

Sustainable Farming Scheme (SFS) 2026: Scheme Description

Introduction

On Tuesday 15th July Welsh Government (WG) published information on the Sustainable Farming Scheme. WG state that this is not a consultation, however, WG recognise the Scheme will evolve over time reflecting any new priorities or evidence, introducing additional Optional or Collaborative Actions, and responding to any operational issues. Detailed technical guidance will be published later in the year.

This NFU Cymru Briefing provides a summary of the Welsh Government 216-page [Scheme Description](#).

More information on NFU Cymru's response to the Scheme is available [here](#)

Scheme structure

The SFS is a whole farm scheme with a three-layered structure - including Universal, Optional and Collaborative Layers. These three layers sit above the Scheme Requirements.

The Universal Layer will operate on a calendar year and comprises of 12 Universal Actions, referred to as **UAs**. Farmers in the Scheme will be required to meet all 12 UAs, if they are relevant to their individual farm, to receive the Universal Payment.

Farmers may choose to go further by undertaking Optional Actions (OAs) to deliver more targeted action. There may also be opportunities to work in a coordinated way with other farmers and undertake Collaborative Actions (CAs). There will be additional payments available for these Actions.

Scheme eligibility (Chapter 1)

To be eligible for the Universal Payment, farmers must:

- Undertake agricultural or ancillary activities on agricultural land (as defined by the Agriculture (Wales) Act 2023. Ancillary activities refer to actions such as processing products derived from agriculture, or taking action on land used for agriculture in relation to nature conservation or to mitigate and adapt to climate change.
- 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.

The SFS is not entitlement-based and there is no requirement to retain BPS entitlements to access the Scheme. WG accepts that, in some instances, some Universal Actions may not be applicable, or that tenancy agreements may mean that it is not possible to achieve some of them.

The SFS Universal Layer is a whole farm Scheme. All available and eligible land must be declared on the annual Single Application Form (SAF), including landscape features such as scrub, scree, woodland, bracken, and other categories where relevant. Ponds (over 1ha), rivers and streams, buildings / yards, hard standings, roads, tracks and non-agricultural activities should also be recorded on the SAF, but are not eligible, and will not count towards the 3 ha needed to enter the Scheme.

Cross-border farm business must be able to meet the eligibility criteria, Universal Actions and Scheme Requirements on land in Wales. Welsh Government are not able to pay on land outside of Wales and therefore cannot take account of land farmed outside of Wales in any of the Scheme Requirements. This includes the 10% Habitat Scheme Requirement.

Scheme Requirements (Chapter 2)

The SFS is built upon a set of Scheme Requirements, as follows:

- The **SFS Regulatory Baseline** includes a set of regulations, already set out in law, which will apply specifically to the Scheme. The baseline is made up of regulations previously included in Cross Compliance and other existing regulations covering public access and the control of invasive non-native species.
- A **Universal Code** which is the framework of non-regulatory requirements which all farmers in the SFS must adhere to.
- **Scheme Requirement to have 10% habitat** - this will be based on the amount of existing semi natural habitat (excluding Common Land) including all existing semi natural habitat as defined under UA5, established broadleaved woodland, hedges in good condition and habitats established since 2022 such as streamside corridors, ponds, woodland and hedges. Farms with insufficient habitat must create additional temporary habitat to achieve 10% (UA6)
- The **Universal Layer requirements** are set out in the Universal Actions.
- A **farm level carbon baseline** – WG will develop an approach to calculate a carbon baseline, making use of the data provided as part of the SFS and other data already available e.g. livestock and land details. This will be required in the second year based on the SAF information provided in the previous year.

The Universal Layer (Chapter 4)

The Universal Actions have been re-ordered from previous consultations and are:

- UA1: Soil health
- UA2: Integrated Pest Management (IPM)
- UA3: Benchmarking
- UA4: Continuous Professional Development (CPD)
- UA5: Habitat maintenance
- UA6: Temporary habitat creation on improved land
- UA7: Designated Site Management Plan
- UA8: Hedgerow management
- UA9: Woodland maintenance
- UA10: Tree and Hedgerow Planting Opportunity Plan
- UA11: Historic environment
- UA12: Animal health and welfare

To participate in the SFS farmers will need to undertake all applicable Universal Actions (UA). Some UAs will not apply:

- UA1 is not applicable if your agriculturally improved land has not previously received or may not receive inputs (natural and artificial) or lime.
- UA2 is not applicable if plant protection products are not used on your land.
- UA6 is not applicable if you have enough existing habitat to meet the Scheme Requirement for 10% of your farm to be habitat.
- UA7 is not applicable if your farm does not contain a designated site such as a SSSI.
- UA8 is not applicable if your farm does not have any hedgerows, although hedgerows are found on most farms in Wales.
- UA9 is not applicable if you have no existing woodland.
- UA11 is not applicable if you do not have any historic features.
- UA12 does not apply to you if you are an arable or horticulture business with no livestock.

UA1 Soil Health - Testing soil on improved land to inform soil health planning.

This Action involves soil testing all agriculturally improved land which has previously received or may receive inputs (natural and artificial) or lime. This should be all pasture not classified as habitat as part of UA5 Habitat maintenance.

Farmers will be required to undertake soil testing on at least 20% of improved land per year, which means all relevant land is tested in a five-year cycle. It is acceptable to test more than 20% per year.

The minimum range of testing required includes, Phosphorous (P), Potassium (K), Magnesium (Mg), pH, and Soil Organic Matter. Soil testing should be undertaken and reported per individual field parcel. Test results must be recorded on RPW Online.

Farmers unfamiliar with interpreting soil testing results, may opt for a break in soil testing in the second year to ensure they have time to interpret and act upon the first set of results. There will be advice and guidance available through Farming Connect. Farmers choosing to take this break can test soils within a six-year cycle rather than the five-year cycle.

Soil testing which includes Potassium (K), Phosphorous (P), Magnesium (Mg) and pH undertaken up to four years prior to entering the Scheme will count towards this Action, even if Soil Organic Matter was not included in the testing. Farmers will still need to ensure all the relevant fields are tested within five years, before the next five-year cycle begins. WG will not ask farmers to provide details of the results of soil testing undertaken prior to entering the Scheme, but records should be kept for a period of five years and be made available for inspection if requested.

UA2 Integrated Pest Management - Complete an annual assessment of Plant Protection Products used, and alternative methods employed to reduce chemical usage.

This UA applies to all farmers entering the Scheme who use, or employ contractors to use, PPPs such as insecticides, herbicides, fungicides (including seed dressings), molluscicides or plant growth regulators. Farmers do not need to complete the plan if they have not used, or do not intend to use, PPPs during the calendar year.

To complete this Action farmers will need to:

- Assess their current approach to crop pest, weed and disease management, and opportunities for using additional IPM approaches.
- Record their assessment in an annual IPM Plan.

To complete the IPM assessment records should be kept each time a PPP is used, including:

- the name of the PPP
- amount used
- date and time applied
- field / location and size of area treated (ha)
- crop type treated and reason for treatment
- weather conditions at time of application

WG are not setting an IPM Plan template as there are suitable industry examples available. There is no standard format for recording PPP usage - Pesticide Treatment Record template on WG website.

Farmers who already complete an annual IPM plan do not need to complete a separate IPM Plan for the Scheme. The IPM Plan and record of use of PPP will be required by the end of the year.

Farmers will declare that they have met the requirements, or do not use PPPs on RPW Online. There is no requirement to submit the IPM Plan to Welsh Government, however, the IPM Plan and PPP usage records should be kept for a period of five years and be made available for inspection.

UA3: Benchmarking - Complete an annual measuring and monitoring assessment.

All farmers entering the Scheme will need to complete this action by:

- declaring on RPW Online the industry recognised benchmarking tool they are using.

Or

- completing an annual measuring and monitoring assessment from a standardised list of KPIs within the Farming Connect Benchmarking tool (**FarmData+**)
 - Single sector farms will complete a minimum of two sector specific KPIs, as well as one “Whole Farm” KPI.
 - Farms with multiple sectors will complete a minimum of two sector specific KPIs per sector, as well as one “Whole Farm” KPI.

This Action should be completed by the end of the calendar year. If completing this UA using FarmData+, the titles of the completed KPIs will be automatically shared with RPW, but not the performance data. No other evidence is required. Farmers using an industry benchmarking tool from the approved list need to record which scheme / supplier used on RPW Online. The results should be kept for a period of five years and be made available for inspection if requested.

WG will not be monitoring or assessing the data and the performance will have no impact on the Universal Payment.

UA4 Continuous Professional Development (CPD) - Build on existing skills and knowledge.

This Action will need to be completed by every farm business in the Scheme. If there are multiple partners / directors within the business the requirement can be shared. The Action (learning) needs to be completed by the end of the year. Farmers will be asked to complete a minimum of six hours of learning, plus an element of health and safety training each Scheme year. Farmers can choose which learning to undertake and can choose from a wide range of learning styles.

Mobility and body condition scoring

As part of UA12 Animal Health and Welfare – farmers are asked to undertake two hours of proficiency training on mobility and body condition scoring at least every five years. If the person who undertakes the training is a business owner or partner, the two hours of training can count towards the required six hours of CPD within the year the learning takes place. Learning by an employee who is not a business owner, partner or director would not count towards the required six hours.

Health and Safety learning

In the first year of joining the Scheme farmers will be asked to complete the Health and Safety online learning module produced by Farming Connect. A series of in-person events will also be held across Wales. For subsequent years farmers will have the option to count related health and safety or wellbeing learning, including those delivered through recognised charities or other external providers.

A record of learning completed through Farming Connect will be on **Storfa Sgiliau** which will be shared with RPW Online as evidence towards completion of the Action. For learning completed through alternative providers, farmers will need to record the course, date of attendance, course length, and the person who undertook the learning on RPW Online. The learning provider will need to provide a certificate or receipt (including name of organisation, title of learning, date of learning,

your name, and time spent on learning activity). Farmers do not need to submit this evidence but should keep it for a period of five years and make it available for inspection if requested.

For farm businesses joining the SFS in 2026 any learning undertaken as part of the Farming Connect pre-SFS suite of learning from summer 2025 will count as learning towards the 2026 Scheme Year.

UA5 Habitat maintenance - Maintain semi-natural, or newly created habitats.

This action applies to any land identified on the holding which fits in with the list of 12 habitat classifications:

- 1 Coastal saltmarsh
- 2 Coastal sand dune and shingle beach:
 - (a) Sand dune
 - (b) Sand dune and shingle beach
- 3 Lowland and coastal heath
- 4 Enclosed wetland and marshy grassland:
 - (a) Enclosed wetland - lowland bogs, fens and flush / mire
 - (b) Marshy grassland
- 5 Enclosed semi-natural dry grassland:
 - (a) Managed as grazed pasture
 - (b) Managed as hay meadow
- 6 Upland open habitats
- 7 Traditional orchards
- 8 Dense bracken
- 9 Scrub
- 10 Wood pasture
- 11 Permanent wildlife ponds
- 12 Newly created habitat areas on improved land:
 - (a) New streamside corridors
 - (b) Newly restored peat
 - (c) No input grassland from previous schemes
 - (d) Any other improved or previously afforested land which is under habitat creation management

This UA will not apply to farmers with no land classified as existing semi-natural habitat or newly created habitat, they will need to create temporary habitat under UA6 to meet the Scheme Requirement to have 10% habitat on each farm.

To complete this Action farmers will be required to maintain all habitats in line with a specific set of requirements for the habitat type. These requirements will need to be achieved alongside the set of obligatory general habitat rules to prevent loss and damage of all existing semi-natural habitats which is contained in the Universal Code.

Farmers are required to maintain an Activity Diary for each parcel of habitat covered by this Universal Action recording all relevant activities set out in the Scheme Guidance related to the management requirements such as stock movements on and off habitat areas. The Activity Diary should be kept for a period of five years and be made available for inspection. Farms that are predominantly habitat may request an advisory visit if they are unable to meet the specific requirements. This will be fast-tracked for those with over 90% to consider any impediments, solutions and potential derogations.

UA6 Temporary habitat creation on improved land - Create additional temporary habitat on improved land to meet the Scheme Requirement for a minimum habitat area (10%).

All farms without sufficient existing habitat to meet the 10% Habitat Scheme Requirement will need to complete this action and have at least 10% of their farm managed as habitat before the end of the calendar year. WG will pay the habitat payment as part of the Universal Payment for these areas.

Farmers can choose one or more suitable habitats from the following list:

- 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.
- Retain cereal winter stubbles
- Wildlife cover crop on improved land.
- Unsprayed, unfertilized and uncultivated buffer adjacent to existing habitat. (including open water) on improved grassland.
- Mixed leys on improved land (also referred to as multi-species or herbal leys).
- Late cut improved grasslands.
- Improved grassland allowed to set seed.

Farmers will be required to record the relevant crop codes on their application. For habitat to be established later in the year, these can be included in the SAF as secondary crops. An Activity Diary for each parcel of habitat covered by this Universal Action is required.

UA7: Designated Site Management Plan - develop a Management Plan and agree a Schedule of Works for Designated Sites (SSSIs, SPAs, SAC, RAMSAR and National Nature Reserves).

This Action is applicable for farms with part, or all of a designated site such as a SSSI, where the farmer has management control, or agreement of the landowner. WG will confirm any sites via the RPW Online interactive map. Farms with a Management Agreement already in place, including Section 16 Agreements with NRW, covering the management of designated sites may be able to demonstrate they have already completed this Action. A 'buffer' around the designated site may also be considered for management on a case-by-case basis due to any potential impact on the site. This will be voluntarily agreed with the farmer, through the development of the Management Plan.

To complete this Action farmers will work in partnership with RPW and NRW to develop a Designated Site Management Plan and agree a Schedule of Works. The deadline for meeting this Action is the end of 2030.

UA8: Hedgerow Management - Encourage bigger and denser hedgerows.

This action applies to all hedgerows under management control. WG will assume you have management control on your side of a shared boundary for example with a neighbour or roadside.

Where a hedgerow is managed by cutting or trimming, WG require farmers to:

- Allow the hedges to grow thicker and taller by trimming them to a slightly higher and wider point each time. This should be at least 5 cm of additional growth, however this may not be possible in all cases, for example in exposed coastal areas where growth is slower. Once the hedge has reached a width and height of 3m by 2m (or 2m by 3m) farmers have the choice to retain it at this size or let it grow further.
- Maintain or establish at least one hedgerow tree on average per parcel every 50 m of hedgerow. There will be areas where it will not be appropriate to do this, for example in areas important for ground nesting birds such as curlew or where hedges are exposed to strong coastal winds.

WG are asking farmers to not:

- Trim or cut the same hedgerow in successive years i.e. two years in a row.
- Cut hedgerows back other than:
 - where the hedge has already reached a width and height of 3m x 2m (or 2m x 3m). You will then have the choice to retain it at this size or let it grow further.
 - as part of coppicing or laying to rejuvenate a mature hedge.
- Cut hedges or trees (in the hedge) between 1 March and 31 August. There are circumstances, such as those listed below, where this may not be possible or appropriate.
 - The hedgerow or tree overhangs a highway, road, track or footpath, and the work is necessary for health and safety reasons.
 - The cutting or trimming is carried out as part of wider routine ditch maintenance on improved land.
 - Where the normal agricultural practice requires that a winter arable crop is planted before 31 August.
 - The utility company responsible for the maintenance of any overhanging electricity or telephone lines may cut back trees and / or hedges for safety reasons.

This Action does not prohibit farmer cutting encroaching bramble outside of the hedge profile, if it is for animal health and welfare reasons.

This management requirement must be met on an ongoing annual basis. Farmers will need to declare that they have and will continue to meet the hedgerow management requirements annually on RPW Online. Hedgerow condition, incremental growth and hedgerow trees will be visually checked on inspection.

Hedgerows in good condition count towards the 10% Habitat Scheme Requirement where:

- The hedge is at least 3m wide and 2m tall (or 2m wide and 3m tall), and where
- There is a minimum of 3m between double fences where livestock is present (or minimum 2m between double fences where established through Glastir), and where
- Gaps total no more than 5% of the length of the hedgerow.

UA9: Woodland maintenance - Maintain existing woodlands.

This Action applies to all existing farm woodlands under management control. It can be broadleaf woodlands, conifer plantation, or a mixture of at least 0.1ha and a canopy cover of at least 20% or having the potential to achieve this. Areas smaller than 0.1ha plus individual or groups of trees are considered a landscape feature and need to be managed as set out in the Universal Code.

Woodland must be maintained in line with a specific set of requirements including:

- Limiting felling to between 1 September and 28 February, and no more than 5m³ per quarter
- Retaining a certain amount of deadwood and supporting appropriate natural regeneration. Farmers will be asked to protect native ground flora, trees and their roots from direct or indirect damage due to cultivation, compaction, use of machinery or use of agrochemicals, including fertilisers.
- Farmers will need to monitor grazing and keep livestock impact levels low. Woodland grazing in the spring and early summer and supplementary feeding should be avoided if possible.
- These requirements will need to be achieved alongside the Universal Code requirements

The maintenance requirements in this Action must be met throughout the year and confirmed via RPW online. Farmers will be asked to declare on the SAF where they do not have management responsibility for the woodland. Woodland condition will be visually checked at inspection. Evidence of an exemption should be kept for a period of five years and be made available for inspection if requested. This could include, for example, a UKFS compliant management plan or felling licence, or photographs and / or any letters from the relevant competent authorities that show clearly why it was necessary to cut or trim trees between 1 March and 31 August.

WG will pay a woodland maintenance payment within the Universal Payment. Farms with more woodland will receive woodland maintenance payments on a greater area.

Established broadleaf woodland maintained under this Action can count towards the Scheme Requirement to have 10% habitat on each farm.

UA10: Tree and Hedgerow Planting Opportunity Plan - Complete an opportunity plan for planting additional trees as well as creating and restoring hedgerows.

A Tree and Hedgerow Planting Opportunity Plan will be needed for all farms in the SFS by the end of the first calendar year in the Scheme. Farmers will be asked to create a tree and hedgerow planting opportunity map on RPW Online, identifying areas that would benefit from new trees or hedgerows.

Tenant farmers may be restricted from planting opportunities for trees or hedges due to their tenancy agreement and should discuss any opportunities for mutual benefit with their landlord. Land classed as existing habitats, or designated sites such as Sites of Special Scientific Interest (SSSI) or land important to priority species such as curlew may be unsuitable for planting and are classed as sensitivities which will be highlighted when the Opportunity Map on RPW Online is completed.

Farmers will need to demonstrate progress in implementing the opportunity plan by the end of 2028. WG will support tree and hedgerow planting in the Optional Layer. As a minimum, WG are asking farmers to plant 0.1 ha of additional planting (or at least 250 trees) by the end of 2028.

Annual progress towards implementing your plan (hectares of woodland creation, number of trees planted or metres of hedgerow created or restored) will be recorded automatically if supported through a WG Scheme. Any new planting if you are not using a WG Scheme will need to be updated on the SAF.

Any planting undertaken since 1 April 2022 will be considered as progress to implementing the tree and hedgerow opportunity plan. Any new broadleaved woodland or hedgerow planting can count towards the Scheme Requirement to have 10% habitat on each farm.

UA11: Historic Environment - Protect and enhance our important heritage features

This action applies to farmers with any of the following:

- Scheduled monuments
- Historic Environment Features – individual features and larger archaeologically sensitive areas.
- Registered parks and gardens.
- Traditional farm buildings. Please note that this UA does not prevent you adapting or converting farm buildings, however it is your responsibility to ensure you have all consents and licences from the relevant authorities.

WG are asking farmers to maintain historic assets in line with a specific set of requirements, including:

- A description of the different features.
- Management requirements which farmers are asked to agree to do or not do on a particular feature type and which they can be inspected against. WG do not expect farmers to reinstate the features to their original condition or to undertake significant or costly management.
- Potential derogations – likely scenarios beyond your control where the management requirement may be relaxed.

RPW will provide the information to help farmers to confirm the historic assets on their farm. Farmers will need adhere to the management requirements for all historic features throughout the year and declare on RPW Online that the Universal Action has been completed. Financial support to assist with improvements in the condition of these features is expected to be available through the Optional Layer in the future.

UA12: Animal Health and Welfare - Work with your vet to monitor and support continuous improvement to livestock health and welfare.

The Action will apply to all farms where livestock are reared or farmed to produce foods and goods. WG are asking farmers to undertake three elements:

- Animal Health Improvement Cycle (AHIC)
- Biosecurity assessment for incoming animals
- Animal welfare

Animal Health Improvement Cycle (AHIC):

Work with your vet to carry out the four steps of the AHIC in a 12-month period for the most appropriate livestock class you keep:

- **Measure** – identify with your vet at least one relevant livestock health and production metric which you agree could be improved.
- **Plan** – Working with your vet, set out and agree an action plan (usually two to four actions) for each metric you want to improve.
- **Act** – Carry out and record a manageable number of measurable actions for each metric, to achieve improvements.
- **Review** – With your vet, analyse the impacts of the actions that have been made and assess whether these have met the desired targets. Identify further areas for improvement once the targets are met. The results of this process do not impact the Universal Payment.

A AHIC template signed by you and your vet will serve as evidence the AHIC has been completed.

Biosecurity assessment for incoming animals:

Farmers will be required to complete a biosecurity assessment with the vet for incoming animals, using the standard template which will serve as evidence the assessment has been completed. It should contain actions you will take to mitigate biosecurity risks from incoming animals, such as pre purchase enquiries, testing, quarantine, vaccination or treatment, and how you propose to record these actions

Boundaries should be stock proof appropriate for the livestock you keep. This only applies to enclosed farm boundaries, for which you have sole responsibility.

Animal welfare:

Complete training in Body Condition Scoring (BCS) and mobility scoring for the livestock classes you keep, using the specific SFS modules on the Farming Connect platform or other approved training. Farmers keeping more than one livestock class, for example, sheep and cattle, will need to undertake separate training for each in successive years if necessary. The training can be undertaken by you, your business partners, an employee or a family member who works for the business. The training should be undertaken at least once every five years.

Farmers will need to complete and record the date of herd or flock scoring for body conditioning and mobility noting any actions required. This should be undertaken at least annually as directed by best practice advice within the online training.

Farmers will need to declare annually on RPW Online that the requirements of the Action have been met. Farmers will not be asked submit the AHIC or Biosecurity Assessment templates or your body

condition scoring records to RPW but all records should be kept for a period of five years and be made available for inspection if requested.

The Optional Layer (Chapter 5)

The Optional Layer of the Scheme is designed to provide farmers with choice and flexibility to undertake more targeted and specific actions. WG have adapted and updated some previous funding schemes and created some brand-new actions. The Optional Actions available in 2026 have been grouped into the 14 'themes' listed below:

- Improved soil health & multispecies crop cover.
- Sustainable production.
- Enhanced habitat management.
- Creation of permanent and temporary habitats.
- Implementation of Designated Site Schedule of Works.
- Enhanced woodland management.
- Woodland and agroforestry creation.
- Hedgerow creation and restoration.
- Improved public access to the countryside.
- Advanced Continuous Professional Development (CPD).
- Improved water quality, water usage and flood mitigation.
- Improved air quality and lowering ammonia emissions.
- Organic farming (support and conversion).
- Enhanced biosecurity.

Payments for undertaking individual Optional Actions include a mixture of:

- One off revenue payments, for example for creating plans.
- Multi-annual revenue payments including area-based payments, for example for enhanced management of areas of habitat or woodland.
- Capital payments, for example for small scale equipment, or larger scale infrastructure investments.

The published Scheme Guidance will include full details for each theme and further detail on operational processes for the Optional Layer including:

- Application process
- Targeting and prioritisation, where relevant
- Payment rates

Further Optional Actions to be made available from 2027 onwards.

The Collaborative Layer (Chapter 6)

The Collaborative Layer is designed to foster partnership working with Actions designed to be carried out in a coordinated way by multiple farmers, land managers, and other organisations at a landscape, catchment or National scale.

The three Collaborative themes to be introduced in 2026 are;

- Innovation, research and development
- Collaborative market and supply chain
- Collaborative landscape scale activity

Additional payments could be available for undertaking Collaborative Actions including one off revenue payments, multi-annual management payments, or capital payments. Collaborative projects may be supported directly or potentially funded through a third-party facilitator. Farmers and land

managers will have more flexibility as to the approach taken to deliver outcomes. Any works undertaken as part of a Collaborative Action must be complementary and not duplicate works being undertaken as part of existing Universal or Optional Actions.

Common land (Chapter 7)

Common land support includes:

- A Universal Payment for individual holders of grazing rights who can meet the eligibility criteria and specific actions below.
- Collaborative payments to a Grazing Association for coordinated grazing management.
- Collaborative payments to a Grazing Association or other collaborative groups where the owner of the Common is involved and / or permits enhanced management activity.

Common land will be included in the Universal Baseline Payment, as part of the Whole Farm Payment category and Social Value payment, if you;

- Have common land grazing rights and can turn out suitable livestock.
- Maintain a Stocking Diary to be made available at Inspection.
- Have due regard for relevant management which are in place on the common such as for animal health benefits or habitat management.

The allocation of common land area for the SFS will be based on the grazing rights held and use the same methodology current used for the BPS.

Collaborative payments to a Grazing Association for coordinated grazing management.

Ongoing support for coordinated grazing arrangements will continue under SFS. The Habitat Wales Scheme (Commons) will be available in 2026, to already established Grazing Associations. WG are considering how to support the formation of new Grazing Associations to enable more common land to be brought into coordinated management from 2027 onwards.

Collaborative payments to a Grazing Association or other collaborative groups where the owner of the Common is involved and / or permits enhanced management activity.

This will be supported through a continuation of existing landscape scale collaborative schemes such as the Integrated Natural Resources Scheme (INRS), Ffermio Bro (which supports activity within designated landscapes) and the National Peatland Action Programme (NPAP).

Sustainable Farming Scheme payments (Chapter 8)

The **Universal Payment** is made up of two elements described below:

Universal Baseline Payment

The Universal Baseline Payment reflects the costs incurred and income foregone for undertaking the Universal Actions, and consist of three separate categories as follows:

- **Whole Farm Payment** – a tiered payment rates covering the eligible area of the whole farm, including Common land.
- **Habitat Maintenance Payment** – a single payment rate per hectare of semi-natural habitat (see UA5) (excluding common land) and / or area of temporary habitat (see UA6) created to meet the Scheme Requirement for 10% habitat on each farm.
- **Woodland Maintenance Payment** – a single payment rate per hectare for existing woodland managed in accordance with UA9 (excluding common land).

Unlike BPS, the Whole Farm Payment will be based on the total eligible area of the farm, declared on SAF, which includes all landscape features. The list of ineligible areas is outlined in Chapter 1 above.

The Habitat and Woodland Maintenance Payments are eligible on SSSI but not on areas under agreement with the Welsh Government or other regulatory bodies where a maintenance / revenue payment is already received (annually or as a single cumulative payment).

Social Value Payment

The Social Value Payment reflects the public value of the outcomes delivered through sustainable practice in agriculture as a result of the SFS, which are not properly reflected in market prices for agricultural output, and which contribute to the statutory Sustainable Land Management objectives. The Social Value Payment is a single payment rate per hectare calculated on the same area as the Whole Farm Payment.

Capping will be applied to the SFS Universal Payment as follows:

Payment Value	Capping Rate
up to £25,000	0%
£25,000 to £50,000	5%
£50,000 to £150,000	10%
£150,000 to £200,000	15%
£200,000 to £250,000	30%
£250,000 to £300,000	55%
over £300,000	100%

Stability Payment

Those farms who join the Scheme in 2026 with up to 100 hectares of eligible land, will receive an additional £1000 as a one-off stability payment. This recognises the particular transitional challenges and uncertainties these farms face.

Budget and payment rates

The allocation of the budget to the Universal, Optional and Collaborative layers will require an annual review process to support decisions on the balance of the budget across the layers. WG intends to allocate budget for the first year of the Scheme on a similar basis to the current agriculture support payments, approximately:

- 70% for the Universal Payment and legacy BPS
- 30% for ongoing preparedness schemes and Optional and Collaborative Actions.

The Universal Payment rates for the first year of the Scheme are expected to be:

Whole Farm Payment - £70 per hectare for the first 70 hectares of eligible land, and then £2 per hectare for all remaining eligible land. This includes Common land apportioned in a similar way to the current BPS, if you have a legal right to use that land for grazing stock.

Social Value Payment - £107 per hectare for eligible land.

Habitat Maintenance Payment - £69 per hectare for habitat maintained as part of UA5: Habitat maintenance or for habitat created under UA6: Temporary habitat creation on improved land to meet the Scheme Requirement for 10% habitat on each farm.

Woodland Maintenance Payment - £62 per hectare for all woodland maintained as part of UA9: Woodland maintenance (excluding those tenants who do not have full management control of the woodland).

Optional and Collaborative Payment Methodology

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WG intend, where appropriate, to maintain the existing methodology for payment rates related to actions similar to the SFS Preparatory Schemes, with rates based on costs incurred and income forgone. This also includes potential for varied intervention rates, tapering and capping of payment rates. WG will continue to review the methodology of these Actions over time focusing more on payment for results and the recognition of possible social benefits. WG will publish the payment mechanisms and rates for the Optional and Collaborative Actions as they are made available.

The Sustainable Farming Scheme process (Chapter 9)

Rural Payments Wales will administer the Scheme. A redesigned and updated Farming Connect programme will support the delivery of the Scheme. Natural Resources Wales (NRW) will also work alongside RPW where Scheme Requirements require specific technical input or validation.

Scheme Guidance

Detailed Scheme Guidance, including Technical Notes and a set of Verifiable Standards setting out all the Scheme Requirements, Scheme Actions, and evidence required to meet the conditions of the Scheme will be published later this year.

Advice and Support

WG will continue to work with key stakeholders and the RPW User Working Group to ensure processes are clear and accessible, with suitable advice and guidance where appropriate.

Registration

Farmers wishing to join the Scheme will need to register your business through RPW Online. Farming businesses already registered on RPW Online and who have a Customer Reference Number (CRN) will not have to register again. Farm businesses may also need to register with Farming Connect to access information, help and guidance regarding the Scheme.

Data Confirmation

In advance of the Scheme beginning on 1 January 2026, WG will provide an opportunity for farmers to check the RPW Online mapping to confirm habitat areas and tree canopy cover at field and farm level. RPW will contact all registered farm businesses with more details regarding this data confirmation exercise. This is not a declaration of land for any current or future scheme.

Following the exercise and in advance of the Scheme opening an online interactive map will be available which will show details of the habitats, tree cover, designated sites and historic features as held in the RPW mapping system. Farmers will need to confirm the land cover and features present on the farm each year as part of SAF to be able to apply for the Universal Payment.

SFS Universal Payment

Farmers will need to apply for the SFS Universal Payment by completing the SAF annually. The application window will open in March and close on 15 May, in line with the current SAF period.

Farmers may be required to update RPW and Farming Connect systems during the year to confirm the completion of Actions which do not need to be completed by the SAF deadline. WG will provide a dashboard in RPW Online to record progress and to signpost to further advice and support.

WG will use the declared and validated details from the SAF to calculate the Universal Payment. Advance payments will commence in October followed by a balance payment once all validation checks have been completed from December onwards.

Farm level carbon baseline

WG will use the data already held by, or available to Welsh Government to assist in the calculation of a farm level carbon baseline. Some additional farm details are likely to be required to provide a

meaningful baseline calculation of the GHG emissions and carbon sequestration levels, and WG will continue to work with key stakeholders to define the final set of data requirements.

Optional and Collaborative Layers

For some Optional or Collaborative Actions, for example to undertake bespoke habitat enhancement, there will be a more in-depth assessment process. This will be coupled with appropriate guidance, help and support. This may require farm visits.

WG will use existing scheme processes where possible, which may be scored and selected in line with the SLM objectives, should the available budget restrict take up.

All groups who wish to take part in the Collaborative Layer of the Scheme will need to register with RPW to obtain a CRN for the group prior to applications. Payments will be made to the group and not each individual members of the group.

Administrative validation process

All land tenure, parcels and crop cover will be cross checked against RPW's Land Parcel Identification System (LPIS) and Land Register. Checks will also be undertaken on the SAF declaration and RPW Online dashboard relating to the completion or progress of UAs.

WG will recognise and correct errors that are straightforward to identify at a clerical check of the information given on the SAF, supporting documentation or any other application and claim. Where farmers are prevented from fulfilling certain obligations or completing Actions due to events outside your control, WG will consider these under the Exceptional Circumstances provision.

On-the-spot checks

On-the-spot checks will be conducted to ensure the appropriate use of public funds, using a combination of physical inspection and earth observation (including remote sensing and aerial photography) where applicable. RPW will select and inspect a percentage of Scheme applications each year. The Rural Inspectorate for Wales (RIW) and other Competent Control Authorities (CCA), such as NRW, will conduct these inspections.

Warnings and penalties

Maintaining compliance with Scheme eligibility criteria and Scheme Requirements including the SFS Regulatory Baseline, Universal Code and applicable Scheme Actions are a condition of payment.

Where there are inaccurate declarations, or non-compliance with the Scheme Requirements, WG will need to consider an appropriate and proportionate response. This may lead to further guidance, warnings or additional training to correct minor issues where possible. Reductions, and / or financial penalties may be required, for example, in the event of repeated or more significant compliance issues. For all circumstances of noncompliance, there will be a set of published Verifiable Standards and a matrix clearly setting out consequences.

Appeals

RPW will continue to operate a two-stage appeals process, consisting of:

- Stage 1: Involving different officials to those who made the original decisions.
- Stage 2: Involving an Independent Appeal Panel, providing recommendations to Welsh Ministers.

Updated appeal guidance will be published later this year.

Data Processing

All data collected will be managed securely, sensitively and kept for no longer than is necessary. WG will only request and collect data, primarily for processing and validation of Scheme Requirements

and calculating the payments. The data may also be used or shared for monitoring, evaluation, and reporting purposes. Where we need to aggregate data to represent statistics of trends on a sector, regional, or national level, data will be anonymised.

Monitoring and reporting (Chapter 10)

The SFS will be evaluated to assess effectiveness and value for money considering performance / management data from RPW, NRW etc, supporting statutory reporting requirements.

Basic Payment Scheme (Chapter 11)

The Basic Payment Scheme (BPS) will be phased out during the Transition Period beginning in 2026. The BPS Entitlement Value, Redistributive Payment and the Young Farmer Payment will be phased out incrementally over a three-year period, as follows:

- 100% in 2025
- 60% in 2026
- 40% in 2027
- 20% in 2028
- There will be no BPS application or payment in 2029.

Once farmers have chosen to participate in SFS they will no longer have the option to revert to BPS.

Farmers will still require an equivalent number of eligible hectares to activate BPS entitlements and have sufficient eligible land at their disposal. The Cross Compliance legal framework and associated controls and penalties for BPS claimants will be retained.

WG will make the following changes to BPS with effect from 2026.

- **Young Farmer Payment** - This element of BPS will not be available to new claimants from 2026 onwards as they will be able to access support through SFS. Existing beneficiaries will continue to be eligible to claim the young farmer payment until the end of the five-year qualifying period, the end of BPS, or their entry into the SFS, whichever is sooner.
- **BPS Entitlements** - Farmers who participate in SFS will surrender their entitlements, which will not be available for future BPS years. WG have removed the two-year entitlement usage rule and National Reserve. New entrants to farming will be directed to the SFS. The transfer of BPS entitlements will be restricted to those who transfer and / or lease entitlements with the land. This will mean BPS entitlements can be transferred with land in cases of inheritance and succession - the 2026 Transfer and Lease window, and entitlement transfer rules will be available in early 2026.
- **Payment Capping** - BPS payment capping limits will be reduced to ensure parity with the BPS tapering. This means the impact of BPS tapering will be the same for all claimants.

Regulations (Chapter 12)

WG will be introducing secondary legislation Regulations required to effectively operate and administer all future support schemes. They will begin the Senedd legislative process this autumn in preparation for the commencement of the SFS in January 2026.

For further information visit the [NFU Cymru website](#).