

EXPLANATORY MEMORANDUM TO
THE PRIVATE STORAGE AID FOR PIGMEAT (ENGLAND) (AMENDMENT)
REGULATIONS 2022

2022 No. 21

1. Introduction

- 1.1 This explanatory memorandum has been prepared by the Department for Environment, Food and Rural Affairs and is laid before Parliament by Command of Her Majesty.
- 1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

- 2.1 As part of the package of measures announced on 14 October 2021 to support the pig sector due to the ongoing market disruption in the sector, the Government agreed to fund a Private Storage Aid (PSA) scheme for pigmeat in England, which opened on 16 November 2021. The purpose of the scheme is to enable meat processors to store slaughtered pigs for 60, 90, 120, 150 or 180 days so that they can be preserved safely and processed at a later date.
- 2.2 This instrument will amend The Private Storage Aid for Pigmeat (England) Regulations 2021 (S.I. 2021/1269) (the Pigmeat PSA Regulations) in order to extend the window for applications for Private Storage Aid under this scheme from noon on 2 February 2022 to the earlier of noon on 31 March 2022 or noon on the last working day on which the declaration made on 11th November 2021 has effect.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1 A declaration of exceptional market conditions in the pigmeat sector was made under section 20 of the Agriculture Act 2020 on 11 November 2021 and has subsequently been published on Gov.uk and laid before Parliament. Exceptional market conditions exist in the pigmeat sector which justify the use of the powers in retained EU Legislation in connection with section 21(3) of the Agriculture Act 2020. Section 21(3) of that Act provides the Secretary of State with the power to use certain existing retained EU legislation to provide financial assistance by way of the operation of a P SA scheme, where this is in response to a declaration made. These Regulations are made using powers contained in retained EU legislation and amend the Pigmeat PSA Regulations which are made in response to and in connection with the exceptional market conditions which are the subject of the declaration made on 11 November 2021.
- 3.2 The PSA scheme needs to be extended so that an eligible operator may make an application for aid for private storage until the earlier of noon on 31 March 2022 or noon on the last working day on which the declaration made on 11 November 2021 has effect. This is because the situation in the pig sector continues to be critical with an urgent need to increase throughput at slaughterhouses to prevent significant on-farm culling from taking place. The PSA scheme enables slaughtered meat with no

immediate market outlet to go into storage and be kept safe to re-enter the market at a later date.

4. Extent and Territorial Application

- 4.1 The territorial extent of this instrument is England and Wales.
- 4.2 The territorial application of this instrument is England.

5. European Convention on Human Rights

- 5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

6. Legislative Context

- 6.1 This instrument amends the Pigmeat PSA Regulations which supplement the existing legal framework relating to PSA which is contained in retained EU legislation. The Pigmeat PSA Regulations set out the detailed provisions relevant to the PSA Scheme for Pigmeat which opened on 16 November 2021. These Regulations provide that an eligible operator may make an application for aid for private storage for an eligible product at any time before noon on the earlier of 31 March 2022 or noon on the last working day on which the declaration made on 11 November 2021, as extended or revoked, has effect. Unless the effect of the declaration made on 11 November 2021 is extended by a further declaration made and published by the Secretary of State, or revoked beforehand, an eligible operator may make an application for aid for private storage until noon on 10 February 2022.

7. Policy background

What is being done and why?

- 7.1 There is a continuing backlog of pigs on farms due to reduced processing capacity. This has been a result of the Covid-19 pandemic, which has particularly disrupted exports of pork to China, interruption of CO2 supplies and a temporary shortage of labour, specifically skilled butchers in pig processing plants. These have resulted in a backlog of pigs on farm which is leading to animal welfare concerns. There is a risk that farmers who cannot accommodate these additional pigs will be forced to cull them on or off farm. Pigs culled on farm are not permitted to enter the food chain, creating an economic loss for farmers as they would not be compensated for culling.
- 7.2 A number of measures were announced by the Government on 14 October 2021 to aim to alleviate the backlog of pigs on farm and the associated animal welfare impacts. These include: provision of up to 800 temporary visas to enable butchers to enter and work in the UK for a period of up to 6 months, PSA, and a Slaughter Incentive Payment Scheme to incentivise processors to increase throughput of pigs from farm through to slaughter and processing. Defra together with the Agriculture and Horticulture Development Board (AHDB) are also seeking to identify new export markets for pigmeat, particularly lightly processed pigmeat.
- 7.3 The PSA Scheme for Pigmeat opened on 16 November 2021 however the shortage of butchers combined with Christmas demand has meant uptake has been limited and the backlog of pigs persists. The visa scheme for 800 butchers opened on 1 November 2021 however there is also a high risk that the Omicron variant of Covid-19 could create additional pressures on the workforce as outbreaks in processing plants could

limit capacity of these plants, regardless of the increased butchering capacity. Extending the PSA scheme will allow processors more opportunity to use it and bring down the backlog.

Explanations

What did any law do before the changes to be made by this instrument?

- 7.4 The basic framework for PSA is set out in retained EU law. Under this retained EU law, regulations are required in order to set out specific details in relation to the PSA scheme.
- 7.5 The Pigmeat PSA Regulations set out the detailed provisions relevant to the PSA Scheme for Pigmeat which opened on 16 November 2021.

Why is it being changed?

- 7.6 This instrument extends the application window for the existing PSA scheme set out in The Pigmeat PSA Regulations so that an eligible operator may make an application for aid for private storage until the earlier of noon on 31 March 2022 or noon on the last working day on which the declaration made on 11 November 2021 has effect, in order to address the continued, critical backlog of pigs on farm. The extended application window allows more opportunity for processed pigmeat to go into storage, with the aim of incentivising increased throughput at processors, reducing the backlog and preventing significant on-farm culling from taking place.

What will it now do?

- 7.7 This instrument amends the application window for the PSA scheme set out in The Pigmeat PSA Regulations so that applications can be made before the earlier of noon on 31 March 2022 or noon on the last working day on which the declaration made on 11 November 2021 has effect.
- 7.8 Defra is making this instrument under powers contained in existing retained EU law in order to extend the application window for the scheme that opened on 16 November 2021 in accordance with The Pigmeat PSA Regulations. Without these provisions applications can only be made before noon on 2 February 2022.

8. European Union Withdrawal and Future Relationship

- 8.1 This instrument does not relate to withdrawal from the European Union or trigger the statement requirements under the European Union (Withdrawal) Act.

9. Consolidation

- 9.1 There are no plans to consolidate these Regulations.

10. Consultation outcome

- 10.1 An informal, targeted engagement exercise has been undertaken with industry wide pigmeat stakeholder representatives on the extension of the Pigmeat PSA scheme that opened on 16 November 2021. Engagement took place with representatives of the main pig processors over the period 16 December – 21 December 2021. All engagement was undertaken virtually.
- 10.2 All stakeholders were appreciative of the need for extending the PSA scheme for pigmeat as a key component of the wider support package to the sector.

11. Guidance

- 11.1 Guidance for the scheme that opened on 16 November 2021 in accordance with The Pigeat PSA Regulations was made available on 15 November 2021. Updated guidance will be provided to reflect the extension to the application window once this instrument takes effect.

12. Impact

- 12.1 There is no, or no significant, impact on business, charities, or voluntary bodies.
- 12.2 There is expected to be no significant impact on the public sector as a result of this instrument. This SI extends the application window for the PSA scheme to allow applications to be made before the earlier of noon on 31 March 2022 or noon on the last working day on which the 11 November declaration has effect. Extending the PSA scheme will not exceed the existing budget. The scheme will cost a maximum of £2.1 million if only the 60 -day- storage period is utilised and £4.1 million if only the 180-day storage period is utilised. It is more likely that storage periods will vary between these two periods and total expenditure under the scheme will not exceed £4.1 million.
- 12.3 A full Impact Assessment has not been prepared for this instrument because PSA schemes are not regulatory in nature. The affected businesses will be pig farmers and pork processors. The most significant benefits are likely to be improved animal welfare outcomes over a longer period, through avoided on farm culling and reduced stocking densities, and enhanced social welfare, through the avoided destruction of safe pig meat that could have otherwise entered the food chain.

13. Regulating small business

- 13.1 The legislation applies to activities that are undertaken by small businesses.
- 13.2 No specific action is proposed to minimise regulatory burdens on small businesses as no, or no significant impact on small businesses is foreseen.

14. Monitoring & review

- 14.1 The approach to monitoring of this legislation is through successful implementation and enforcement of the checks by the Rural Payment Agency.
- 14.2 The instrument does not include a statutory review clause as the application window for the scheme will close no later than noon on 31 March 2022.

15. Contact

- 15.1 John Powell, at the Department for Environment Food and Rural Affairs Telephone: 07785308388 or email: John.Powell2@defra.gov.uk can be contacted with any queries regarding the instrument.
- 15.2 Balwinder Dhoot, Deputy Director for Food, Farming Sectors at the Department for Environment Food and Rural Affairs can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 Victoria Prentis MP, Minister of State at the Department for Environment Food and Rural Affairs can confirm that this Explanatory Memorandum meets the required standard.