

The Welsh Government's Sustainable Farming Scheme: NFFN Cymru Summary Paper

On 14th December 2023, the Welsh Government (WG) published its latest [Sustainable Farming Scheme](#) consultation. Subtitled, *Keep Farmers Farming*, this consultation is the final step in delivering the Sustainable Farming Scheme (SFS) which is the start of a new long-term programme to support the agricultural industry in Wales.

This paper provides a summary of the consultation document. **It does not set out NFFN Cymru's views on the proposals.** It should also be noted that the detail outlined in these proposals will not necessarily be the final scheme design and might be subject to change prior to the proposed SFS launch in 2025.

This consultation will run until **7 March 2024**.

Ministerial Foreword: Lesley Griffiths MS (Minister for Rural Affairs)

- *"The urgency of the climate and nature emergency cannot be overstated. Its effects are impacting on our ecosystems, altering the very fabric of our world, and pose significant threats to our agricultural and food systems."*
- *"We acknowledge the complexity of the issues at hand, especially amidst a challenging financial climate. However, we remain steadfast in our commitment to prioritise sustainable practices and resilient policies that not only address the pressing concerns we face today but also pave the way for a thriving future for generations to come."*
- *"I see the Sustainable Farming Scheme as the start of a long-term programme to support our agricultural industry. Together, let us embark on this journey of shaping policies that secure our food production systems, keep farmers farming, safeguard our environment, and address the urgency of the climate and nature emergency."*

Sustainable Land Management Objectives

The Scheme will reward farmers for actions that align with the **Sustainable Land Management (SLM) Objectives** set out in [The Agriculture \(Wales\) Act 2023](#).

1. To produce food in a sustainable manner.
2. To mitigate and adapt to climate change.
3. To maintain and enhance the resilience of ecosystems and the benefits they provide.
4. To conserve and enhance the countryside and cultural resources and promote public access to and engagement with them, and to sustain the Welsh language and promote and facilitate its use.

WG state that the principle of keeping farmers farming, ensuring land continues to be managed by those who know it best has remained largely unchanged throughout the development process.

Sustainable Land Management Outcomes

The Scheme also sets out a range of actions farmers can undertake, which will be connected to **15 SLM outcomes** that WG are seeking to deliver.

1. Encouraging the production of food in an environmentally sustainable manner.
2. Helping rural communities to thrive and strengthening links between agricultural businesses and their communities.
3. Improving the resilience of agricultural businesses.
4. Sustaining the Welsh language and promoting and facilitating its use.
5. Reducing emissions of greenhouse gases.
6. Maximising carbon sequestration and storage.
7. Maintaining and enhancing the resilience of ecosystems.
8. Conserving and enhancing landscapes and the historic environment.
9. Improving air quality.
10. Improving water quality.
11. Maintaining and enhancing public access to and engagement with the countryside and the historic environment.
12. Achieving and promoting high standards of animal health and welfare.
13. Mitigating food and drought risks.
14. Maximising resource efficiency.
15. Encouraging agricultural businesses to manage energy effectively (including adopting energy efficiency and energy saving practices and generating renewable energy)

The Sustainable Farming Scheme Framework - Chapter 2

The Scheme will sit above the minimum requirements set out in law, supporting farmers to go further. WG are proposing to retain the three-layer structure of:

Universal Actions Mandatory actions for everyone joining the scheme to be introduced in 2025.

Farmers will need to carry out 17 actions and adhere to 2 scheme rules to receive a Universal Baseline Payment.

WG recognises that some Actions are not applicable to all farms and flexibility has been built into the Scheme to account for this.

Optional Actions Farmers will be able to choose which actions to undertake in this layer and receive payment for delivery (in addition to the Universal Baseline Payment).

Will be introduced through the Transition Period (2025-2029)

Collaborative Actions Will provide the opportunity for farmers to deliver action at a local, landscape, catchment, or national scale.

Will be introduced through the Transition Period (2025-2029)

Universal Actions & Scheme Rules

Universal Actions

1. UA1: Benchmarking
2. UA2: Continuous Personal Development
3. UA3: Soil Health Planning
4. UA4: Multispecies cover crop
5. UA5: Integrated Pest management
6. UA6: Managing heavily modified peatland habitat
7. UA7: Habitat maintenance
8. UA8: Create temporary habitat on improved land
9. UA9: Designated Site Management Plans
10. UA10: Ponds and scrapes
11. UA11: Hedgerow management
12. UA12: Woodland management
13. UA13: Create new woodland and agroforestry
14. UA14: Historic environment - maintenance and enhancement Universal Code for Habitats
15. UA15: The Animal Health Improvement Cycle
16. UA16: Good Animal welfare
17. UA17: Good Farm Biosecurity

Scheme Rules

- At least 10% of each farm is managed as habitat.
- At least 10% under tree cover as woodland or individual trees.

UA1: Benchmarking

Complete an annual measuring and monitoring self-assessment to optimise business and environmental performance.

- Farmers will need to complete a self-assessment every year linked to a list of standardised Key Performance Indicators (KPIs). This list is still being developed, but examples include lamb losses, milk from forage, plant protection product usage per year, diesel use in arable systems and net margins.
- Farmers will enter the data into a Welsh Government online portal which will present a comparison to the performance of other farms (e.g. top 5%, 25% and median farms) or an optimum. The process will also produce suggestions (based on performance) for where improvements can be made.
- In addition to the mandatory KPIS that sit under some of the other Universal Actions, farmers will need to complete an additional three modules or two per enterprise, if they have multiple enterprises (beef, sheep, dairy etc). Benchmarking will need to be completed by the end of the first year and repeated annually thereafter.
- There will be no negative consequence for lower benchmarking performance, for example, the performance level will not impact on payment received.

UA2: Continuous Personal Development

Build additional skills and knowledge by completing an annual training cycle.

- A minimum of six online CPD modules will need to be completed before the end of each year, by a registered partner within the business.
- A Health and Safety module is mandatory and you will also need to choose one module per year from each of the following five categories.
 1. Resilient and Productive
 2. Reduce, reuse, and recycle inputs, nutrients, and waste
 3. Reduce on farm emissions and maximise carbon sequestration
 4. Protect and enhance the farm ecosystem
 5. Benefit people, animals, and place
- Most modules will consist of approximately one hour of online learning and a short assessment. Farmers will be able to repeat the learning and assessment as many times as needed to pass, with no consequences on the level of payment.

UA3: Soil Health Planning

Building healthy soils through testing and soil health planning.

- Farmers will need to test at least 20% of the farm in each Scheme year, with the intention of covering all the farm within 5 years.
- The land subject to testing includes agriculturally improved areas plus habitat classed as enclosed semi-natural dry grassland.
- Testing will include measuring Potassium (K) Phosphorous (P) Magnesium (Mg) pH and Soil organic matter. WG are also considering soil texture, biological measure (worm count) and visual evaluation of soil structure.
- Whilst some of the analysis can be undertaken on farm, the majority of soil samples will be sent to a competent laboratory for testing.
- Results must be uploaded onto RPW online before the end of each Scheme year. Test results must be recorded, preferably in a soil management plan, and an assessment made of any resulting actions which may be required.

UA4: Multispecies Cover Crop

Protect soils from erosion and degradation through the establishment of a multispecies cover crop on all land which is uncropped over winter

- Farmers will need to introduce a mixed cover crop on all land which would otherwise be left bare post-harvest for a period of more than 6 weeks so that it is present for the duration of the winter months.
- Cover crop seed mixes must comprise at least two species, and not be just grasses or only grass and clover.
- The cover crop should be sown as early as possible, normally within 10 days of harvest, with the cover being retained until at least the 15 of February.

- Under sowing or other methods to provide continuity of soil coverage are allowed, however late harvested crops like maize must be under sown.
- WG will consider possible alternatives where fodder crops are harvested or grazed over the winter e.g. requiring a minimum 5m buffer to prevent flowing water reaching watercourses or roads. WG are also considering the use of a rough surface soil risk assessment where the land is not at high risk of erosion.
- The grazing off of cover crops is preferred, and mechanical methods may be acceptable. Use of chemicals for termination is permitted, but not advised.
- Farmers will need to retain evidence of the action having been completed e.g. seed receipts or record of the crop cover, sowing dates and method and date for termination.

UA5: Integrated Pest Management (IPM)

Complete an annual assessment of plant protection products used, and alternative methods employed to reduce chemical usage.

- If plant protection products (PPPs) are used on your farm, even if applied by a third party, you must complete and record an annual IPM assessment.
- Examples of PPPs include insecticides, fungicides, herbicides, molluscicides, and plant growth regulators.
- Farmers will be expected to routinely record the following information as part of this process:
 - what PPP was used, and amount, date and time applied; location and size of area treated (ha), crop type treated, reason for treatment, and weather conditions at time of application
 - alternatives to PPPs used, the area which benefited from these and the success of alternatives to PPPs adopted.
- This action should be completed before the end of the first year of joining the Scheme.
- Total PPP used will need to be recorded annually as a KPI.

UA6: Managing Heavily Modified Peatland

Active management of modified peatlands to protect soil carbon stocks.

- This Action is applicable to all farms in the Scheme with heavily modified peatland. WG intend to show you if your farm has these peatlands.
- Farmers will not be able to undertake a range of activities on modified peatland areas e.g. overgrazing, over-application of lime, install new drainage or modify drainage, peat cutting, store manure, supplementary feed.
- All heavily modified peatlands will need to be actively managed from entry to the scheme.
- These highly modified peatlands (e.g. damaged by drainage and cultivation) fall outside the definition of semi-natural habitat and will not be included within the Habitat Management Actions. Peatlands generally associated with blanket bog and raised bog in the uplands, are included in the Habitat Management Actions.

UA7: Habitat Maintenance

Maintenance of existing semi-natural habitats to optimise benefits for grazing livestock and wildlife.

- This Action is applicable to all farms in the Scheme with existing semi-natural habitats and applies to all semi-natural habitats on the farm.
- This action does not apply to designated sites such as Sites of Special Scientific Interest (SSSI)
- WG will provide the following information for each habitat type (see example below for enclosed semi-natural dry grassland)
 - **Aims:** short descriptive long-term 'vision' for the habitat.
 - **Measurable outcomes:** detailed definition of the precise requirement of the desired measurable outcome which will be monitored against.
 - **Management recommendations:** a set of recommendations to help you achieve the required outcomes e.g. grazing levels or livestock type.
 - **Restrictions:** Specific damaging activities that must not be done (do nots)
 - **Potential derogations** - events beyond your control where the requirements may be temporarily relaxed e.g. extended periods of extreme weather

Enclosed Semi-Natural Dry Grassland - Grazed Pasture (including Acid, Neutral, Calcareous and Calaminarian Grasslands)

Aims

Maintain the grassland by grazing to achieve a varied sward height where a variety of native plant species (including herbs) are frequent and able to flower and produce seed, and where native animals (including invertebrates) and grassland fungi can thrive. Agricultural species such as rye-grass and white clover are absent or at low cover.

Measurable outcomes:

- Graze to maintain a varied sward height where at least 75% of the grassland is between 5 cm and 20 cm between 15 May and 31 August.
- Maintain a sward height where 75% of the grassland is between 2 cm and 10 cm from 1 September until 31 October.
- Remove livestock if conditions become too wet, to prevent poaching and compaction.
- Dead material does not form extensive patches and is less than 10% cover overall.
- Bare soil makes up no more than 5% of the ground area, scattered around the field.
- Coarse/tall grasses do not dominate, apart from in patches covering no more than 5% of the grassland.

Management Recommendations:

- Neutral grassland is ideally grazed with cattle or horses rather than sheep.
- Recommended stocking densities:
 - Acid grassland – 0.2-0.4 LU/ha/yr
 - Calcareous grassland – 0.25-0.4 LU/ha/yr
 - Neutral grassland – 0.5-0.7 LU/ha/yr
 - Coastal grassland – 0.3-0.6 LU/ha/yr
- Apply lime if necessary to maintain a soil pH of between 5.5 and 6.5 on neutral grasslands.

Restrictions:

- Comply with the Universal Code for Habitat (see later in the chapter).
- Do not plant trees.
- Do not allow the field to be poached (localised poaching around gateways, feeding and watering areas is acceptable provided that poached and bare areas make up less than 5% cover overall).
- Do not apply lime on acid, calcareous or calaminarian grassland.
- Do not cut or top more than 30% of rush or weed species in any one year.
- Do not permit scrub to spread.

Potential Derogations

There could be a temporary derogation on sward height requirements due to prolonged periods of adverse weather conditions, or events such as prolonged flood, drought, frozen ground and snow cover, wildfire, or disease.

Scheme Rule: At least 10% of each farm is managed as habitat.

- WG propose at least 10% of each farm should be actively managed as habitat.
- Focus will be on field scale habitats such as species rich grasslands. However, WG will also include other valuable habitat features including ponds and scrapes, established broadleaf woodland, and hedgerows which meet the definition of 'good condition'.
- Some of the habitat types will be 'woody habitats' which are multi-layered habitats. WG propose the ground layer can contribute to the 10% habitat requirement, while the tree canopy in the same area could contribute to the 10% tree cover requirement.
- Areas above the 10% threshold identified as being of lesser quality habitat (e.g. dense bracken, species poor dry grasslands, soft rush dominated grasslands) can be considered for tree planting, creating scrapes or restoration to higher quality habitats.
- If farmer does not have sufficient existing habitats to meet this 10% requirement, they will be able to create new temporary habitat features to meet the threshold - see UA8 below.
- Other features on the farm that can be valuable for wildlife (e.g. dry-stone walls, traditional farm buildings and coniferous woodlands) will not count towards the 10% threshold.

Universal Code for Habitats

- Habitat is defined as *any vegetation which has a composition of less than 25% sown agricultural species as per the [Environmental Impact Assessment \(Agriculture\) \(Wales\) \(EIA\) Regulations 2017](#).*
- The consultation includes a Universal Code for Habitats, which builds on the 'Whole Farm Code' approach used in previous schemes and includes a list of prohibited activities on habitat land. For example.
 - *Do not damage habitat land*
 - *Do not agriculturally improve habitat land*
 - *Do not plough, cultivate or re-seed habitat land.*
 - *Do not roll or chain harrow on habitat land between 15 March and 15 July*
 - *Do not install new drainage or modify existing drainage on habitat land*
 - *Do not apply slurry, inorganic fertilisers, organic fertilisers, farmyard manure, basic slag, calcified seaweed, sewage sludge, waste-paper sludge or other off and on-farm wastes (including sheep-dip) on habitat land.*
 - *Farmyard manure may be spread only where permitted by a specific SFS habitat action.*
 - *Do not apply lime on habitat land, except where permitted by a specific SFS habitat action.*
 - *Do not store manure, silage or other farm wastes on habitat land*
 - *Do not use plant protection products except in the context of an integrated pest management plan*
 - *Do not burn vegetation, grassland or any cut material on habitat land, except as part of an agreed heather burning plan.*
 - *Do not use supplementary feed on habitat land, except for the provision of licks or blocks to enable coarse forage to be utilised, or where required specifically for the welfare of livestock.*

UA8: Create temporary habitat on improved land

Create additional temporary habitat features on improved land to meet the scheme requirement for a minimum habitat area.

- This Action is applicable to all farms in the Scheme where there is insufficient existing habitat to meet the 10% scheme requirement.
- Farmers will be able choose one or more habitat creation option from the following list to meet the minimum requirement for habitat:
 - Fallow crop margins
 - Unfertilised, unsprayed (such as plant protection products) and unharvested crop headlands
 - Fixed rough grass margins on arable land
 - Rotational rough grass margins on arable land
 - Establishment of mixed leys on improved land (also referred to as multi-species or herbal leys)
 - Establish a wildlife cover crop on improved land
- These actions should be completed at the first available opportunity within the first year in the Scheme.

UA9: Designated Site Management Plans

Have a Management Plan with Natural Resources Wales in place for Designated Sites in your control.

- This option is applicable to all farms in the Scheme with full management control over land within a SSSI designated for its wildlife or geological interest. This Action also applies to land which impacts on a river designated as a SSSI.
- The Action is to work with NRW to develop and have in place a Management Plan for the SSSI, including a long-term vision for the site. This can then inform a set of management activities which can be incorporated into a Management Contract for subsequent support through the Optional Layer of the Scheme.
- WG state that the higher regulatory requirements underpinning SSSIs mean that they will not be able to pay the associated maintenance component of the Universal Baseline Payment on land within the SSSI. However, the area of SSSI land will be included in the Stability Payment. WG propose that land in SSSIs is prioritised for inclusion in the Scheme's Optional Actions.
- The Management Plan should be completed as soon as possible after entering the Scheme and by no later than the end of 2029. If you have a Management Plan in place with NRW on entering the Scheme, you will have met this Universal Action.

UA10: Ponds and Scrapes

Manage existing ponds and scrapes or create new scrapes to boost wildlife associated with water features on your farm.

For this Universal Action farmers are required to do the following;

- Farms 80ha or smaller; need to manage at least two ponds and / or scrapes totalling at least 0.1ha (1000m²).
- Farms larger than 80ha; manage at least two ponds and or scrapes totalling at least 0.2ha (2000m²).
- You will need to create new scrapes where you do not meet this requirement. If you cannot create scrapes due to physical constraints you will need to create an equivalent sized area of new habitat in line with Creating temporary habitat on improved land (UA8) instead.
- Water features whose primary function is water storage for farming operations e.g. irrigation ponds are excluded.

UA11: Hedgerow Management

Develop hedgerows to become thick dense stockproof barriers which also provide valuable shelter, and an important habitat for wildlife.

- This Action is applicable to all farms in the Scheme where hedgerows are regularly shaped by trimming or cutting. For the purposes of the Scheme, hedgerows are defined as boundaries made up of trees or shrubs, which are over 20 meters long.
- All regularly trimmed boundaries must meet the following definition of a hedge in **good condition** by the end of the fifth year in the Scheme:
 - at least 2m tall and 1.5m wide or 1.5m tall and 2m wide (except for sections which are gapped up, laid or coppiced).
 - to be continuous with a maximum of 5% gaps along the length
 - to be stockproof (in its own right, without fence lines)
 - have a minimum of 1 tree per 50m across the length of hedgerow on average.
 - have an unfertilized and unsprayed margin greater than 1m wide
- The trimming and cutting requirements apply to all existing hedgerows annually from the first year you enter the Scheme. Your hedgerows should meet the 'good condition' description by the end of your fifth year.

UA12: Woodland Maintenance

Maintain existing woodlands to optimise benefits for livestock, wildlife, and business diversification.

- This Action is applicable to all farms in the Scheme with existing woodland. Farmers must manage existing trees and woodlands. WG does not propose a blanket stock exclusion from all woodlands, but rather be managed in line with the measurable outcomes.
 - Retain all trees in woodland
 - Retain deadwood, including standing deadwood
 - Ensure grazing doesn't result in debarking of mature trees and poaching, ground flora is retained, and fewer than 10% of trees have bare ground around their base.
 - Protect trees from damage due to cultivation, compaction, use of machinery or use of agrochemicals, including fertilisers, under the tree canopy.
 - Retain open spaces within the woodland.
 - Ensure pruning or lopping is undertaken appropriately with a clean cut
 - Support natural regeneration of trees within the woodland where appropriate
- Farmers will need to meet the requirements of existing management plans or funding arrangements which stipulate stock exclusion or fixed grazing patterns

Scheme Rule: At least 10% under tree cover as woodland or individual trees.

- WG propose a minimum of 10% tree cover on each farm as a scheme requirement to be met by 2030. This includes;
 - existing broadleaf and coniferous woodland
 - scattered groups of trees
 - individual trees in fields and hedgerows (>3m, so not the hedgerow itself)
 - orchard trees
 - trees within agroforestry systems
- The 10% tree cover requirement will not necessarily be calculated on the whole farm area, rather it will be calculated on the remaining area once unplatable areas have been removed, for example;
 - Some tenant farmers may not be able to plant trees or manage existing woodland due to the tenancy agreement.
 - Permanent features such as roads, yards, hard standings and ponds.
 - Priority or high-quality habitats such as peatland.
- Other sensitivities will be considered on a farm-by-farm basis e.g. effects on ground nesting birds, designated sites or archaeological features.
- Exposed high altitude or coastal locations could be addressed through careful selection of hardy species or more sheltered planting plots or it may result in a larger unplatable area.
- WG will support farmers to determine the area of tree cover through the Habitat Baseline Review.

UA13: Create new woodland and agro-forestry

Integrate additional trees and woodland to meet the scheme requirement for a minimum tree cover

- Where new planting is required, there are several options to consider, many of which could be eligible for capital funding from the Welsh Government e.g. agroforestry, block planting, shelterbelts, shade trees, parkland, orchards.
- It may be appropriate to consider natural regeneration from existing tree stock. This reduces costs and may be particularly useful on areas of difficult terrain or where trees of local provenance are more important. However, tree establishment may be slower. Its contribution to the 10% will be minimal until these trees have developed.
- After establishing new trees, farmers will be supported to manage the newly established trees as per the UK Forestry Standard (UKFS).
- Any additional planting required to meet the 10% scheme rule will need to be completed by 2030.

UA14: Historic environment – maintenance and enhancement

Protect our important heritage features from further damage to conserve our distinctive cultural character.

- This Action is applicable to all farms in the Scheme with at least one feature listed below
 - Scheduled Ancient Monuments
 - Historic Environment Features
 - Listed Buildings
 - Traditional Farm Buildings
 - Parks & Gardens: Registered & Unregistered
 - Historic boundary features
 - Registered Historic Landscapes and Historic Landscape Character areas
- WG will provide maps of known historic features on your land and farmer will need to inspect features regularly, record / report deterioration and undertake specific proactive management.

UA15: The Animal Health Improvement Cycle

Work with your vet to establish an ongoing proactive approach to animal health.

- This Action is applicable to all registered livestock keepers in the Scheme. You will work with your vet to carry out the four steps of the Animal Health Improvement Cycle (AHIC) to be completed by the end of the first year and repeated annually thereafter.
 1. **Measure:** With your vet establish available farm health and production data, analyse performance of the livestock enterprise and benchmark against your goals.
 2. **Plan:** Prioritise an area for improvement that will have the greatest impact on health, welfare, and productivity and with your vet agree priorities for an action plan.
 3. **Act:** Carry out a manageable number (usually two to five) of measurable actions over an agreed period and keep record/evidence that these actions have been completed.
 4. **Review:** Review progress and impact with your vet.

- Farmers will maintain a record that all four stages of the AHIC have been completed, including vet sign off.
- Farmers must calculate and submit annual antibiotic usage per species as part of the Benchmarking process.

UA16: Good animal welfare

Complete competency training and carry out lameness and body condition scoring to improve livestock welfare standards.

- This Action is applicable to all registered livestock keepers in the Scheme.
- Farmers will need to complete online proficiency training on body condition scoring and mobility scoring for the relevant species kept (approximately two-hour time commitment) as part of the CPD Action (UA2).
- The total number of lame animals in the herd or flock must be recorded each year as part of the KPI Action (UA1). Farmers are expected to keep appropriate records of scoring activity and lameness recording.
- The training can be completed by anyone with sufficient familiarity with your livestock i.e. farmer, shepherd or herds person.
- The proficiency training is to be completed in the first year and repeated every five years.
- Scoring for body condition and mobility and recording lameness incidence need to be completed annually before the end of the year.

UA17: Good farm biosecurity

Establish biosecurity protocols to reduce the risks of disease entering or leaving your farm.

- The minimum biosecurity measures required as part of this action are:
 - Have wash stations and disinfectant available on entry and exit of the farm on premises where stock can be housed.
 - Secure all of your land boundaries to stop stock from straying (applicable to all registered livestock keepers)
 - Complete a biosecurity assessment of incoming animals with the vet and seek and record available evidence for each on movement relating to the provenance of the animals, disease status, and actions recommended by the vet such as testing, quarantine and vaccination.
 - A record of the biosecurity actions you have completed.
- Wash stations and enclosed boundaries to be in place by the end of the first year and maintained continually after.
- Incoming animal biosecurity assessment to be completed by the end of the first year and repeated annually, with actions recorded routinely for each 'on' movement.

Specific Considerations

Tenant Farmers

- WG propose to increase scheme flexibility for tenanted land and tenants.
 1. **Contract duration:** WG are proposing annualised agreements which mean tenants will be able to access the Scheme and allow for the inclusion of more land. If a tenant loses control of a piece of land unexpectedly, the land can be removed mid-way through the Scheme year with only a proportionate reduction in payment and no financial penalty.
 2. **Minimum tree cover:** Where tenant farmers declare (and may be asked to prove) that some or all their tenanted land is subject to tree planting restrictions, that land will be excluded from the scheme requirement. The 10% tree cover will be calculated on the remaining land.

Cross Border Farm Businesses

- WG will only be able to fund activity on Welsh land and only the Welsh proportion of cross-border farms will be subject to scheme eligibility criteria. WG propose to test the actions with cross border farmers and introduce adjustments to the scheme requirements, where appropriate.

Certified Organic Farms

- WG state that farmers with organic certification will be ideally placed for a smooth entry into the Scheme. WG have proposed a range of Optional Actions which are aligned with organic practices and are considering prioritizing these. If an organic support scheme is introduced in 2024 (which is being considered) then WG propose to introduce an additional element of financial support through the Stability Payment during the Transition Period.

New Entrants to farming

- WG state that the Scheme is being developed intentionally to remove some existing barriers for new entrants to gain support. For example, the Scheme will not include a need for entitlements or quotas or payment rates based on previous reference periods. The scheme will continue to offer skills development and mentoring in support of those looking to enter the scheme for the first time and those new to farming. WG also propose to support new business partnerships between established individuals and new entrants.

Common Land

- Due to the complexities of common land ownership and allocation of rights, WG are not able to pay individuals for many of the proposed Universal Actions. WG propose that for each common, a Commons Management Plan should be developed collectively by rights holders and landowners, possibly with the input of supporting organisations. WG are proposing an additional element of financial support for individual graziers paid through the Stability Payment, until the Collaborative support has been introduced.

Where a common is managed by the landowner who is eligible for the Scheme, and there are no other rights of common associated with that common (actively used or otherwise), it may be possible to declare that common as an extension of the farm to count towards the Universal Baseline Payment.

Optional Actions

- Farmers will be able to choose Actions to undertake in this layer and receive payment for delivery (in addition to the Universal Baseline Payment). A list of potential options has been included in Annex 2 within the consultation to provide an idea of the Optional Actions being considered. Examples include;
 - Improve soil biology through diverse planting, graze and rest practices, minimum or no till, use of anthelmintic plants or habitat management.
 - Capital support for the infrastructure for graze and rest practices.
 - Establish or maintain a mixed sward of grasses, legumes and herbs or native wildflowers.
 - Support to start-up horticultural businesses or new horticultural enterprises.
 - Plant additional trees or woodland above the minimum Scheme Requirement.
 - Restore or plant new hedgerows.
 - Establish six-metre buffer strips alongside watercourses
 - Create leaky dams and re-wet suitable sites to slow the flow of water to reduce risk of food.
 - Hosting educational and care farm visits.
- Optional Actions will be introduced during the transition period between 2025 and 2029 and will be subject to further engagement with stakeholders and budget availability.
- Farmers in the Scheme Universal Layer will gain priority access to the Optional and Collaborative Actions.

Collaborative Actions

- Collaborative Actions will provide the opportunity for farmers to deliver action at a local, landscape, catchment, or national scale. These Actions support an increase in collaborative and partnership working between farmers, land managers, foresters, and others.
- The approach for the support of Collaborative Actions will vary but is expected to include:
 - Delivery of nature-based solutions at landscape scale
 - Innovation and knowledge transfer in agriculture
 - Promote co-operative working, enabling the sharing of facilities and resources to increase the profitability and resilience of farm businesses.
 - Adding value through actions to support increased resource efficiency and new supply chain opportunities to support increased local high quality food supply.
- Collaborative Actions will be introduced during the transition period between 2025 and 2029 and will be subject to further engagement with stakeholders and budget availability.
- Farmers in the Scheme Universal Layer will gain priority access to the Optional and Collaborative Actions.
- Collaborative groups will need to register with RPW and obtain a CRN for the group prior to application. Payments will be made to the Collaborative Group and not individuals

The Sustainable Farming Scheme Process - Chapter 3

Scheme eligibility

- WG propose to set the following eligibility criteria for the Universal and Optional Layers:
 - You (the Farmer) must undertake agricultural or ancillary activities on agriculture land.
 - You must have at least three hectares of eligible agricultural land in Wales or be able to demonstrate more than 550 standard labour hours.
 - You must have exclusive occupation and management control of the land for at least 10 months of the calendar year.
- In cases where two or more farmers have a share farming agreement WG propose that only one can claim SFS. However all the land within the agreement must be included on the designated farmer's Single Application Form (SAF), and compliance with the land based Universal Actions will need to be met by both.
- The following features and non-agricultural land uses would not be deemed eligible under the Scheme:
 - Manmade, constructions (e.g. buildings, hardstanding's, roads and ungrazed tracks)
 - ineligible ponds, rivers, and streams
 - gardens, golf courses, recreational parks, campsites, urban commons, zoos, fenced off pylons.

Operating model

- WG propose to deliver the Scheme using the Rural Payments Wales (RPW) operating model. To apply for the Universal Baseline Payment, you will have to complete the SAF on an annual basis. The proposed application window for the Scheme will open in March and close on 15 May.

Registration

- If you wish to join the Scheme you will need to register your business through RPW online and provide details of your land. Businesses already registered on RPW online and have a Customer Reference Number (CRN) will not have to register again.

Habitat Baseline Review

- To be able to administer and calculate a farm's eligibility against the 10% habitat and 10% trees requirements WG are proposing a Level 1 Habitat Baseline Review (HBR1) which will identify the broad habitat types, trees and hedgerows present on your farm, as well as other features such as historic features, designated sites, and their buffers. This process will involve farmers checking the accuracy, and if needed, updating the information WG hold.
- A more in-depth Level 2 Habitat Baseline Review (HBR2) process will support the Optional Layer of the Scheme and additional planting of trees on sensitive areas.

Data Confirmation

- RPW propose to run a Data Confirmation exercise in 2024, to collect and verify as much information as possible in advance of the start of the Scheme. Farmers will be provided with a digital map and associated information compiled to show the habitat, hedgerows and trees present on the farm as held in the RPW mapping system. This will inform the HBR1.

Carbon Calculator

- Farmers will be required to complete a carbon calculator assessment within the first year of joining the Scheme. This exercise needs to be repeated as part of the 2029 Scheme, although WG would prefer farmers to complete it annually.
- For consistency and comparability, WG are expected to specify the need to complete a particular carbon calculator, rather than, for example offering a choice of calculators.
- This information will be used to identify and develop Optional and Collaborative Actions to help reduce carbon footprint, increase opportunities for sequestration, and benefit the farm business.
- At national level, the anonymised, aggregated results of these assessments will contribute to an understanding of the sector's overall climate impact.

Scheme rules

- Detailed scheme guidance and standards setting out scheme rules will be produced in advance of the Scheme opening. All or part of your payment may be affected if these are not met. Some of the more important rules to be aware of include:
 - The Scheme will operate on a calendar year and run from 1 January to 31 December.
 - Participation will be at a farm business level including all land registered under the CRN.
 - Farmers will declare annually all the land at their disposal / within management control
 - Farmers will need to ensure they can meet the conditions of the Universal Actions.
 - Each farm will have a minimum of 10% tree cover to be in place by the end of 2029.
 - A minimum of 10% of each farm will be managed as habitat.
 - Farmers will adhere to the Universal Code for Habitats.
- Additional regulations into scheme rules might include:
 - Meet the legal responsibilities to ensure the Public Rights of Way (PRoW) network on your land is open, accessible, and safe for public use. You must also manage Open Access land appropriately as set out in the Countryside Rights of Way Act, 2000.
 - Complying with the new Workplace Recycling Regulations.
 - Meet legal responsibilities in the Wildlife and Countryside Act 1981 and Invasive Alien Species (Enforcement and Permitting Order) 2019 not to plant, or otherwise cause to grow, listed invasive non-native species.

Administrative Validation Process

- All land tenure, parcels and cover will be cross checked against RPW's Land Parcel Identification System (LPIS) to ensure payments are made on the correct land area. Where farmers are prevented from fulfilling certain obligations or completing Actions due to events outside their control, WG will consider the Exceptional Circumstances provision.

On-the-spot-checks

- On-the-spot-checks will be conducted using a combination of physical inspection and earth observation. RPW will select and inspect a percentage of scheme applications each year, to be carried out by the Rural Inspectorate for Wales (RIW) and other Competent Control Authorities (CCA). The inspection rate will increase where significant irregularities are identified to ensure the appropriate allocation of public funds.

Payments

- WG will use the declared and validated farm details from the SAF to calculate the Universal Baseline Payment based on the proposed payment methodology (see methodology below). WG propose to make an advanced payment from October followed by a balance payment once all validation and checks have been completed from December onwards.

Warnings & Penalties

- Maintaining compliance with the Scheme eligibility criteria, scheme rules, regulatory baseline and all the applicable Scheme Actions are a condition of payment. Failure to accurately declare information may lead to reductions and penalties. It may include circumstances created to gain advantage from any of the rules relating to the Scheme. Where financial penalties are required there will be a set of verifiable standards and a sanctions matrix clearly setting out consequences. Guidance will be available to help farmers correct minor problems allowing time to put right any issues where possible.

Appeals process

- The WG grants appeal process differs from the appeals process currently managed by RPW which includes an assessment by an independent panel and the final decision is made by Welsh Ministers. WG propose a two-stage review process, involving different officials to those who made the original decisions.

Advice and Support

- WG propose to continue with the advice, learning and development currently on offer through Farming Connect. WG will provide advice to support completion of the SAF, HBR1 and 2 and on the delivery of Scheme Actions.

Payment Methodology - Chapter 4

Universal Baseline Payment

- The proposal is for the Scheme to provide an annual Universal Baseline Payment to farmers for carrying out a set of Universal Actions that go above and beyond what is required by legislation.
- The Universal Baseline Payment will be based on the area of the farm. The total value of this payment will be made up from four separate payment values, representing different payment categories:

1. **Universal: Maintenance of existing woodland** - Payment value for each hectare of existing woodland that is managed
 2. **Universal: Woodland creation¹** - Payment value for each additional hectare of newly created woodland, once created;
 3. **Universal: Habitat maintenance** - Payment value for each hectare of semi natural habitat managed, and/or each additional hectare of temporary habitat up to the required 10%, once created;
 4. **Universal: Actions** - Payment value per hectare covering all other Universal Actions on the total eligible area.
- WG propose a separate payment rate per hectare for each of four payment categories in recognition of the different costs incurred and income forgone from the completion of the associated Actions.
 - WG are also considering how payment rates can include factors beyond this, recognising the social value provided by the outcomes delivered.
 - The need for capping the Universal Baseline Payment or payment categories is being considered.

Stability Payment

- During the Transition Period (2025-2029), WG propose that if you join the Scheme, and received a BPS payment in 2024, farmers will also receive a **Stability Payment**, which is additional to the Universal Baseline Payment. Its aim is to help farmers make the transition from one system of support to another and provide additional financial support in advance of the Optional and Collaborative Actions of the SFS becoming available.
- Farmers will receive a Stability Payment if the total value of the Universal Baseline Payment in any of the transition years is less than the 'notional' BPS payment the farm business would have received.

The 'notional' BPS value will be calculated annually and will be based on Payable Area (farm area determined for SFS in the current year) multiplied by the Payment Rate (previous year's BPS rate)

No SFS Stability Payment will be payable if, in any year, the total value of the SFS Universal Baseline Payment is equal or greater than the 'notional' BPS value.

Transition Period - Chapter 5

- Ahead of the introduction of the full Optional and Collaborative layers during the transition period (2025-2029) WG will, subject to the budget, continue to deliver a range of procured and demand-led agricultural and environmental schemes, many of which are expected to evolve into the Optional and Collaborative Actions. For example:

¹ Existing Welsh Government woodland planting agreements will be paid at the rates already confirmed under those schemes and be excluded from the calculation, until the end of the agreement.

- Small Grants - Yard Coverings
 - Woodland Schemes
 - Small Grants - Environment
 - Integrated Natural Resources Scheme
 - National Peatland Action Programme
 - Sustainable Innovation Scheme
 - Nutrient Management Investment Scheme
 - Animal Health and Improvement Cycle pilot
- Farmers who join the Scheme, committing the Universal Actions, should gain priority access to the Optional and Collaborative Actions. Those who do not sign-up to join the Scheme would not benefit from this priority access and would be subject to a competitive process to join funding schemes (subject to available budget).

Basic Payment Scheme - Chapter 6

- From 2025 onwards farmers will have the option of choosing either SFS or BPS. Once a farmer chooses to participate in the SFS they will no longer have the option to revert to BPS.
- The BPS will be passed out over a 5-year period, with a 20% taper in equal steps per year.

BPS Entitlement value, Redistributive Payment and Young Farmer Payment

2025	2026	2027	2028	2029
80%	60%	40%	20%	0%

- Welsh Ministers will no longer be required to set a BPS budget ceiling as the annual BPS Entitlement Value, Redistributive Payment and Young Farmer Payment for those farmers wishing to claim BPS will be reduced incrementally from BPS 2025 onwards.
- To ensure the BPS claimant population and individual claims do not increase in size during the transition period, from 2025 WG propose:
 - Farmers who choose to participate in SFS will surrender their entitlements.
 - To close the National Reserve.
 - To restrict the transfer of BPS entitlements to those who transfer and / or lease entitlements with the land and farmers currently leasing in entitlements for land they currently claim under BPS. BPS entitlement transfers in cases of inheritance and succession will also be permitted.
 - To remove the two-year entitlement usage rule.
- The BPS payment capping will be changed to ensure parity with the tapering BPS model.
- The Cross Compliance legal framework and associated controls and penalties will be retained for BPS claimants.

Regulations - Chapter 7

- All future support will be set out in the Multi-annual Support Plan (MASP), which provides a minimum 5 year forward plan of agricultural support schemes, either in operation or expected to become operational during the 5-year period, commencing on 1 January 2025. The MASP will provide farmers with assurance and transparency that the Welsh Government has in place a plan or suite of activities of future support for the sector.

Evidence - Chapter 8

Integrated Impact Assessment

- Alongside the consultation, WG have published an [Integrated Impact Assessment](#) (IIA) for the proposed Scheme. The IIA covers the proposed Universal Actions and the broader commitment of support for agriculture through the Scheme in its entirety (including Optional and Collaborative Actions) as a means of delivering the SLM Objectives.

Universal Baseline Payment

- The foundation for the Universal Baseline Payment will be an estimate of the cost incurred and income forgone for farmers for undertaking actions under the Universal Layer of the scheme

Impact of costs incurred and income foregone

- The Welsh Government commissioned agricultural economic modelling research from an ADAS-led consortium to model the [Potential Economic Effects of the Sustainable Farming Scheme](#).

The social value of the outcomes

- The Welsh Government commissioned a [study](#) to assess the evidence concerning the social values from changes in natural capital and how these might be reflected in payment levels under the Scheme. The full report can be found on the [ERAMMP website](#). It is still WG's intention to consider the social value in the payment methodology, but this will take time to get right.

Data Gathering and Reporting - Chapter 9

- WG plan to collect data, primarily for processing and validation of payments. The data may also be used to operate other schemes, for monitoring, reporting, or for other purposes. This data will be managed securely and sensitively and WG will seek to only request data where it is necessary.
- The Welsh Government may share information with:
 - Natural Resources Wales
 - Animal and Plant Health Agency
 - EID Cymru
 - Veterinary Medicine Directorate
 - Local Authorities
 - Food Standards Agency Wales
 - Other UK Government Department

- Information, including personal information, may be the subject of a request by another member of the public. When responding to such requests the Welsh Government may be required to release information, including personal information. The Welsh Government will also publish details of the amounts paid to beneficiaries in line with The Subsidy Control Act 2022.
- There is a statutory duty in the Agriculture Act for Welsh Ministers to monitor, evaluate and report progress on any support given by the Welsh Government and its contribution towards achieving the SLM objectives. The different levels of reporting are set out below.
 - **Multi-annual Support Plan:** a five year forward plan which sets out how the Welsh Ministers intend to provide support during the plan period.
 - **Sustainable Land Management Targets and Indicators:** To be published by 31 December 2025 and will measure progress towards achieving the SLM objectives.
 - **Annual Report:** Will continually provide the sector with assurance, accountability, and transparency that relevant support is being provided by the Welsh Government to the agricultural sector. Beyond providing information on the amount of support provided, it will also capture where support may have been withdrawn or recouped.
 - **Impact Report:** Every five years there will be an evaluation of all the support provided under the Act.
 - **Sustainable Land Management Report:** The SLM report will, every five years, provide an assessment of the cumulative progress made towards achieving the SLM objectives.

Responding to the consultations

Submit your comments by **7 March 2024**, in any of the following ways

- accessing the [online response form](#)
- download, complete the response form and email: SustainableFarmingScheme@gov.wales
- download, complete the response form and post to: Rural Affairs, Land Management Reform
Welsh Government Cathays Park Cardiff CF10 3NQ

Consultation Questions

Q1. The Scheme will provide a long-term approach to support for our agricultural sector to respond to evolving challenges and changing needs, contributing to the Sustainable Land Management objectives. In your view, what may strengthen this support?

Q2. There will be Universal requirements in the SFS to have woodland cover at least 10% of suitable land, and to manage a minimum of 10% of your farm as habitat.

- a) What are your views on these requirements?
- b) What support might you need to achieve them?

Q3. Aside from the 10% woodland and habitat requirements, will the Universal Actions:

- a) Provide benefit for your farm business?
- b) Provide an achievable set of actions paid for through the Universal Baseline Payment?

Q4. On-farm data reporting allows the Welsh Government to confirm actions are being undertaken and help you to make decisions about your farm. In your view, is the reporting requirement for the Universal Actions appropriate?

Q5. The Stability Payment will provide additional support for common graziers during the Transition Period. In your view, is this appropriate whilst the Optional and Collaborative Actions are being introduced?

Q6. We have proposed that applicants should have sole management responsibility for the land for 10 months and ensure completion of the Universal Actions for the full scheme year (12 months). In your view, is the 10-month period sufficient?

Q7. We are proposing the use of a single carbon calculator for everyone in the Scheme. Do you agree and how might we best support you to complete this?

Q8. To ensure continued high standards on our farms, we have outlined a proportionate approach to controls and sanctions, including compliance with additional legislation as a condition of Scheme payment. Do you have any views on this approach?

Q9. Adopting the Welsh Government appeals process will provide an effective and efficient mechanism. Is there any reason we should deviate from this?

Q10. We would like to know your views on the proposed approach to:

- a) the SFS universal baseline payment
- b) the SFS stability payment

Q11. Farmers outside the Scheme may wish to access support for actions similar to those offered in the Optional and Collaborative Layers. In your view, should farmers within the Scheme receive priority support to undertake these actions?

Q12. What actions and support within the Optional and Collaborative layers do you believe should be prioritised?

Q13: Do you agree with the proposed changes to BPS from 2025? This includes:

- a) The rate at which BPS payments are reduced.
- b) Closing the National Reserve to new entrants.
- c) Thresholds for capping
- d) Restricting the transfer and lease of entitlements.

Q14: We would like to know your views on our proposed approach to secondary legislation, which will support BPS and the introduction of support schemes under the powers in the Agriculture (Wales) Act 2023.

Q15: Economic analysis and modelling will conclude in 2024 and will provide evidence to inform the final decision on Scheme implementation by Welsh Ministers. We would like to know your views on the existing analysis and evidence required.

Q16: We would like to know your views on which information and evidence should be used to monitor and evaluate the Scheme.

Q17: What, in your opinion, would be the likely effects of the SFS on the Welsh language? We are particularly interested in any likely effects on opportunities to use the Welsh language and on not treating the Welsh language less favourably than English.

- Do you think that there are opportunities to promote any positive effects?
- Do you think that there are opportunities to mitigate any adverse effects?

Q18: In your opinion, could the SFS be formulated or changed so as to:

- have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English; or
- mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?

Q19: Do you have any additional comments on any aspect of the consultation document?