

Welsh Government (WG) Consultation

Sustainable Farming Scheme (SFS)
- Keeping Farmers Farming



What we will cover

- NFU Cymru Key Principles / Priorities for future agricultural policy
- Agriculture (Wales) Act
- The WG consultation on final SFS proposals
- NFU Cymru initial views
- How to get involved
- Questions

NFU Cymru key principles

A policy that **underpins and secures the continued supply of safe, quality, traceable, affordable food for our nation**, in the context of future global challenges, must be at the heart of any future agricultural policy.

All farmers must be **fairly rewarded** for the **environmental/public goods they already deliver and will continue to deliver** in future for society.

Policies must be simple to administer, easy to understand and target support at those **active farmers** who take the financial risks associated with food production.

Investment measures are required to ensure that farming businesses are well equipped to face the challenges and **maximise the opportunities** of a post-Brexit marketplace.

The **regulatory regime must be proportionate** and evidence-based and policies must be **adequately funded** to ensure that Welsh farming remains **competitive** with farmers in the UK, EU and globally.

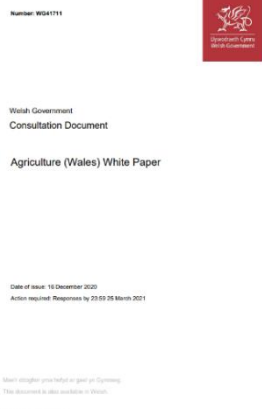
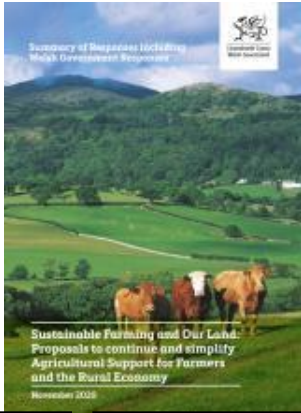
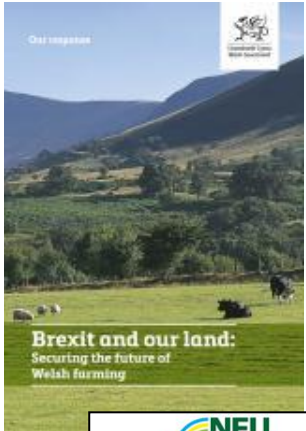


A new domestic agriculture policy



The consultation process so far!

2017



Number: WGD4711

Welsh Government
Consultation Document

Agriculture (Wales) White Paper

Date of issue: 16 December 2020
Action required: Responses by 23.59.25 March 2021

More digital consultation is part of 'Syrning'.
This document is also available in Welsh.

Number: WGD4712

ACCOMPANYING DOCUMENTS
Explanatory Notes and an Explanatory Memorandum are printed separately.

Agriculture (Wales) Bill
[AS PASSED]

CONTENTS

PART 1
SUSTAINABLE LAND MANAGEMENT

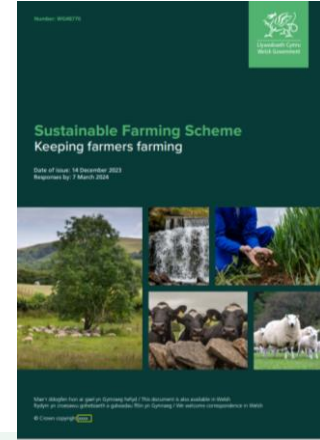
The objective

- 1 The sustainable land management objectives
- 2 The duty
- 3 Welsh Ministers' duty in relation to the objectives
- 4 Exceptions from the duty in section 2
- 5 Monitoring and reporting
- 6 Sustainable land management indicators and targets
- 7 Steps to be taken in preparing or revising indicators and targets
- 8 Sustainable land management reports
- 9 Steps to be taken in preparing reports

PART 2
SUPPORT FOR AGRICULTURE ETC.

CHAPTER 1
WELSH MINISTERS' POWER TO PROVIDE SUPPORT

- 10 Welsh Ministers' power to provide support
- 11 Further provisions about support under section 10
- 12 Funds to make provision about publication of information about support
- 13 Multi-annual support plans
- 14 Power to make provision about checking eligibility for support etc.
- 15 Annual report about support provided under section 14
- 16 Support Report
- 17 Steps to be taken in preparing report under section 14



NFU CYMRU

NFU Cymru Response:
Welsh Government Consultation
Brexit and Our Land: Securing the
future of Welsh Farming

#NiYnFfermioCymru
#WeAreWelshFarming

NFU CYMRU

NFU Cymru Response:
Welsh Government Consultation
Sustainable Farming Scheme
outline proposals for 2025

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NFU Cymru Response:
Welsh Government Consultation
Agriculture (Wales) White Paper

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NFU Cymru Response:
Welsh Government Consultation
Sustainable Farming and our Land

#NiYnFfermioCymru
#WeAreWelshFarming

Agriculture (Wales) Act

Sustainable Land Management Objectives

To produce food in a sustainable manner

To mitigate and adapt to Climate Change

To maintain and enhance the resilience of ecosystems and the benefits they provide

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 it's use.

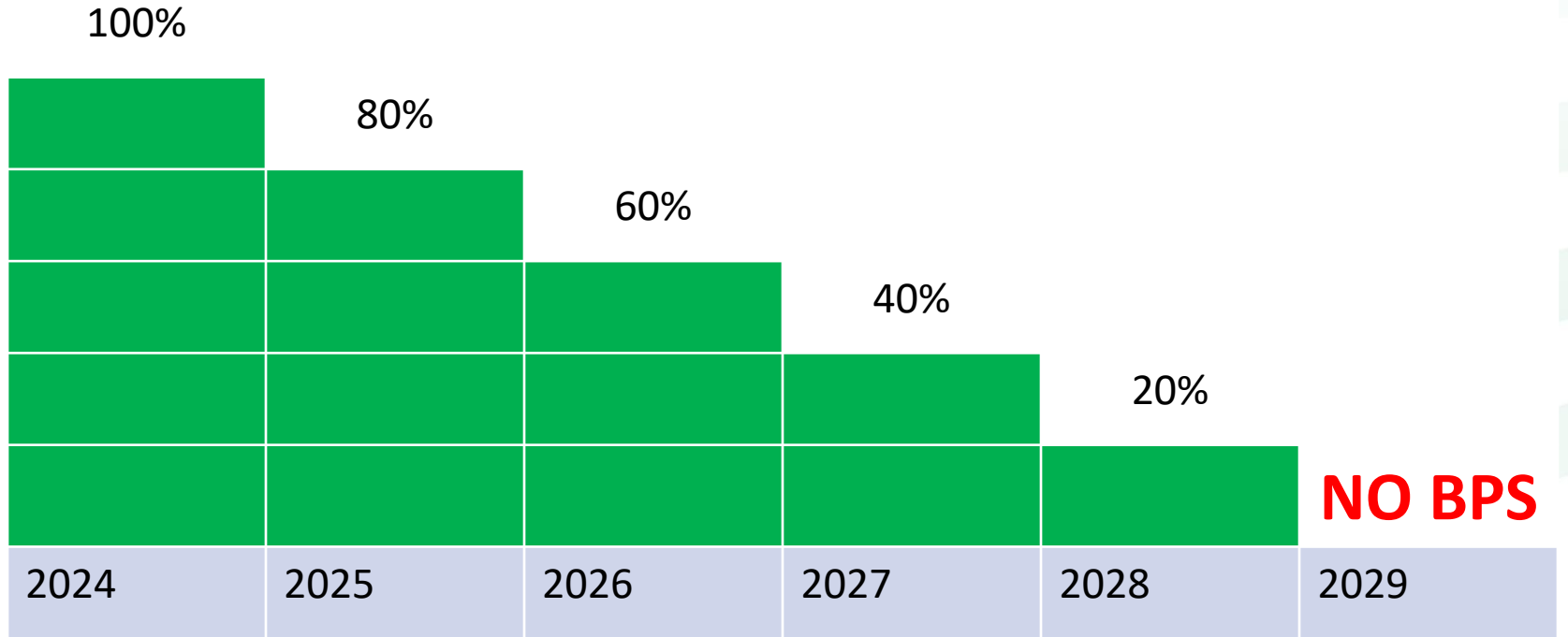
SFS will reward farmers for actions that align with SLM Objectives



The current position

- BPS - maintained at current levels for 2024
- Habitat Wales Scheme - 12-month contracts offered, commencing 1 January 2024
- Rural Investment Schemes
- Transition to SFS will commence in 2025

BPS

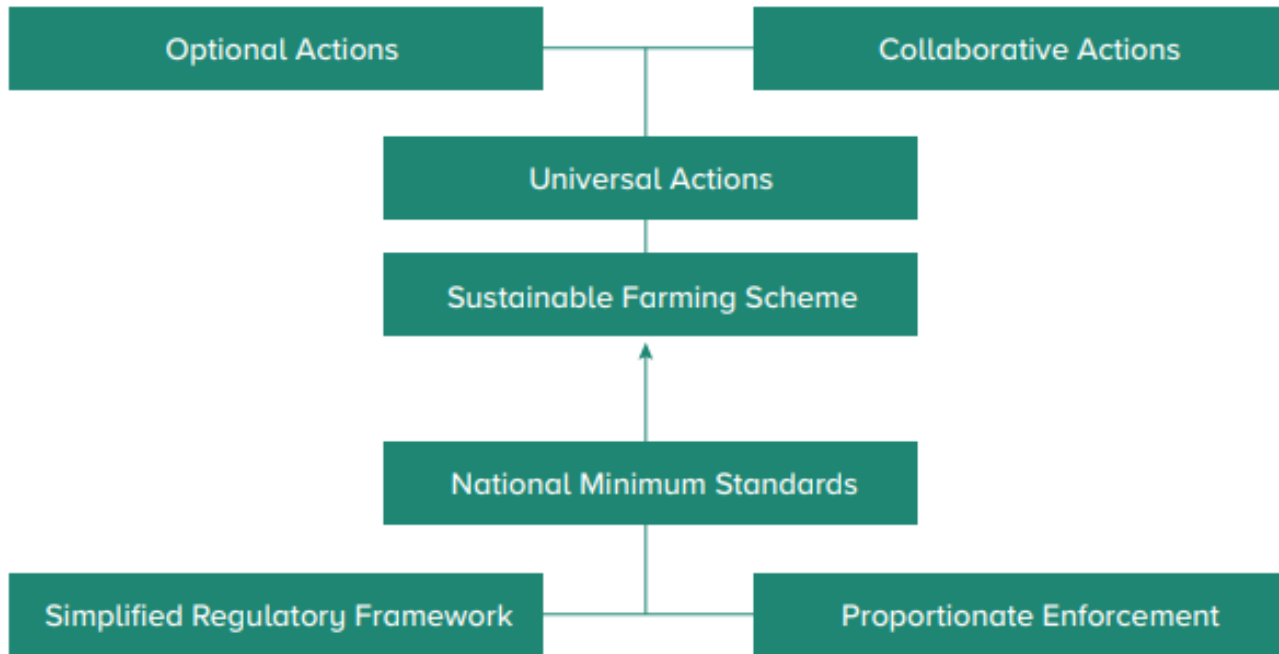


SFS final proposals



SFS Scheme Framework

Scheme Structure



Optional and Collaborative Actions

- Universal Action Layer launched in 2025
- Optional and collaborative actions introduced between 2025 and 2029 (subject to further engagement and **budget availability**)
- Prioritisation of some Optional and Collaborative Actions
- WG will continue to deliver a range of Schemes during the Transition Period (subject to budget) including Small Grants – Yard Coverings, Woodland Creation Schemes, Small Grants – Environment
- Priority access to Optional and Collaborative Actions to those in the Universal Action Layer

SFS Universal Action layer

17 Universal Actions

- Mandatory
- Some actions not applicable to all farms
- Universal Baseline Payment

2 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.

- Annual self-assessment
- Standardised list of KPIs to choose from e.g. lamb losses / milk from forage / PPP use
- Those relating to UAs are mandatory
- Need to complete an **additional** three modules or two per enterprise.
- Data entered onto WG Online Portal and KPI results calculated.
- Suggestions on improvements but no negative consequences.

Completed by the end of the first year and repeated annually thereafter.



UA2 – Continuous personal development (CPD)

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

- 6 online modules to be completed annually by a registered partner within the business
- Includes a mandatory Health and Safety module
- Consist of approximately one hour of online learning and a short assessment

To be completed by the end of the first year and repeated annually thereafter.

UA3 – Soil Health Planning

Building heathy soils through testing and soil health planning

- 20% of applicable land tested each year – whole farm in 5 year period (applicable land = improved land and enclosed semi-natural dry grassland)
- Testing for P, K, Mg, pH, soil organic matter (also considering soil texture, biological measure, physical measures)
- Test results recorded in a soil management plan
- Need to incorporate P and K into your NVZ nutrient management plan

Upload results to RPW online before the end of each scheme year.

Update records as you manage your land through the year e.g. cultivation, sowing, input application and harvesting.

Records made available to WG on request.



UA4 – Multispecies cover crop

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

- mixed cover crop on all land which would otherwise be left bare post-harvest for a period of more than 6 weeks for the duration of the winter months
- Mix of species – must be two or more species (not just grass / grass and clover)
- Late harvested crops e.g. Maize must be undersown
- Will consider possible alternatives for fodder crops e.g. 5m buffer strip
- Consideration being given to rough surface risk assessment
- Appropriate grazing is encouraged
- Cover crop sown as early as possible, normally within 10 days of harvest, retained until 15th February.

Retain evidence including seed receipts together with a record of the crop cover, sowing dates and method and date for termination of the cover crop which should be available to WG on request.



UA5 – Integrated Pest Management

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

- If PPPs are used an IPM assessment must be completed annually
- PPP used will be recorded annually as a KPI

Completed before end of first year of joining the scheme and updated regularly thereafter (at least once per year)

UA6 – Managing heavily modified peatland

Active management of modified peatlands to protect soil carbon stocks

- Applicable to all farms with heavily modified peatland
- WG intend to show you if your farm has these peatlands
- List of 'do nots' are required on this land e.g. do not apply basic slag, sewage sludge, overgraze, no new drainage

All heavily modified peatlands will need to be actively managed from when you enter the scheme



Scheme Rule – at least 10% of each farm managed as habitat

WG propose at least 10% of each farm should be actively managed as habitat for the benefit of wildlife alongside the production of food

- Habitat Baseline Review will indicate amount and type of habitat on your farm
- 10% focussed on field scale habitats together with other features such as ponds and scrapes, established broadleaf woodland and hedgerows which meet the definition of 'good condition' (UA11)
- If you have 10%+ on entry you will not be required to create more
- If you have <10% on entry you will be required to complete the **temporary habitat creation (UA8)**
- Universal Code for Habitats to prevent loss and damage to semi-natural habitats.

Habitat Baseline Review

- Data confirmation exercise in 2024 – Level 1 Habitat Baseline Review (HBR1)
- Farmers will be provided with a digital map to show habitat types, hedgerows and trees together with historic features and designated sites and their buffers.
- Opportunity to review and amend HBR1 – important as will determine payment rates and requirements that will need to be met.
- Level 2 Habitat Baseline Review (HBR2) – in depth for Optional layer and additional planting of trees on sensitive areas



UA7 – Habitat Maintenance

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

- All existing semi-natural habitat to be actively managed on entering the scheme
- Each habitat type will have habitat management actions specified by Welsh Government – includes aims, measurable outcomes, management recommendations, restrictions, potential derogations
- The UA does **not** apply to designated sites e.g. SSSI. These have bespoke plans.

All existing semi-natural habitats on your farm will need to be actively managed from when you enter the scheme



UA8 – Create temporary habitat on improved land

Create additional temporary habitat features on improved land to meet the scheme requirements

- Six temporary habitat creation options to choose from:
 - Fallow crop margins
 - Unfertilised, unsprayed 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 (multi-species or herbal leys)
 - Establish a wildlife cover crop on improved land
- Each will have corresponding information for its creation and management

Actions should be completed at the first available opportunity within the first year and, if required, these options should be maintained as part of the rotation or fixed in location.

UA9 – Designated Site Management Plans

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

- Work with NRW to have a management plan in place
- The management plan can inform a set of management activities which can be incorporated into a Management Contract supported through the Optional Layer of the Scheme
- SSSIs will not be eligible for maintenance component of the Universal Baseline Payment – will be eligible for the remaining components of Universal baseline payment and Stability Payment

Applicable to farms with full management control over land within a SSSI.

Management plans will need to be in place by end of 2029.



UA10 – Ponds and scrapes

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

- 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)
- Create new scrapes if you do not meet the above
- Existing ponds and scrapes should be managed in line with guidance
- Water features whose primary function is water storage for farming operations are excluded
- If you cannot create due to physical constraints, then an equivalent area of new habitat must be created

Existing ponds and scrapes will require ongoing management, new scrapes to meet the minimum area requirements must be completed by the end of first year of the scheme

UA11 – Hedgerow management

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

- Meet the definition of good condition hedgerows by the end of year 5:
 - Be at least 2m tall and 1.5m wide or 1.5 tall and 2m wide (except for sections which are gapped up, laid or coppiced).
 - Be continuous with a maximum of 5% gaps along the length
 - Be stockproof (in its own right, without fence lines)
 - Have standard trees spaced along the length – average of at least 1 tree per 50m
 - Unfertilized and unsprayed metre margin.
- Guidance on the trimming and cutting of hedgerows including cutting in alternate years and do not cut / trim (1 March to 31 August) with derogations apply for H+S

The trimming and cutting requirements apply to all existing hedgerows annually from the first year of the Scheme. Good condition required by the end of the fifth year.



Scheme rule – at least 10% under tree cover

WG propose a minimum of 10% tree cover on each farm as a scheme requirement by 2030.

- Habitat Baseline Review will indicate how much tree cover you have on your farm
- 10% tree cover requirement refined to address unplantable areas:
 - Unplantable areas such as roads, yards, hard standing, ponds removed from 10% calculation
 - Not appropriate to plant trees in priority high quality habitats
 - Tenant farmers may not be able to plant trees or manage woodland due to the tenancy agreement
 - Other sensitivities considered on a farm by farm basis – ground nesting birds, archaeology
 - altitude / coast locations addressed through hardy species, sheltered plots or may result in larger unplantable area
- If you have 10%+ on entry you will not be required to create more
- If you have <10% on entry you will be required to plant (UA13) to meet the 10% requirement



UA12 – Woodland maintenance

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

- Manage all existing trees and woodland
- Blanket stock exclusion from all woodlands is not proposed unless stipulated by any other existing management plan or funding arrangement
- List of Measurable Outcomes and Restrictions ‘Do nots’

UA13 – Create new woodland and agro-forestry

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

- Welsh Government state where new planting is required there are several options to consider – many of which could be eligible for capital funding, including:
 - Block planting for a future timber crop
 - Natural regeneration
 - Agroforestry including Shelterbelts / Shade trees / Air Pollution interception barriers / Biosecurity barriers / Parklands / Orchards.
- WG propose planting on less productive areas such as steep banks, or field corners (but not at expense of priority habitat or peatlands)
- WG support through knowledge transfer and advisory activities
- Support to manage the newly established trees

Any additional planting required to meet the 10% Scheme rule will need to be completed by 2030



UA14 – Historic environment

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

- Farmers will be provided with a map of known historic features and be required to:
 - Inspect regularly and record/ report deterioration
 - Undertake proactive management e.g. clear scrub / vegetation.
 - Maintain traditional farm buildings in a stable condition
 - Carry out routine maintenance of historic park and garden buildings and structures – leaf and debris clearance
- Technical guidance will be available aimed at doing no damage.

You may be asked to submit evidence (such as geotagged photos). The frequency of tasks will directly link to the type of feature.



UA15 – Animal Health Improvement Cycle (AHIC)

Work with your vet to establish an ongoing proactive approach to animal health based on the Animal Health Improvement Cycle.

- Measure – with your vet establish available farm health and production data
 - Plan – prioritise an area for health / production improvement
 - Act- carry out a number (usually two to five) measurable actions over an agreed timeframe
 - Review – progress and impact with your vet.
-
- Need to maintain a record of the four stage of the AHIC including vet sign off – Template will be provided. Completion of AHIC by self-declaration.
 - Farmers must also calculate and submit annual antibiotic usage per species (link to UA1)

To be completed by the end of the first year and repeated annually thereafter.



UA16 – Good animal welfare

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

- Complete online proficiency training on body condition scoring and mobility scoring for the relevant species
- Complete annual mobility and body condition scoring for the relevant stock types on your farm, using a representative number of animals
- Total number of lame animals in the herd or flock must be recorded each year as a KPI.

The proficiency training is to be completed in the first year and repeated every five years thereafter. Scoring for body condition and mobility and recording lameness needs to be completed annually.

UA17 – Good farm biosecurity

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

- Have wash stations and disinfectant available on entry and exit of the farm.
- Livestock secure farm boundary.
- A biosecurity assessment of incoming animals - completed with your vet
- A record of the biosecurity actions you have completed.

Wash stations should be permanently available with the necessary robust equipment to enable effective cleaning and disinfecting of footwear, waterproof clothing and vehicle wheels at farm entrance and exits.

Wash stations and enclosed boundaries to be in place by end of first year. Biosecurity assessment completed by end of first year and annually thereafter.

Carbon calculator

- Carbon assessment required within first year of joining the scheme
- Repeat the assessment in 2029 but WG would prefer annually
- WG to specify the carbon calculator to use
- Information provided to WG and used to:
 - identify Optional and Collaborative actions
 - aggregated to understand the sectors impact

Specific considerations

Tenants

- Proposed change from 5 year to annual agreements
- Adjustments to 10% tree cover calculation

New Entrants

- No entitlements / quotas etc
- Ongoing skills support through Farming Connect

Organic Farming

- WG are exploring what gaps between the current SFS proposals and Organic certification

Cross border

- WG can only fund activity on Welsh land
- This business and Welsh proportion of the land will need to meet the eligibility requirements



Common land

- Due to the complexities of common land ownership and allocation of rights, they are not able to pay individuals for many of the proposed Universal Actions
- Common land to be entered into a separate agreement with a Commons Management Plan developed by rightsholders and landowners
- Considering whether to provide further support for facilitation and governance
- Stability payment until the Collaborative layer has been introduced

Application process

- Scheme delivered using the Rural Payments Wales (RPW) operating model
- Multi-annual commitment but **annual declaration** for the Universal layer.
- To apply for the Universal Baseline Payment, complete the SAF on an annual basis - proposed application window opening in March and closing on **15 May**.
- Requirement to update customer records during the year to confirm the completion of Actions.
- Separate agreements over longer timeframes to deliver Optional or Collaborative Actions.



Scheme Rules

- To be eligible, you must undertake agricultural or ancillary activities on agricultural land
- Must have at least 3 ha of eligible agricultural land in Wales or be able to demonstrate more than 550 standard labour hours
- The Scheme will operate on a calendar year – running from 1st January to 31st December
- Must have exclusive occupation and management control of the land for at least 10 months of the calendar year (and ensure that the UA are maintained for the full calendar year).
- Include **all** land registered under the CRN
- Declare annually all land at your disposal / management control (by 15 May)
- Meet all Universal Actions applicable to your farm
- Minimum 10% tree cover by the end of 2029 and minimum of 10% each farm managed for the benefit of biodiversity
- Adhere to the Universal Code for Habitats
- On the Spot checks – physical and remote sensing and a system of Warnings / Penalties / Appeals
- Follow rules consistent with existing cross compliance. WG considering the introduction of additional regulations including Public Rights of Way, Workplace Recycling, and Invasive Non-Native Species.



Payment Methodology – BPS phasing

- WG propose you can claim BPS or SFS during the Transition Period (2025-29) **not both**.
- Once you decide to enter the SFS you cannot revert back to BPS.
- BPS will be phased out a follows:-

BPS Entitlement value, Redistributive Payment and Young Farmer Payment				
2025	2026	2027	2028	2029
80%	60%	40%	20%	0%

- BPS entitlements surrendered on entering SFS. Transfer of entitlements restricted to inheritance / succession from 2025.

Universal Baseline Payment

SFS annual **Universal Baseline Payment** to farmers for carrying out the Universal Actions

Four categories of payment:

- Universal – Maintenance of Existing Woodland (per ha of existing woodland)
- Universal – Woodland Creation (each additional hectare, once created)
- Universal – Habitat Maintenance (each ha of existing habitat / newly created)
- Universal – Actions (per ha covering all other actions on all eligible area including SSSIs)

The eligible hectares for each payment category (above) will be multiplied by the corresponding payment rate and added together to establish the Universal Baseline Payment each year.



Stability Payment

- Stability Payment during the Transition Period (2025-29) if the total value of the Universal Baseline Payment in any of the transition years is less than the 'notional' BPS payment that the farm business could have received.
- Therefore during the transition period total payment value would be made up of the Annual Universal Baseline Payment **plus** the stability payment (where applicable).

Calculation of "notional" BPS value	
Payable area	The farm area determined ³ for SFS in the current year. plus The notional area of Common Land allocated ³ (for stability purposes only)
Multiplied by	
Payment rate	The previous year's rates including the effects of tapering for BPS Entitlement, Redistributive and Young Farmer (where applicable)

Transition - example

Stay in BPS

<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
£20,000	£16,000	£12,000	£8,000	£4,000	£0

Greater than Notional BPS value

Join SFS in 2025

Notional BPS Value

£20,000	£16,000	£12,000	£8,000	£4,000	
<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	
£10,000	£10,000	£10,000	£10,000	£10,000	Universal Baseline Payment
£10,000	£6,000	£2,000	£0	£0	Stability payment
£20,000	£16,000	£12,000	£10,000	£10,000	Total

2024
BPS
£20,000

Payment Methodology

- Final payment rates will be confirmed in 2024 once the final scheme design has been agreed and the budget confirmed
- Funding dependent on UK Government / Welsh Government decisions
- Payment rates per ha for each of the four payment categories based on the **costs incurred / income foregone** for the completion of the associated actions
- WG considering how payment rates can include factors beyond this, recognising the social values provided by the outcomes delivered – will take time

Modelling and impact assessment

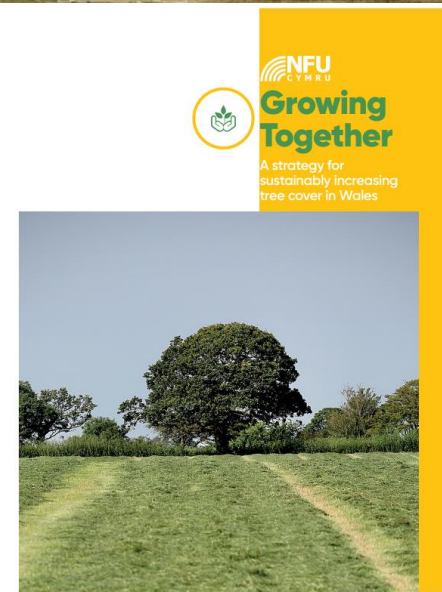
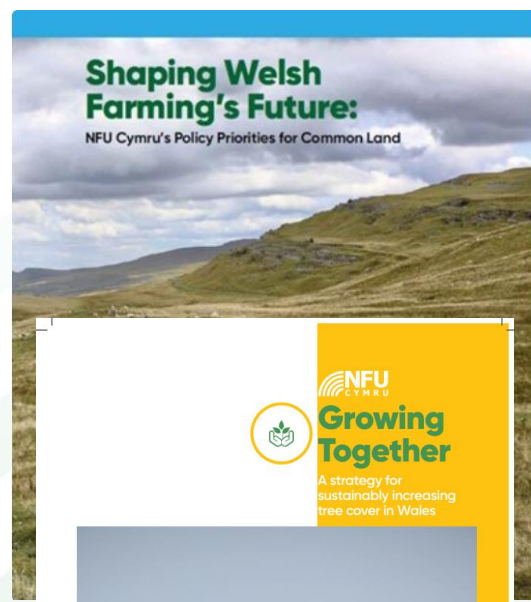
- Alongside the consultation, WG published Integrated Impact Assessment and modelling work to date.
- One example – ADAS led consortium – assume 100% uptake of SFS and using costs incurred / income foregone payment methodology would result in
 - £125m loss of output on farm,
 - 122,000 less livestock units,
 - 11% less labour (circa 5,000 jobs)
 - £199m (85%) loss in Farm Business Income

NFU Cymru initial views



NFU Cymru Initial Views

- No long-term commitment to Stability Payment
- Universal Baseline Payment based on cost incurred, income forgone calculations
- Practicality of Universal Actions for all farmers
- 10% tree cover not possible in all cases
- Issues for tenants, farmers with common land, designated sites



Next Steps

- NFU Cymru Online Template to respond to consultation
- Brexit and our Land - 2830 responses
- This is the most significant consultation in a generation, one chance to ensure the industry's voice is heard loud and clear
- We need your help – One United Voice



Have your say on the Welsh Government's Sustainable Farming Scheme's consultation

Have your say on Welsh Government's Sustainable Farming Scheme (SFS) – Keeping Farmers Farming consultation.

Welsh Government has launched a consultation to seek views on the final proposals for the Sustainable Farming Scheme – the new long-term programme replacing the CAP legacy schemes, including the Basic Payment Scheme (BPS), in Wales from 2025.

The proposals include a focus on:

- The 17 Universal Actions farmers will need to carry out to receive the Universal Baseline Payment
- The Scheme Rules to have at least 10% of each farm managed as habitat and at least 10% under tree cover as woodland or individual trees.
- The proposed approach to supporting tenant farmers, organic farming, cross border farms, new entrants and farmers with common land.
- The payment methodology for the Universal Baseline Payment based on cost incurred, income forgone calculations. (Payment rates will not be confirmed until later in 2024).
- The phasing out of the BPS during the transition period (2025-2028) and the proposals for a time-limited stability payment within the SFS to 2029.

Further information on the consultation is available in the [NFU Cymru Briefing](#).

We have until Thursday 7 March 2024 to feed in our views on the proposals. NFU Cymru will be submitting a comprehensive response on behalf of our membership, but it is really important you have your say NOW to add strength to our response.

It is vital that we use this opportunity to shape the Sustainable Farming Scheme so that:

- it includes a long-term stability measure to underpin the continued production of safe, high quality food and vibrant rural communities;
- provides equal access for all active farmers in Wales - all sectors, locations and land

Please fill in your details and click the button below. You'll then see a pre-filled consultation response to be sent to the Welsh Government, and you're welcome to add to it or change the wording to reflect your own views and situation.

First name *

Surname *

Address 1 *

County *

CONSULTATION CLOSES 7 MARCH 2024



NFU SUPPORTED BY

NFU Mutual

Questions.....

