

NFU Cymru Briefing

SFS: Scheme Outline



Sustainable Farming Scheme (SFS): Scheme Outline (2024)

Using feedback to the Sustainable Farming Scheme (SFS) consultation – *Keeping Farmers Farming*, Welsh Government has worked with the farming unions and other stakeholders to make changes to the proposed Scheme. Welsh Government has now published an interim position that is the result of discussions so far. This is not the final Scheme and Welsh Ministers have not made any final decisions. An economic analysis and impact assessment will be undertaken including an assessment of the proposals against the four Sustainable Land Management objectives and the impact for a range of different farm types and sizes. The final Scheme will be published in Summer 2025, ahead of the Scheme starting on 1 January 2026.

This NFU Cymru Briefing provides a summary of the [Welsh Government document](#). It does not set out NFU Cymru's views. Further information is available on the [NFU Cymru website](#).

Revised Universal Actions (UAs)

Everyone joining the Scheme must meet the Universal Actions. Welsh Government recognises some actions will not apply to every farm – for example, UA15: Animal health and welfare would not apply to arable only farms.

There are now 12 Universal Actions rather than 17 and the following have been removed:

- UA4: Multispecies cover crop
- UA6: Managing heavily modified peatland
- UA10: Ponds and scrapes
- UA16: Good animal welfare (merged with Universal Action 15)
- UA17: Good farm biosecurity (merged with Universal Action 15)

There will be opportunities to support these practices through the Optional layer.

This briefing has kept the Universal Action numbers as set out in the consultation document.

UA1: Benchmarking

This UA has been amended so farmers do not need to complete specific mandatory Key Performance Indicators (KPIs). Instead, farmers will be able to choose performance indicators suitable for their farm from an industry agreed list. Industry recognised benchmarking tools will also be accepted to meet this UA.

To complete this UA, you must either:

- Complete an assessment each scheme year, with KPIs from an industry approved list - two KPIs for each farm enterprise you run or three if you run a single enterprise.
- Record data on the Farming Connect KPI tool. Farming Connect will inform RPW when the action has been completed - data on your performance will not be shared

Or

- Declare on the Single Application Form (SAF) the industry recognised benchmarking tool you are using.

All farmers will need to complete this UA by the end of each scheme year.

UA2: Continuous Personal Development (CPD)

This UA has been amended so that you complete six hours of learning plus an element of Health and Safety learning - instead of six modules. This can be in person as part of a discussion group, more formal training or online.

To complete this UA, you must:

- Complete six hours of learning of your choice, plus Health & Safety each scheme year.
- Record the learning on Farming Connect Storfa Sgylfa. Farming Connect will inform RPW when the action has been completed – data on personal learning will not be shared.

In addition, registered livestock keepers will have to complete proficiency training for mobility and body condition scoring for your herd or flock as part of UA15. This proficiency training must be completed at least every five years and can be done by a member of staff (it will count towards the 6 hours if completed by a business member or partner).

UA3: Soil Health Planning

Welsh Government has amended this UA so that soil testing undertaken prior to entering the Scheme can be included. The link to the Control of Agricultural Pollution Regulations record keeping has been removed.

To complete this UA, you must:

- Carry out soil testing for Potassium (K), Phosphorous (P), Magnesium (Mg), pH and Soil Organic Matter (SOM).
- Test at least 20% of your land which has previously received or may receive inputs (natural and artificial) or lime each year, so that all of this land is tested in a five-year cycle.
- Record soil results via RPW Online and any consequential actions in your farm records.
- Retain farm records on farm and confirm the UA has been completed through RPW Online.

This UA is required by all farmers entering the Scheme by the end of each scheme year.

UA5: Integrated Pest Management

This UA has not changed.

To complete this UA, you must:

- Complete an annual IPM assessment
- If you use PPPs, collect and record data on which products you have used on your farm. (product, amount, date and time, location and area, crop type, reason for treatment and weather conditions)
- Retain farm records / plans on farm and confirm the UA has been completed through RPW

This UA is required by all farmers entering the Scheme who use, or employ contractors to use, PPPs such as insecticides, herbicides, fungicides, molluscicides or plant growth regulators. To be completed by the end of each scheme year.

Scheme requirement; at least 10% of each farm is managed as habitat.

WG propose at least 10% of each farm should be actively managed as habitat. When determining if you have sufficient semi-natural habitat to meet the 10% requirement, WG will include all habitats such as species rich grasslands, ponds and established broadleaf woodland. WG also propose to include areas of newly created habitat such as hedgerows, woodland planting or habitat creation on improved land. Other features such as dry-stone walls, traditional farm buildings and coniferous woodlands are not intended to be included.

Where farmers do not have sufficient existing habitats to meet this 10% requirement they will be required to create new temporary habitats to meet the threshold – see UA8: Create temporary habitat on improved land.

UA7: Habitat Maintenance

This UA has been amended to include the maintenance of existing ponds (UA10: Ponds and Scrapes has been removed) and 'newly created habitat areas on improved land'.

To complete this UA, all areas of habitat as per the list below must be managed in line with the management requirements.

- Coastal Saltmarsh.
- Coastal Sand dune and Shingle beach.
- Lowland and Coastal heath.
- Enclosed Wetland and Marshy grassland.
- Enclosed Semi-natural Dry Grassland (Grazed and Hay meadow management options).
- Upland Open Habitats.
- Traditional Orchards (woody habitat).
- Dense Bracken.
- Scrub (woody habitat).
- Wood Pasture (woody habitat).
- Permanent Wildlife Ponds.
- Newly created habitat areas on Improved land.

For each habitat type, a short description and a series of measurable outcomes will be provided. The precise details are being developed.

All farmers who have at least one of the habitats listed will need to manage the habitat in line with the requirements from when they enter the Scheme and on an ongoing basis.

UA8: Create temporary habitat on improved land

This UA has not changed, other than adding 'unsprayed spring sown cereal and protein crop mix with stubbles retained' as a habitat creation type. WG will continue to consider other appropriate temporary habitat types.

To complete this UA, farmers who do not have enough existing habitat to meet the scheme requirement that at least 10% of each farm is managed as habitat will need to create sufficient temporary habitat from the list below to meet the scheme requirement.

- Fallow crop margins.
- Unfertilised, unsprayed and unharvested cereal and linseed headlands.
- Fixed rough grass margins on arable land.
- Rotational rough grass margins on arable land.
- Unsprayed spring sown cereal and protein crop mix with stubbles retained
- Establishment of mixed leys on improved land (also referred to as multi-species or herbal leys).
- Establish a wildlife cover crop on improved land.

Crops and area planted (or to be planted) will need to be declared on the SAF. Depending on the option selection, you must establish the habitat at the earliest opportunity each year.

UA9: Designated Site Management Plans

This UA has been amended so that you work with Natural Resources Wales (NRW) to develop and have a Management Plan in place that includes an agreed and consented Schedule of Works. WG have confirmed that areas of habitat and woodland SSSIs will be included within the habitat and woodland maintenance payments of the Universal Baseline Payment.

To complete this action, farmers with SSSI on their farm will need to work with NRW to have a Management Plan in place by the end of 2030 including the Schedule of Works which will provide opportunities to apply for additional funding within the Optional or Collaborative Layer. NRW will confirm when the Action is completed.

UA11: Hedgerow Management

This UA focuses on hedgerows which are regularly trimmed or cut. The requirement for all managed hedgerows to be in 'good condition' by 2030 has been removed.

To complete this UA, farmers with hedgerows which are regularly trimmed or cut will need to:

- Manage hedgerows by not trimming or cutting every year (can cut every second year or less frequently). Annual cutting will not be permitted other than for recognised exemptions such as managing roadsides or around utilities.
- Cut incrementally to increase the height, width and density to a higher and wider point each time up to an optimal size to deliver their full benefits. WG will provide advice on what good, size and density, looks like to support this.
- Support hedgerow trees, on average every 50 metres, by retaining existing trees and identifying specimens to grow if needed.
- Maintain a one metre buffer zone from the base of the hedge with no cultivation, fertiliser, pesticides or application of any other inputs.
- Continue to adhere to cutting dates with no cutting between 1 March to 31 August.

Managed hedges will need to be identified on the SAF and hedgerows on the farm will need to be managed in accordance with the steps above on an annual basis, ensuring that any one length of hedge is not trimmed or cut in successive years.

UA12: Woodland Maintenance

This UA has been amended so that it is not necessary to retain all trees and deadwood. Native ground flora must be maintained and damage to tree roots prevented. Game birds within woodland can be fed at sustainable levels.

To complete this UA, farmers must:

- Actively manage all existing woodland on farm in line with the management requirements.

Welsh Government will provide management requirements including a short description and a series of measurable outcomes which would characterise good condition. The precise details are being developed with stakeholders.

For woodland within an SSSI, a SSSI Management Plan would take precedence over the requirements of this UA.

The area and type of woodland must be declared on the SAF and the woodlands will need to be managed in line with the management requirements from when you enter the Scheme and on an ongoing basis.

Proposed Scheme Rule for at least 10% of each farm to have tree cover as woodland or individual trees

WG have removed the proposed Scheme Rule for at least 10% of each farm as tree cover or individual trees. Universal Action 13 has been redesigned to require a tree planting and hedgerow creation opportunity plan. The 10% set figure for tree cover has been replaced with a scheme level target which will be set after discussions with the Ministerial Roundtable. Farmers who apply for the scheme will be able to decide where they want to add more trees / hedges on their farm, and how many and get funding through the Optional Layer of the Scheme.

UA13: Tree Planting and Hedgerow Creation Opportunity Plan

This UA was previously designed to support the planting of additional trees and woodland to meet a mandatory Scheme Rule for a minimum 10% tree cover on each farm. This UA is now for a Tree Planting and Hedgerow Creation Opportunity Plan. Welsh Government expect the farmer to demonstrate that some progress in delivering some or all of the planting identified in the plan has been made by the end of 2030. Recent planting may be included. Funding for tree planting will be accessed in the Optional Layer.

To complete this UA, all farmers will need to:

- Develop a plan which identifies the opportunities for planting trees and creating hedgerows across your farm

WG propose the plan will be developed on RPW Online using existing mapping data. Farmers will not need to pay for professional forestry guidance, however, advice and guidance will be available. There is no mandatory farm-level planting requirement.

The plan will need to be created by the end of the first year in the Scheme and an area of planting will need to be completed by the end of 2030.

UA14: Historic environment

There is no change to this Action and this UA is applicable to all farms with at least one historic asset on their farmland from this list:

- Scheduled Monuments.
- Listed Buildings.
- Registered Parks and Gardens.
- Historic environment features – including both individual features and larger archaeologically sensitive areas.
- Traditional farm buildings.
- Landscape Features – such as stone walls, earth banks, or stone-faced banks.

To complete this UA, for all historic assets on your farm, you must:

- Monitor, maintain and protect features. Record deterioration and report it where necessary.
- Comply with the approach of 'do no damage' which will be set out in Technical Guidance.
- Submit evidence (such as geo-tagged photos) on request or where there is a marked change in condition.
- Undertake specific proactive management - which will depend on the nature of the historic assets on your farm - this could include:
 - Carrying out basic erosion repair and invasive vegetation removal.
 - Maintaining traditional farm buildings in a stable condition that prevents deterioration, for example replacing slipped slates.
 - Carrying out routine maintenance of historic buildings and structures. For example leaf and debris clearance from rainwater goods and water features
- Identify features on the SAF. WG will provide the information they hold to help farmers to do this.

Farmers will need to declare on the SAF the UA has already or will be completed within the scheme year. The monitoring and 'do not damage' approach are ongoing requirements.

UA15: Animal Health and Welfare

WG has blended the three UAs – UA15: Animal Health Improvement Cycle (AHIC), UA16: Good animal welfare and UA17: Good farm biosecurity. The requirements to install wash stations, and record antibiotic use and animal lameness as KPIs have been removed. Records are to be maintained on farm for use between the farmer and the vet.

To complete this UA, all registered livestock keepers must:

- Work through the steps of the AHIC with their vet. You must carry out the following tasks to support the AHIC process.
- Complete an annual 'Incoming Animal Biosecurity Assessment' with your vet and ensure all of your enclosed farm boundaries, for which you have responsibility, must be made stockproof appropriate for the species you keep.
- Complete Mobility and Body Condition Scoring and training for your herd or flock and complete proficiency training at least every five years.
- Retain completed AHIC and biosecurity templates, record animal welfare training on Farming Connect, and confirm the UA has been completed through RPW Online.

All tasks need to be completed by end of the first year and then annually thereafter, apart from the proficiency training which must be completed at least every five years.

Common land

Welsh Government now propose a different approach for supporting common land. Based on those UAs which can be adapted for common land, WG propose a proportional part of the Universal Baseline Payment (excluding the habitat management category which will be supported through Collaborative Actions) can be made to Scheme participants with livestock and who hold commons grazing rights. Payment would be based on an allocation basis similar to the Basic Payment Scheme (BPS). Claimants will need to demonstrate compliance with a common land code (part of the Universal Code).

Through the Collaborative Layer of the Scheme, Welsh Government still intend to pay more where graziers are part of a Grazing Association and can demonstrate compliance with a set of coordinated grazing actions.

Optional and Collaborative Actions

The Optional and Collaborative Layers of the Scheme will build on the foundation provided by the Universal Layer and will be complemented by the schemes launched in 2025 as part of the Preparatory Phase. This support will be a combination of capital and revenue grants, alongside advice, guidance and knowledge transfer. WG will work with the Roundtable to agree which priority Optional and Collaborative Actions will be made available at the start of the Scheme in 2026, with further Actions to be introduced in phases over the Transition Period.

The Sustainable Farming Scheme Process

Eligibility

To be eligible for the Universal and Optional Layers of the Scheme, you must:

- Undertake agricultural or ancillary activities on agricultural land.
- Have at least three hectares of eligible agricultural land in Wales or be able to demonstrate more than 550 standard labour hours.
- Have exclusive occupation and management control of the land for at least 10 months of the calendar year.
- Be able to demonstrate that the Universal Actions and scheme requirements have been applied to the land for all 12 months of the year, where applicable.

WG state that they remain committed to supporting new and young entrants to the scheme. Payment will not be based on entitlements, quotas or historical reference amounts.

Cross-border farm business must be able to meet the eligibility criteria, UAs and scheme requirements on land in Wales. WG are not able to pay on land outside of Wales.

Individuals or organisations who own land which is not used for agriculture or are not involved in ancillary activities may not be eligible for funding under Universal and Optional Actions. They may be eligible for support under a collaborative project delivering against SLM objectives, which will be considered on a case-by-case basis

Confirming the information needed for the Scheme

Data Confirmation Exercise

The Data Confirmation exercise confirming habitat and tree canopy cover is open until 6 December 2024. A further exercise will run in 2025 to confirm any additional features required as part of the final Scheme. The data confirmation exercise is the first step in developing the Habitat Baseline Review described below. This is not a declaration of land for any current or future scheme. This will be done through the SAF from 2026.

Habitat Baseline Review

WG will need to confirm the features present each year to be able to make SFS payments. A baseline assessment of the farm called the Level 1 Habitat Baseline Review (HBR1) is proposed confirming the broad habitat types and trees present and other important features such as historic features, Designated Sites, and their buffers. A more in-depth Level 2 Habitat Baseline Review (HBR2) is proposed for the Optional or Collaborative Layers.

Farm Carbon Assessment

WG will continue to work with stakeholders to develop an appropriate proposal.

Universal Code

A Universal Code, replacing the Universal Code for Habitats, will provide clarity on the regulatory baseline requirements and scheme requirements not included in individual UAs.

Application process

To apply for the SFS Universal Payment, farmers will have to complete the SAF annually. Welsh Government are proposing to maintain the current SAF period, beginning in March and closing on 15 May. Updates to RPW and Farming Connect systems during the year will be required to confirm the completion of UAs not completed by the SAF deadline. Separate applications will need to be completed to apply for Optional or Collaborative Actions, where appropriate, which may operate over longer time frames.

Warnings and Penalties

Maintaining compliance with the Scheme eligibility criteria, scheme requirements, regulatory baseline, and all applicable Scheme Actions are a condition of payment. Farmers will also need to accurately declare information such as eligible areas and features.

Where there is non-compliance, or inaccurate declarations, this may lead to guidance to correct minor issues where possible. Reductions, and / or financial penalties will be required, for example, in the event of repeated or more significant compliance issues.

Payment Methodology

The SFS Universal Layer is intended to support the resilience of farm businesses through the completion of Actions associated with a Universal Payment, to be made up of two elements: a Universal Baseline Payment and a Social Value Payment.

Universal Baseline Payment: The Universal Baseline Payment will be an estimate of the cost incurred and income forgone for the Universal Actions and the scheme requirements. This will be paid against the whole farm, taking account of the improved land, areas of woodland and habitat and common land grazing rights (on an allocation basis similar to BPS).

Social Value Payment: WG are still committed to developing a social value as part of the Universal Payment to reflect the benefits produced for wider society by producing food in a sustainable way. This will be in addition to any costs incurred and income foregone.

Payment Rates: Analysis of the Scheme Design along with the latest budget position will allow WG to calculate payment rates and provide as part of the final Scheme detail in 2025.

Timeline for delivery

Preparatory Phase: 2025 will be a preparatory phase with several schemes, advice and support to farmers in advance of the introduction of SFS. Schemes include:

- Continuation of the Basic Payment Scheme (BPS), on a time limited basis.
- Habitat Wales Scheme offered in 2025 with all eligible individual farmers able to apply.
- Habitat Wales Scheme Commons agreements can be extended for 2025.
- The Organic Support Payment will be maintained for 2025.
- An extension to Farming Connect to Spring 2026.
- A new Integrated Natural Resources Scheme to support farmer-focussed partnerships delivering nature-based solutions across landscape, catchment or on a pan-Wales scale.
- Further Small Grant scheme application windows.

Transition Period (2026 – 2029)

The Transition Period will start 1 January 2026 and end 31 December 2029 in line with the Multi-Annual Support Plan which Welsh Government will publish at the end of this year.

From 2026, farmers can choose either SFS or BPS via the SAF. The BPS will be phased out during the Transition Period through an incremental reduction (20% per year) starting in 2026.

Next steps

- The Scheme outlined in this document will now be used to undertake an updated economic analysis and impact assessment over this winter and next spring to determine impacts on a range of agricultural, environmental and social aspects.
- The Ministerial Roundtable and Officials Working Group will continue to review additional detail of the Actions, scheme requirements and administrative processes needed to refine the high-level position included in this document.
- Welsh Ministers will make final scheme decisions next summer based on evidence including the economic analysis and impact assessment once it has been considered by the Roundtable.
- The final scheme detail will be published, including payment rates, once Welsh Ministers have made final decisions.
- WG will ensure farmers have access to the full Scheme information to enable them to decide whether to apply for SFS on SAF 2026.
- WG will introduce Optional and Collaborative Actions in phases throughout the Transition Period (2026 – 2029).