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Contact:

Tel: 01982 554200

Welsh Government (WG) Consultation – Sustainable Farming Scheme (SFS) - Keeping Farmers Farming

WG's 'Sustainable Farming Scheme – Keeping Farmers Farming' consultation is the final step in delivering the Sustainable Farming Scheme – the new long-term programme to support the agricultural industry in Wales. The consultation sets out WG's proposals detailing the range of actions and support available to meet the Sustainable Land Management (SLM) objectives. This NFU Cymru Briefing provides a **summary** of the 108-page consultation document. **It does not set out NFU Cymru's views on these proposals.** For detailed information you are referred to the [WG Consultation](#).

WG state that the SFS will serve as the primary source of government support for farmers in Wales rewarding farmers for actions that align with SLM objectives set out in the Agriculture (Wales) Act 2023. These are:

- To provide 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 its use.

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

The Sustainable Farming Scheme Framework (Chapter 2)

Sitting above the minimum requirements set out in law, WG propose a three-layer structure of:

- Universal Actions – required of all participants in the Scheme.
- Optional Actions – offering farmers a choice to prioritise or undertake actions most important and appropriate to their circumstances.
- Collaborative Actions – offering the opportunity to work with others to deliver change on a larger scale.

WG propose that these layers are introduced in phases between 2025 and 2029, known as the Transition Period with the Universal Actions Layer of the Scheme introduced in 2025. Farmers will need to carry out Universal Actions to receive the Universal Baseline Payment. The Optional and Collaborative Actions will be introduced over the Transition Period. WG also propose to continue some of their existing schemes.

The consultation describes 17 Universal Actions (UA) and two Scheme Rules. Universal Actions are mandatory for everyone joining the Scheme. WG recognises that some Actions are not applicable to all farms and flexibility has been built into the Scheme to account for this.

UA1 – Benchmarking

WG will provide a list of standardised Key Performance Indicators (KPIs). The data will be entered into a WG online portal and the KPI results will be provided to the farmer as a comparison to the performance of other farms or an optimum, also providing suggestions for where improvements can

be made. There will be no negative consequence for lower benchmarking performance, for example, the performance level will not impact on payment received. WG are exploring a range of KPIs which are intended to develop over time. Examples include lamb losses, milk from forage, plant protection product usage per year, diesel use in arable systems and net margins. Benchmarking will need to be completed by the end of the first year and repeated annually thereafter.

UA2 – Continuous professional development (CPD)

A minimum of six online CPD modules will need to be completed by a registered partner within the business, including a mandatory Health & Safety module. Farmers will need to choose one module per year from each of the following five categories, unless prior learning has been recognised:

- 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 to payments. This action will need to be completed by the end of the first year and repeated annually thereafter.

UA3 – Soil Health Planning

The soil health planning UA will include soil testing, management and nutrient planning and is applicable to all farms in the Scheme. Farmers will need to test for P, K, Mg, pH, Soil Organic Matter on at least 20% of their farm in each Scheme year with the intention of covering all of the farm within 5 years. Previous testing will be taken into account where appropriate. WG are considering also requiring soil texture, biological measure (worm count) and visual evaluation of soil structure.

Test results must be recorded, preferably in a soil management plan and an assessment made of any resulting actions required. Information recorded should include soil type, structure and composition (from the sampling results) and proposed management actions to improve soil health and reduce waste. Farmers will also need to incorporate potassium and phosphorus results into the Nutrient Management Plan created for the Control of Agricultural Pollution Regulations.

Farmers will need to upload the results to RPW online before the end of each Scheme year. Records of how farmers manage land through the year, including cultivation, sowing, application of inputs and harvesting will need to be updated and made available to WG on request.

UA4 – Multispecies cover crop

The requirements for cover cropping will need to be met on all land which would otherwise be left bare post-harvest for a period of more than 6 weeks. Farmers will need to introduce a mixed cover crop. Farmers can choose the mix of species but must comprise at least two species and not be just grasses or only grass and clover. Under sowing may be undertaken. Late harvested crops like maize must be under sown. 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 February.

WG are considering possible alternatives where fodder crops are harvested or grazed over the winter including, for example, 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.

Farmers will need to 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

This UA is applicable to all farms in the Scheme where plant protection products (PPPs) are used. Farmers must complete and record an annual Integrated Pest Management assessment routinely recording the PPP used, amount, date and time of application, location and size of area, crop type treated, reason for treatment and weather conditions together with alternatives to PPPs used. This action should be completed before the end of the first year of joining the Scheme and updated regularly thereafter. Total PPP used will need to be recorded annually as a KPI.

UA6 – Managing heavily modified peatland

This action is applicable to all farms in the Scheme with heavily modified peatland. WG intend to show farmers if their farm has these peatlands. Farmers will not be able to undertake a range of activities on modified peatland areas. All heavily modified peatlands will need to be actively managed from entry to the scheme.

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

A requirement of the Scheme will be that, at least, 10% of each farm should be actively managed as habitat. WG proposes including the management of all existing semi-natural habitats in the Universal layer of the Scheme with a Universal Baseline Payment to recognise the effort to manage these areas (UA7). WG intends to show all known habitat areas (type and extent) as part of a Habitat Baseline Review at the point of Scheme entry.

Some habitat types listed in the Habitat Maintenance Action (UA7) are marked as ‘woody habitats’ which are multilayered habitats likely to have valuable ground flora layer as well as a canopy of trees. WG proposes 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.

When determining if farmers have sufficient semi-natural habitat to meet the 10% requirement, WG will focus on field scale habitats. However, they will also include other valuable habitat features including ponds and scrapes, established broadleaf woodland and hedgerows that meet the definition of ‘good condition’. Other features that can be valuable for wildlife such as dry-stone walls, traditional farm buildings and coniferous woodlands will not count towards the 10% threshold.

Where farmers have enough semi-natural habitat to meet the 10% threshold, subject to assessment to verify habitat conditions, those areas above the threshold identified as being of lesser quality habitat can be considered for tree planting, creating scrapes or restoration to higher quality habitats.

If farmers do not have sufficient existing habitats to meet the 10% requirement, they will be able to create new temporary habitat features to meet the threshold (UA8).

UA7 – Habitat Maintenance

This UA is applicable to all farms in the Scheme with existing semi-natural habitats and the management actions will apply to all semi-natural habitats on the farm. This UA does NOT apply to designated sites such as Sites of Special Scientific Interest (SSSI).

In addition to minimum requirements contained within a Universal Code for Habitats, for each habitat type, WG will detail:

- Measurable outcomes - The precise requirement of the desired measurable outcomes that farmers will be monitored against
- Management recommendations – a set of recommendations to help farmers achieve the required outcomes
- Restrictions – specific damaging activities that must not be done on a particular habitat type.

- Potential derogations – where requirements may be temporarily relaxed due to events beyond the farmers control.

Habitat is defined as any vegetation which has a composition of less than 25% sown agricultural species as per the Environmental Impact Assessment (EIA) Regulations.

UA8 – Create temporary habitat on improved land

This UA is applicable to all farms in the Scheme where there is insufficient existing habitat to meet the 10% Scheme requirement. Farmers will be able to choose one or more habitat creation options from the following list. Requirements for each will be specified:

- 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
- Establishment of a wildlife cover crop on improved land

These 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

This UA is applicable to all farms in the Scheme with full management control over land within an SSSI. The 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 a Management Plan for the SSSI, including a long-term vision for the site. The Management Plan can then inform a set of management activities incorporated into a Management Contract for subsequent support through the Optional Layer of the Scheme.

WG's current position is that the higher regulatory requirements underpinning SSSI sites mean that they will not be able to pay the associated maintenance component of the Universal Baseline Payment on land within the SSSI. 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.

UA10 – Ponds and scrapes

This Action is applicable to all farms in the Scheme. Farmers will be required to do the following:

- For farms 80ha or smaller, farmers need to manage at least two ponds and / or scrapes totalling at least 0.1ha
- For farms over 80ha, manage at least two ponds and / or scrapes totalling at least 0.2ha

There are management requirements for existing ponds. Water features whose primary function is water storage for farming operations e.g. irrigation ponds are excluded. Farmers will need to create new scrapes where they do not meet this requirement, these must be completed by the end of the first year.

UA11 – Hedgerow management

This Action is applicable to all farms in the Scheme where hedgerows are regularly shaped by trimming or cutting. 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 – be 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); be continuous with a maximum of 5% gaps along the length; be stockproof (in own right, without fence); have standard trees spaced along the length of the hedgerows with a minimum of 1 tree per 50m 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 of the Scheme. Hedgerows should meet the 'good condition' description by the end of the fifth year.

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. Existing woodland on the farm should be managed (UA12). The 10% requirement will include existing broadleaf and coniferous woodland, scattered groups and individual trees in fields and hedgerows (greater than 3m, so not the hedgerow itself). Orchard trees and trees within agroforestry systems are also included. Tree cover will be determined through the Habitat Baseline Review.

The 10% tree cover requirement will not be calculated on the whole farm area, it will be calculated on the remaining area once the following unplantable areas have been removed:

- 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 standing, ponds
- Priority or high quality habitats such as peatland

Other sensitivities will be considered on a farm-by-farm basis. 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 unplantable area.

Where farmers have enough semi-natural habitat to meet the minimum 10% threshold and subject to an assessment to verify habitat condition, those areas identified as lesser quality habitat can be considered.

UA12 – Woodland maintenance

This UA is applicable to all farms in the Scheme with existing woodland which should be managed to deliver measurable outcomes. Blanket stock exclusion from all woodlands is not proposed. Farmers will need to meet the requirements of existing management plans or funding arrangements which stipulate stock exclusion or fixed grazing patterns.

UA13 – Create new woodland and agro-forestry

Where new planting is required, WG state there are several options to consider, including block planting and agroforestry models such as shelterbelts, shade trees, air pollution interception barriers, biosecurity barriers, parklands and orchards. Many could be eligible for capital funding. Newly established trees will need to be managed.

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

UA14 – Historic environment

This UA is applicable to all farms in the Scheme with at least one feature. Farmers will be provided with a map of known historic features and will need to inspect regularly and record / report deterioration; undertake specific proactive management such as scrub and invasive vegetation removal; maintain traditional farm buildings in a stable condition that prevents deterioration.

This UA will need to be completed from entry into the Scheme.

UA15 – The Animal Health Improvement Cycle (AHIC)

This UA is applicable to all registered livestock keepers in the Scheme. The AHIC requires farmers to work with their vet to carry out the following four steps:

- Measure – establish farm health and production data, analyse performance and benchmark

- Plan – prioritise an area of health / production for improvement and agree priorities for an action plan
- Act – carry out a manageable number of measurable actions over an agreed period of time and keep record / evidence that these actions have been completed
- Review – review progress and impact with your vet

Farmers must also calculate and submit annual antibiotic usage per species as part of the KPI process.

This UA must be completed by the end of the first year and repeated annually thereafter.

UA16 – Good animal welfare

Farmers will need to complete online proficiency training on body condition scoring and mobility scoring for the species kept as part of the CPD UA2. The training will include templates and guidance to help farmers to complete mobility and body condition scoring. Farmers will be required to score a representative number of animals from relevant management groups at appropriate times in the production cycle, keep appropriate records and discuss with their vet as part of routine care.

The total number of lame animals in the herd or flock must be recorded each year as part of the KPI Action (UA1)

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

The minimum biosecurity measures required as part of this action are:

- Wash stations and disinfectant available on entry and exit of the farm, on farm premises where stock can be housed.
- Secure all land boundaries to stop stock from straying.
- 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 completed needs to be available to WG on request.

The wash station requirement is applicable to all farms in the Scheme. The requirements of secure boundaries and incoming animal risk assessments are applicable to all registered livestock keepers. The wash stations and enclosed boundaries to be in place by the end of the first year in the scheme. The incoming biosecurity assessment to be completed by the end of the first year and repeated annually.

- **Tenant farmers**

WG reiterates that if the Scheme does not work for tenant farmers, then it does not work at all. WG are proposing annualised agreements with the ability for land to be removed mid-way through a Scheme year with a proportionate reduction in payment and no financial penalty. Tenant farmers can declare (and may be asked to prove) that some or all of their tenanted land is subject to restrictions and they are precluded from achieving the 10% minimum tree cover.

- **Cross border farm businesses**

WG will only be able to fund activity on Welsh land and the farm business and Welsh proportion of land will need to meet the eligibility requirements to qualify for the Scheme. WG will continue to consider opportunities to ensure the Scheme requirements are appropriate for cross border farmers.

- **Certified organic farms**

WG state that farmers with organic certification are ideally placed for a smooth entry into the Scheme. WG propose a range of Optional Actions which will be introduced during the Transition Period and are considering the prioritisation of the introduction of these Optional Actions. If a Scheme is introduced to support the Organic Sector in 2024, then WG propose an additional element of financial support through the Stability Payment during the Transition Period.

- **New entrants to farming**

WG state the Scheme is being developed intentionally to remove some existing barriers for new entrants to gain support and will not include a need for entitlements or quotas.

- **Common land**

WG are aware that common land can make a significant contribution to some farmer's income and they want to support the transition into the Scheme and continue to explore the most effective way to incorporate 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 proposes that for each common, a Commons Management Plan should be developed collectively by rights holders and landowners, possibly with the input of supporting organisations. They are considering if it is appropriate to provide further support for facilitation and governance. WG are proposing an additional element of financial support for individual graziers paid through the Stability Payment until the Collaborative support has been introduced.

The Sustainable Farming Scheme Process (Chapter 3)

- **Scheme eligibility**

Scheme eligibility criteria for applicants to the Universal and Optional Layers of the Scheme:

- The farmer 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.
- 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).

In cases where two or more farmers have a share farming agreement, WG proposed that only one can claim the SFS.

The following features and non-agricultural land uses would not be deemed eligible under the Scheme:

- Manmade constructions
- 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 using an annual declaration approach for the Universal Layer. To apply for the Universal Baseline Payment, farmers will need to complete the SAF on an annual basis with the proposed application window opening in March and closing on 15 May. Farmers may be required to update customer records during the year to confirm the completion of Actions. The SAF will be supplemented by separate agreements, where appropriate, which may operate over longer timeframes to deliver Optional or Collaborative Actions.

- **Habitat Baseline Review (HBR)**

In order to administer and calculate eligibility against the 10% habitat and tree cover it will be necessary to identify the features present on the farm on entry to the Scheme. WG are proposing an environmental baseline assessment called the Level 1 Habitat Baseline Review which will involve farmers checking and updating the information WG hold. In addition, a Level 2 HBR process to support the Optional Layer and additional planting of trees on sensitive areas is proposed and will include technical support.

- **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 to show habitat, hedgerows and trees as per the RPW mapping system. This will inform HBR1.

- **Carbon calculator**

Farmers will be required to complete a carbon assessment within the first year of joining the Scheme and repeat the assessment as part of the 2029 Scheme (but WG would prefer this to be completed annually). Opportunities and efficiencies will be identified as part of this process and, at the national level, the aggregated results of these assessments will contribute to WG's understand of the sectors overall impact. WG expect to specify which carbon calculator farmers will use.

- **Scheme rules**

Detailed scheme guidance and a set of verifiable standards setting out scheme rules will be produced in advance of the Scheme opening and all or part of the payment may be affected if the Scheme rules are not met.

- The scheme will operate on a calendar year and run from 1 January to 31 December
- Scheme participation will be at a farm business level including all registered land under the CRN
- Farmers will declare annually all land at their disposal / within management control
- Farmers will need to ensure they can meet the conditions of the UAs applicable to the farm
- Each farm will have a minimum of 10% tree cover in place by the end of 2029
- A minimum of 10% of each farm will be managed as habitat
- Farmers must adhere to the Universal Code for Habitats

WG are considering the addition of additional regulations into Scheme rules including:

- Meeting legal responsibilities to ensure Public Rights of Way are open, accessible and safe for public use and appropriately management Open Access land set out in the Countryside Rights of Way Act.
- Compliance with the new Workplace Recycling Regulations.
- Meeting 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**

WG will be conducting a combination of physical inspection and earth observation (remote sensing and aerial photography) where applicable. RPW will select and inspect a percentage of Scheme applications each year to confirm the Scheme rules and regulatory baseline requirements are being met.

- **Payments**

The declared and validated farm details from the SAF will be used to calculate the Universal Baseline Payment. 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 and 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**

WG propose a two-stage review process, involving different officials (not assessment by an independent panel) to those who made original decisions.

- **Advice and support**

WG propose to continue to offer the range of advice, guidance and learning currently offered through Farming Connect.

- **Optional and Collaborative application process**

WG will use existing scheme processes where possible which may be scored and selected in line with SLM objectives where budget restricts take up. 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.

Payment methodology (Chapter 4)

EU exit means there is no longer certainty of long-term funding or the ability to routinely move funding between financial years. WG do not know how much funding will be available or whether the next spending review will specifically allocate funding to support agriculture and rural communities. This means it is difficult to commit a specific level of funding to the SFS which starts in 2025. WG will pursue at least the same total level of funding for farmers and land managers from the UK Government, also expecting an inflationary uplift.

WG propose that farmers can claim BPS or SFS during the Transition Period but not both.

- **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 which go above and beyond legislation. The Universal Baseline Payment will be based on the area of the farm and made up of the following separate payment values:

- Universal – Maintenance of existing woodland – payment value for each hectare of existing woodland that is managed.
- Universal – Woodland creation – payment value for each additional hectare of newly created woodland, once created.
- 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.
- 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 the four categories in recognition of the different costs incurred and income forgone for the completion of the associated Actions. WG are 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 farmers that join the SFS and received a BPS payment in 2024 could also receive a Stability Payment, in addition to the Universal Baseline Payment. This will 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 becoming available, providing continuity to BPS applicants who previously claimed for common land, the inclusion of SSSI areas and organic status.

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 that the farm business could have received. Calculation of the Stability Payment will consider any changes in farm size between the current year and the previous BPS area.

The calculation of the 'notional' BPS value will be the Payable Area (the farm area determined for SFS plus the notional area of Common land) multiplied by the Payment Rate (the previous years rates for BPS).

The final payment rates will be confirmed in 2024 once the final Scheme design has been agreed and budget confirmed.

Transition Period (Chapter 5)

The Universal Actions will be launched in 2025 with the Optional and Collaborative Actions following between 2025 and 2029. Implementation of the Optional and Collaborative Layers will be subject to further engagement with stakeholders and budget availability. Ahead of the full Optional and Collaborative Actions, subject to budget, WG will continue to deliver a range of procured and demand-led agricultural and environmental schemes, for example, Small Grants – Yard Coverings; Woodland Schemes; Small Grants – Environment; the Integrated Natural Resources Scheme and National Peatland Action Programme; the Sustainable Innovation Scheme; Nutrient Management Investment Scheme; and, the Animal Health and Improvement Cycle pilot.

Farmers in the SFS Universal Layer will gain priority to the Optional and Collaborative Actions.

Basic Payment Scheme (Chapter 6)

From 2025 farmers will have the option of choosing either SFS or BPS. Once you have chosen to participate in the SFS, there will be no option to revert back to BPS.

The BPS will be phased out during the Transition Period. The BPS Entitlement Value, Redistributive Payment and the Young Farmer Payment will be phased out incrementally over a 5-year period with a 20% taper in equal steps, the first 20% reduction applying to the BPS in 2025 with the final BPS claim in 2028. There will be no BPS application or payment available in 2029.

- **BPS budget ceiling**

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.

- **BPS entitlements**

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.

- **Payment capping**

The BPS payment capping will be changed to ensure parity with the tapering BPS model.

- **Legal framework**

The Cross Compliance legal framework and associated controls and penalties will be retained for BPS claimants.

Regulations (Chapter 7)

Secondary legislation under the Agriculture (Wales) Act 2023 is required to effectively operate and administer a support scheme. 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.

Evidence (Chapter 8)

Alongside the consultation, Welsh Government have published an Integrated Impact Assessment which supports the consultation and the approach and evidence supporting the development of the payment methodology.

- **Universal Baseline Payment**

The foundation for the Universal Baseline Payment will be an estimate to the cost incurred and income forgone for farmers undertaking actions under the Universal Layer of the Scheme. In addition, Welsh Government propose to reflect the social value of outcomes.

WG have commissioned agricultural economic modelling research from an ADAS led consortium to estimate the field and farm level impacts arising from the proposed Universal Actions. Detailed cost profiles have been developed for the proposed Universal Actions. Consideration has been given to upfront costs, ongoing management and maintenance costs, the cost of farmers time and any income forgone arising from the displacement of agricultural activities. This analysis does not reflect the final analysis of costs incurred, income forgone and will be updated along with other evidence following consideration of consultation responses.

WG also commissioned an assessment of the evidence concerning social values from changes in natural capital and how these might be reflected in payment levels. WG state that it is still their intention to consider the social value in the payment methodology, but this will take time to get right.

Data Processing and Reporting (Chapter 9)

- **Processing and using data**

WG plan to collect data, primarily for processing and validation of payments. The data may also be used to operate other schemes, for monitoring and for other purposes. Data will be managed

securely and sensitively and WG will only request data where it is necessary. Where WG need to aggregate data to represent statistics or trends, this will be anonymised.

WG may share information with NRW, Animal and Plant Health Agency, EID Cymru, Veterinary Medicine Directorate, Local Authorities, Food Standards Agency Wales and other UK Government Departments.

WG will publish details of the amounts paid to beneficiaries in line with the Subsidy Control Act 2022.

- **Reporting**

There is a statutory duty in the Agriculture Act for Welsh Ministers to monitor, evaluate and report progress on any support given by WG and its contribution to achieving the SLM objectives, including:

- Multi-Annual Support Plan – a five year forward plan setting out how Welsh Ministers intend to provide support during the plan
- SLM Targets and Indicators – to be published by December 2025 to measure meaningful progress towards achieving the SLM objectives
- Annual Report – to continually provide the sector with assurance, accountability and transparency that relevant support is being provided
- Impact Report – Every 5 years there will be an evaluation of all the support provided under the Act
- SLM Report – The SLM Report will, every 5 years, provide an assessment of the cumulative process made towards achieving the SLM objectives.

NFU Cymru will now take some time to study the document in detail, speaking with our membership, to consider how the framework matches up to our own vision of a policy based around three cornerstones of stability, productivity and the environment. More information on NFU Cymru's position can be accessed [here](#)

The consultation closes on 7 March 2024.