

## NFFN Cymru: Sustainable Farming Scheme Key Points

On 14<sup>th</sup> December 2023, the Welsh Government (WG) published its latest [Sustainable Farming Scheme](#) consultation. Subtitled, *Keep Farmers Farming*, this consultation is the final step in delivering the Sustainable Farming Scheme (SFS) which is the start of a new long-term programme to support the agricultural industry in Wales. The consultation will run until **7 March 2024**.

This paper outlines some of NFFN Cymru's initial thoughts on the proposals. It includes what we consider to be the positives as well as areas of weakness and concerns. For an overview of the consultation read our [NFFN Cymru Summary Document](#).

### NFFN Cymru's 5 Key Asks

1. Provide a proper funding package for nature-friendly farming.
2. Ensure that no farmer gets left behind.
3. Follow the principle of the right tree in the right place for the right purpose.
4. Payments that deliver genuine outcomes.
5. The right advice, guidance and support for farm-level change.

### Positive Intentions

- The scheme's intentions, particularly the Sustainable Land Management Objectives are positive. We welcome the WG's recognition that food production, nature, climate and socio-economic outcomes can be delivered together, sometimes on the same land, by adopting a holistic land sharing approach. The Rural Affairs Minister's foreword speaks of the vital role that farmers can play in producing food and fibre whilst delivering these multiple benefits on farms. Many [nature-friendly farmers](#) across Wales are already delivering the scheme's objectives, and the SFS must continue to reward those farmers that are doing excellent work, as well as supporting others in the transition.

### Facilitating Nature-friendly Farming

- Nature features prominently within the proposals and many of the Universal Outcomes can help maintain and enhance farmland biodiversity. We particularly welcome the Scheme Rule that at least 10% of each farm is managed as habitat. Payment for actions such as appropriate hedgerow management, cover cropping, creating wetland features and agroforestry can play a big role in improving farmland nature and farm business resilience. This is a big improvement on the Basic Payment Scheme (BPS) which included very little environmental obligations.

### Budget Concerns

- Whilst the SFS's ambition is commendable, the scheme needs to be adequately funded if we are to deliver the scheme's objectives. The overall costs of meeting environmental priorities through land management in Wales are estimated at over [£500m per annum](#). The Welsh Government's entire Rural Affairs budget for 2023-24 was around £480 million (which represents about 2% of the total budget). However the 2024-2025 Rural Affairs budget has seen a cut of £62m - a reduction of 13% from the previous financial year. Furthermore, [Economic Modelling](#) estimates that farm business income will reduce by £199m under the SFS Universal Action payments. Coupled with stability payments (valued at £117.3m) this is reduced to £81.6m. The SFS is clearly under-budgeted. The level of funding must match the level of ambition outlined in the consultation

**Key ask: Provide a proper funding package for nature-friendly farming to adequately reward farmers for delivering genuinely sustainable land management alongside food and fibre production.**

### Payment Rates Uncertainty

- There remains uncertainty regarding future SFS payment rates. If the [Habitat Wales Scheme \(HWS\)](#) payment rates (£69/ha for habitat and £62/ha for woodland) are indicative of future SFS payment rates, then many [nature-friendly farmers will stand to lose out financially](#).

The NFFN, in partnership with the Soil Association and other farming organisations, surveyed 20 farms which showed an average loss of 76% in support under the HWS compared to Glastir. The main reasons being capping payments on larger farms and previous Glastir Advanced payment rates being significantly higher.

- Hay meadow conversion @ £235/ha
- Marshy grassland (pasture) @£241/ha
- Woodland stock exclusion @£80/ha
- Wood pasture @£78/ha
- Wildlife cover crop @£604
- Unsprayed cereals with winter stubbles @£440/ha

England's Environment Land Management Scheme (ELMS) habitat payment rates are also considerably higher (e.g. species-rich grassland at £642/ha).

Under a blunt area-based arrangement similar to the BPS, capping payments at a certain level, or introducing a system where payments diminish over a certain threshold makes sense. However, a similar approach severely disadvantages larger farms that are delivering multiple societal benefits side by side with food and fibre production.

The SFS payment rates must sufficiently reflect the associated costs, time, effort and value delivered.

### Optional and Collaborative Layers

- We broadly welcome the Universal Actions layer of the Scheme. However, farmers who are delivering above and beyond the Universal Actions layer, or want to do so, will be looking towards the Optional and Collaborative Actions for additional payments and opportunities. The WG proposes to introduce these additional layers over the Transition Period (2025-2029) meaning that many nature-friendly farmers stand to lose out in the short term.

For example, the additional benefits that organic farming delivers won't necessarily be recognised in the Universal Actions, and with the absence of any long-term organic support payments this poses a threat to the sector. Furthermore, the WG proposes that land designated as Sites of Special Scientific Interest (SSSIs) is prioritised for inclusion in the Scheme's Optional Actions to reflect the more bespoke and targeted management which may be required on these special sites. As a result, those farms that have often done the most using previous agri-environment scheme funding, such as those found in our upland, marginal and common land, risk taking a major funding hit, with farm incomes and biodiversity both likely to suffer.

**Key ask: Ensure that no farmer gets left behind by delivering all scheme elements by 2026 including the optional and collaborative layers to support the most ambitious land management actions.**

### Right tree in the right place for the right purpose

- NFFN Cymru welcomes plans to increase woodland cover on farms. Agroforestry, silvo-pasture, orchards, hedgerow trees and appropriately planted woodlands can form an [important component](#) of the farmed landscape. Trees can play a vital role in storing carbon, enhancing biodiversity, reducing flood risk, improving landscape quality and amenity, whilst also improving farm productivity and providing an alternative income stream.

However, tree planting in the wrong areas can lead to biodiversity net loss, crowding out rare plant species or leading to carbon losses from the soil. These unintentional outcomes highlight some of the complexities of developing an effective climate mitigation strategy at the farm level. When it comes to tree planting, we *must* plant the [right tree in the right place](#) based on sound strategy.

Equal consideration should be given to other carbon-rich agricultural habitats. [Evidence](#) shows that nature-based solutions such as agroforestry, restoring and creating species rich grasslands and establishing multi species leys, peatland restoration, establishing wildflower field margins, wetland and hedgerow creation should be prioritised to deliver twin nature and climate benefits.

**Follow the principle of the right tree in the right place for the right purpose to harness the benefits of integrating trees on farmland while avoiding trade-offs**

### Habitat Management

- There is insufficient information regarding habitat maintenance requirements for the broad habitat types within the scheme. The sole example given is for enclosed semi-natural dry grassland, which follows the traditional payment system that is management based, prescribing when or what the farmer must do or must not do to receive a payment. Whilst the aims for this habitat type are welcomed, we don't believe the management requirements will lead to the desired outcomes. For example, compliance with seasonal sward height requirements - which can be as low as 5cm during the summer - is not a guaranteed recipe for successful semi-natural grassland management.
- We urge the WG to move away from this traditional approach and transition towards a [results-based payment approach](#). This approach offers farmers the flexibility to use their knowledge and experience to manage the land in a way that delivers agreed environmental results alongside their food and fibre production activities. The farmer is in principle free to do what fits the site, the weather of the year, the farm and her or his own situation - it is only the environmental results that counts. Results can be measured robustly and effectively via an annual scorecard assessment which factors criteria such as key indicator species, their frequency, as well as structural diversity.

**Key Ask: Payments that deliver genuine outcomes through schemes that are more flexible, reward results and harness existing farmer knowledge**

### Habitat Maps

- The WG's intention is to provide and agree with farmers a digital map and associated information compiled to show the habitat, hedgerows and trees present on farms as held in the RPW mapping system. Farmers must then check and update the information. However there are questions over the accuracy of WG habitat maps.

It has been estimated that 70% of Habitat Wales scheme applications include serious errors in terms of habitat mapping, with out-dated and incorrect data included, as well as habitat being omitted. The Universal Actions payment methodology includes an area-based payment for habitat land and woodland; therefore maps must be up to date and accurate. We call on the WG to urgently update and rectify these inaccuracies prior to the scheme launch.

### Carbon Assessment

- There are many benefits of undertaking a farm carbon assessment; it quantifies a farm's carbon footprint and identifies areas on the farm that can be the focus of attention to improve efficiency and reduce greenhouse gas emissions. This can improve both economic and environmental performance.
- However, carbon calculators are known to be inaccurate and inconsistent, particularly when measuring carbon sequestration. Many calculators estimate soil carbon stocks based on a postcode district look up table - this gives a soil t C/ha potential sequestration value, rather than a bespoke individual farm calculation.
- Furthermore, a farm's *performance* will depend on how the carbon footprint is measured.
  - **CO2 equivalent per kg of farm output** which measures efficiency of production. More intensive and efficient farm units are likely to fare better using this measure.
  - **CO2 equivalent per ha of farm** which looks at the overall balance of the farm and is likely to provide more favourable results for more extensive farms, with trees and carbon sequestering soils.

Many calculators use the former criteria, meaning intensive farms generally have more favourable results than extensive farms, even if overall emissions are lower in extensive systems. We are concerned that nature-friendly farms are encouraged to intensify in the name of efficiency, which could lead to both negative economic and environmental performance.

The Network's [Biodiversity & Carbon Auditing Project](#) provides further information on the complex nature of these assessments.

### Key Performance Indicators (KPIs)

- One of the Universal Actions involves farmers completing a self-assessment every year based on a list of standardised KPIs. Setting effective KPIs can help farms improve their economic and environmental performances, thus improving overall sustainability.

However we are concerned that some production focused KPIs could result in perverse economic and environmental outcomes. For example, whilst improving overall yield, reducing age of slaughter or daily liveweight gain can certainly help farms to be more efficient and profitable, and even improve environmental performance - it can also drive intensification and encourage purchasing ever-increasing costly inputs (fertilisers, feed, chemicals and veterinary medicines).

These KPIs could well encourage more grain fed livestock systems, as opposed to pasture fed systems. Consider also that [slow grown beef and lamb](#) reared on diverse pastures, as well as [slow grown poultry](#), are more nutrient dense than fast-grown meat that relies on external inputs. As such, when comparing KPIs it would be beneficial and more accurate to compare KPIs relative to similar farming types and systems. We also urge the WG to undertake a better analysis of where certain KPIs might compromise or undermine others e.g. carbon vs biodiversity

### Advice and Guidance

- Navigating a new scheme with its various rules, requirements, monitoring, data gathering and inputting may cause additional stress to farmers. We therefore welcome WG's commitment to continue providing advice, guidance and training to farmers. Advice can help farmers better understand and comply with scheme rules, increase participation and help change farmer's attitudes towards nature friendly farming, developing trust between the industry and Government.

When farmers understand *why* they are doing something, they are more likely to take ownership of environmental outcomes. Advisors should be local and independent, and separate from the function of the regulator. Employment of appropriate individuals, sensitive to the needs of farmers is needed *throughout* the duration of SFS contracts.

**Key Ask: The right advice, guidance and support for farm-level change through increased investment and capacity for face-to-face advisory services and farmer to farmer knowledge exchange**

### Next Steps

While there is much to welcome in the consultation proposals, more is needed to put Welsh farming on a genuinely sustainable path. The decisions made now will play a pivotal role in delivering a better future for Wales; its economy, environment and society. Welsh farmers stand ready to deliver thriving, resilient landscapes that deliver the outcomes that people need.

NFFN Cymru will be responding to the consultation and we are urging our members to send their own individual responses.

Perhaps you might find some inspiration in our [NFFN Cymru Policy and Views?](#)

Get in touch with [rhys.evans@nffn.org.uk](mailto:rhys.evans@nffn.org.uk) to share your thoughts and for support to submit a response.

Will you be joining the SFS? If so, here is a list of NFFN resources that may help farmers with the transition.

- Nature Means Business Wales / Mae Natur yn Meddwl Busnes yng Nghymru
- Rethink Farming: A Practical Guide for Farming, Nature, Climate
- Farming for Climate Action: What are we waiting for?
- Nature-friendly hedgerow management
- Grazing management to preserve pastures and grasslands
- A Practical Guide to Integrated Pest Management
- A Practical Guide to Climate Action for UK Farming
- New booklet: Nature-Friendly Farming in Action
- Farming at the Sweet Spot
- Rethink Food – A Plan for Action
- Nature Means Business - the business case for nature-friendly farming