that operates on a competitive tender model would heavily compromise the livelihood of small growers - the backbone of UK Farming - as they would not have sufficient resources to undertake continual applications, nor potentially operational scale to win against other larger growers. The PO structure also allows them to fulfil contracts with larger corporate customers who they otherwise could not competitively entertain.

10. Recommendations

- Our request is to extend the scheme, to allow time for all UK POs to better engage with Defra on the development of a new scheme.
- The new scheme must at the very least mirror the current scheme, or improve to match the EU revamped scheme.

11. Conclusion

Given the timeframe; in the short term it is essential to delay the closure of the current F&V Scheme. It would then be necessary to work with key stakeholders such as the PO Steering Group to ensure that industry has the appropriate support moving forward, keeping the UK horticultural industry on a level playing field. A reformed and expanded Fresh Fruit and Vegetables Aid Scheme is essential for maintaining the economic stability, environmental sustainability, and national food security of the UK. Retaining this model will prevent market disruption, safeguard UK growers, and promote long-term resilience in domestic food production. It will also support technological innovation and environmental progress, ensuring the UK horticulture sector remains competitive and sustainable in the years to come.