

Sustainable Farming Scheme March 2024

Introduction

WEL members have strongly advocated for a Sustainable Farming Scheme for Wales since 2017. Our vision for this was that it would represent a step change in how our land is managed, supporting farmers to produce food in ways that worked alongside nature, helping to restore biodiversity, reduce carbon emissions from agriculture and to tackle the increasing problem of agricultural pollution of our rivers, soil and air. Wales has recognised the need for urgent action to restore nature by (a) [the Senedd declaring a Nature Emergency in 2021](#), and (b) in 2022 Welsh Government endorsing the [Kunming-Montreal Global Biodiversity Framework](#) (GBF).

The GBF has 23 targets for achievement by 2030 as a prerequisite to address the global loss of biodiversity and restore natural ecosystems (by 2050). Targets of particular relevance to agriculture, which occupies approx. 90% of Welsh land, include:

- Targets 2 & 3: protect and effectively manage 30% of terrestrial, inland water, and coastal and marine areas by 2030 (aka 30 x 30) ...especially areas of particular importance for biodiversity and ecosystem functions and service...
- Target 4: take “urgent management actions” to halt extinction of threatened species, and to significantly reduce extinction risk.
- Target 7: reduce pollution risks and the negative impact of pollution from all sources, by 2030, to levels that are not harmful to biodiversity and ecosystem functions and services, considering cumulative effects. This target specifically includes:
 - reducing excess nutrients lost to the environment by at least half;
 - reducing the overall risk from pesticides and highly hazardous chemicals by at least half; and
 - working towards eliminating plastic pollution.

Welsh Government has stated the SFS provides a significant opportunity to help Wales meet these commitments.¹

We welcome the work that the Welsh Government has put into developing the current Scheme and recognise both the direction of travel and the flexibility that has gone into the current proposals. If further changes are to be made to the Scheme, we strongly encourage the Welsh Government to ensure that changes in design make the Scheme more effective, both for the environment and for farmers, rather than simply weakening environmental requirements.

We recognise that the pressures of competing within a global food system mean that farmers need financial support and access to independent, and often bespoke, advice to do this effectively and without detriment to their farm business. Unfortunately, the Scheme as it currently stands cannot provide reassurance on the key issue of financial support because payment rates are still unknown.

We acknowledge that the extreme budgetary pressures the Welsh Government is under have made it difficult to launch the Scheme in full. However, to be less than a year from launching the Scheme and for payment rates to be unavailable is highly concerning. We want to see this Scheme succeed, but farmers cannot plan to participate if they don't know what their income under the Scheme will be. Recent rates under the Habitats Wales Scheme have not given farmers confidence that the Sustainable Farming Scheme will be economically viable for them, and this is a key driver of resistance to the Scheme's requirements.

The heavy resistance to some of the Scheme's requirements has, we believe, led the Welsh Government to reign in some of its ambition for the Universal Actions. Many of the Universal Actions are welcome, but there are some that are questionable as to whether they provide the taxpaying public with value for money in terms of protecting and enhancing the rural environment.

[The Rural Wales Public Survey 2022](#), a survey of 1000 respondents from North, Mid and West Wales, carried out by Opinion Research Services, was the first of its kind to

¹ <https://www.gov.wales/sites/default/files/consultations/2023-12/sustainable-farming-scheme-integrated-impact-assessment.pdf> (p127)

comprehensively survey residents of rural Wales. It revealed that 96% of residents in rural Wales agree that Welsh farmers have an important role to play in protecting nature and 88% agree that farmers have an important role in tackling climate change. At the same time, only around a third of residents (34%) agree that farmers are already doing enough for nature and the majority (60%) agree that government financial support should only be given if farmers make changes to protect nature and the climate. This is in stark contrast to the current area-based payments and is a timely insight into what people in rural Wales think farming policy should be delivering.

Question 1: The Scheme will provide a long-term approach to support for our agricultural sector to respond to evolving challenges and changing needs, contributing to the Sustainable Land Management objectives. In your view, what may strengthen this support?

It is difficult to judge how well the Scheme will provide long-term support for the agricultural sector to contribute to the Sustainable Land Management objectives because much depends on the payment rates available, and the consultation provides no information on this. WEL members also consider that the optional and collaborative layers of the Scheme have the greatest potential to restore nature and reduce carbon emissions and pollution, as well as providing landscape scale benefits such as flood mitigation or providing improved access to the countryside for rural communities and visitors. We know that these layers will be delayed but the consultation also provides no information on what proportion of the budget will be ringfenced for the optional and collaborative layers in future. We are concerned that the ongoing commitment to paying BPS during the transition period will leave little budget for these important parts of the Scheme during the transition period.

Welsh Ministers have a duty under the 1995 Environment Act to have regard to National Park purposes, which includes conserving and enhancing the natural beauty, wildlife and cultural heritage of National Parks and Landscapes. However, beyond a small mention of protected landscapes in the outlined Optional Actions list, the current Scheme fails to demonstrate how Designated Landscape bodies will be fully utilised in delivering the aims of the Scheme, or indeed how the SFS is specifically designed to help enhance the purposes of National Parks and Landscapes.

The Welsh Government could address this weakness and strengthen the scheme's support for the Sustainable Land Management Outcomes by including a 'Sustainable Farming in Designated Landscapes' programme (which includes funding for multi-year projects and the support of project coordinators and farming advisors within each landscape).

This could be supported through the optional or collaborative layer, but much greater clarity is required at this early stage to explain how farmers in Designated Landscapes will be supported under the optional and collaborative layers and what the timetable for this will be so that land managers and Designated Landscape bodies can sufficiently prepare for the Universal layer and beyond. If instigated earlier than expected in 2027, optional or collaborative actions could unlock significant improvements within Designated Landscapes to help meet the deadline in the COP15 Convention on Biological Diversity of protecting 30% of land and sea for nature by 2030.

Question 2: There will be Universal requirements in the SFS to have woodland cover at least 10% of suitable land, and to manage a minimum of 10% of your farm as habitat.

a) What are your views on these requirements?

b) What support might you need to achieve them?

WEL members strongly support the requirement for 10% managed as habitat on farms and they also support increasing tree cover on farms. We are facing a global biodiversity crisis and we know that 1 in 6 species are at risk of extinction from Wales. Farmland covers over 80% of Wales, so if nature cannot be restored on farmland, we will be unable to meet our targets to protect and restore biodiversity in 30% of our land and sea. The Welsh agricultural sector is also set to become the largest emitter of greenhouse gases by 2035, highlighting the need for a range of actions (including tree planting) to help farming achieve net zero targets.² Food

² <https://www.wcpp.org.uk/commentary/how-can-wales-feed-itself-in-the-biodiverse-carbon-neutral-world-of-the-future/#:~:text=Here%20in%20Wales%2C%20current%20unsustainable,emissions%20are%20falling%5B3%5D>.

production relies on healthy ecosystems, as highlighted in the most recent UK Food Security Report³, and farmers must play their part in restoring nature so that they can continue to farm into the future. These two requirements, to manage habitat and increase tree cover, are important to the success of the Scheme, which would be undermined without them. We believe the most important support for farmers to achieve these requirements is fair funding and easy access to independent advice that will allow them to build a bespoke plan for their farm.

We note the strong resistance to the 10% tree cover requirement and the misinformation that is currently circulating about this requirement. WEL supports the SFS's proposals to increase tree cover on suitable land on farms to at least 10%, noting that average tree cover on farmland is already at 6-7%. We welcome steps that have been taken by Welsh Government through the co-design process to increase flexibility to enable farms to meet this requirement. We encourage Welsh Government to maintain a flexible approach by embracing agroforestry as the main method through which all farms can increase their tree cover without making the land unproductive from a livestock perspective. Coed Cadw/The Woodland Trust has produced a series of [recommendations on how 10% can be achieved at a farm level](#), and we encourage Welsh Government to take them forward.

WEL believes that the net environmental and agricultural benefit from a shift to more integrated systems of agroforestry and farm woodland is likely to be greater than converting to woodland at a whole farm scale. This conversion, such as through private investment projects, is often to the exclusion of agriculture. If we fail to effectively integrate increased tree cover into the SFS then a significant risk remains that the current trend of land conversion continues.

From a farm business perspective, we strongly believe that, far from devaluing agricultural land, if an agroecological approach to tree cover is taken, trees can be integrated in a way that complements and benefits farm operations as well as

³ <https://www.gov.uk/government/statistics/united-kingdom-food-security-report-2021/united-kingdom-food-security-report-2021-theme-2-uk-food-supply-sources#:~:text=The%20biggest%20medium%20to%20long%20term%20risk%20to%20the%20UK%E2%80%99s%20domestic%20production%20comes%20from%20climate%20change%20and%20other%20environmental%20pressures%20like%20soil%20degradation%2C%20water%20quality%20and%20biodiversity.>

providing benefits for the environment. However, despite these productive benefits, WEL recognises that some intensive livestock farms are highly dependent on the area of grassland available for manure spreading and silage production, and that this constrains their ability to meet the 10% tree requirement. SFS payments would need to be sufficient to help these farms restructure their business around fewer livestock, likely at considerable public cost, which we believe would be inappropriate.

This raises a question as to whether the SFS Universal Layer should be designed around or funded to meet the specific needs and constraints of the largest and most intensive farms in Wales, or bespoke support for a transition for this sector should be developed beyond the SFS. In making this point we note that these intensive livestock farms are often the least reliant on current support, rather than the majority cohort of smaller, less intensive farms. Consequently, it is important that any bespoke support for a sustainable transition for this sector delivers real value for public money. For example, support for farmers to implement the [Maximum Sustainable Output \(MSO\)](#) model to help intensive farms move towards a more sustainable model that can accommodate more nature, would be a useful approach.

We do have concerns that the 10% habitat and tree cover requirements are not drafted in such a way as to guarantee a range of suitable habitats across a farm. Professional, independent, farm level advice is particularly important for these requirements to ensure that each farm is managing a diverse range of farmland habitats. Advice is also important to ensure any tree planting is well-situated so that it does not damage existing habitat or impede any existing public access. Species-rich grassland habitats are particularly vulnerable to being devalued by an inexperienced eye. These habitats have seen significant losses in recent years, which may not be restored in the Optional Layer if potential land is lost in the Universal Layer. This is why the SFS needs to include strong mechanisms to identify and protect other areas of important habitat potential, so that these opportunities are not lost before the Optional and Collaborative Layers are introduced. Following the Woodland Trust's recommendations on achieving 10%, with its focus on hedges and edges, and agroforestry, should also help to avoid scenarios that damage the potential to protect and restore other valuable habitats.

We recognise that farmers have been working within the CAP system, which has driven unsustainable practices and driven inequality with its area-based payments. For example, this system has driven the removal of tree cover on farms in many cases, so it is important to note that the new system will value trees outside woodlands for the first time. However, it is important that payment rates for creating and managing habitat, including woodland habitat, are sufficiently robust to support farmers to make these changes. These requirements are eminently achievable, with the right advice and financial support.

Our members are very concerned that, if the scheme rules for habitats and trees are simply weakened, rather than applied with care through the Habitat Baseline review process and appropriately rewarded, then the Universal Base Payment could become no different from the current EU-derived Basic Payment Scheme. With little information available on the optional and collaborative layers of the Scheme, and no guarantee that there will be sufficient budget for these, it becomes difficult for environmental NGOs to endorse flexible options that might utilise these layers instead. Budget should be allocated to each layer of the scheme to reflect the level of benefit the actions in those layers provides. If the Universal Layer is simplified and involves little change to the status quo for habitats and trees, the budget allocation should accordingly transfer to the Optional and Collaborative layers of the scheme to ensure effective and fair delivery of SLM goals through these layers.

While many of the temporary habitats listed to help farmers meet the 10% habitats will benefit nature, there is one notable exception, which is of concern. The management of Herbal Leys (as presented in the consultation) risks 'expensive greenwash' as it may be popular, but it will not guarantee flowering plants for pollinators. A diverse sward can provide benefits for wildlife such as pollinators, however these benefits will only be realised if the sward is diverse and allowed to flower.

Herbal leys are often managed through cutting and regular grazing which will limit benefits to nature. They can also become an ecological trap if cut during the breeding bird season. Herbal leys can be attractive to ground nesting birds, but these nests are vulnerable to cutting and other field operations. Herbal leys are therefore not a good substitute for flower rich habitats that are sown or maintained specifically for wildlife

benefit. Consequently, care must be taken when determining how herbal leys are funded through agri-environment schemes. Temporary scrapes also need to be managed carefully, to ensure these are not being placed in areas of existing habitat, or areas that would be more suitable for permanent habitat.

WEL members also consider that some of these temporary habitats would have much more benefit if they were permanent, for example field margin habitat. Temporary habitat, whilst better than nothing, means that damage is caused to the soil structure and organisms using it (nesting bees, beetles, overwintering larvae etc) when it is ploughed to create and remove the habitat. Habitat in nature, though successional, is not regularly and deliberately destroyed, often with the use of harmful chemicals. Also, with planted habitat, the flowering period is generally shorter than an area of semi-natural habitat which will support different flowering plants from Spring to Autumn. If certain habitats are beneficial as temporary features, they are of course more beneficial if left in place and we feel more could be done to encourage this.

Dry stone walls and hedgerows are hugely valuable for wildlife, as well as being key features of the traditional landscapes of our National Parks and National Landscapes. Farmers should be rewarded for retaining and maintaining them. Consideration should be given to including dry stone walls in the 10% habitat threshold. We note that hedgerows have their own management action within the Universal layer, with further actions hinted at in the list of optional actions. We discuss the hedgerow action in more detail in our response below.

WEL members strongly recommend that the Welsh Government invests in provision of on the ground advice to farmers on the habitat and trees requirements so that they benefit both the environment and the farm business. This includes the need for Farming Connect to fill the worrying skills gaps they currently have in relation to ecological advice.

Question 3: Aside from the 10% woodland and habitat requirements, will the Universal Actions:

a) Provide benefit for your farm business?

b) Provide an achievable set of actions paid for through the Universal Baseline Payment?

Without information about payment rates it is difficult to assess whether the actions required are achievable financially for those farmers that are not already working in this way. However, the Universal Actions required are the minimum that is needed for protection and restoration of nature and to deliver a Scheme that provides the wider public benefits that taxpayers in Wales will be funding. It is important to note that there are many farmers that are already working beyond this level, and delivering more for nature than the Universal Actions will support. We are concerned that these farmers will be disadvantaged by the delayed access to the Optional and Collaborative Layers, where their activities would be better supported.

Given that the Welsh Government knows that it will be able to continue to pay farmers an amount, via a combination of Universal Basic Payment and Stability Payment, that will at least equal what they would have received under a notional BPS payment, we consider that more could have been done to set out the current thinking on likely payment rates for the Universal Actions. We recognise that the budget forthcoming from the UK Government is not yet confirmed, but farmers need to understand the ambition for the Scheme, even with the caveat that future budget announcements may result in some changes. The total lack of information on likely payment rates is driving uncertainty and unrest.

The Actions

In addition to the actions on habitats and trees, we are pleased to see actions to improve soil health (with appropriate links to the Control of Agricultural Pollution Regulations) and in relation to good hedgerow management, management of ponds and scrapes, management plans for protected sites, management of woodland, agroforestry and integrated pest management. However, some of these could still be improved to provide more environmental benefit and value for public money.

UA11 on hedgerow management has a simple definition of good condition and specifications for trimming/cutting and for gapping up. There are practical issues with some of the suggested requirements. This could create an incentive to stop trimming hedgerows (because the definition of good condition only applies to those regularly

trimmed). Could the way that this is worded allow farmers that stop trimming hedgerows to no longer be subject to this action? Further thought may need to be given to what could be done under the Universal Action to get hedgerows into really good condition, and this is an area that may need more of an incentive to improve.

UA12 on the maintenance of all existing woodland (native and non-native) provides simple management actions rather than proactive management that we would expect to see in the higher levels of the Scheme. The list of measurable outcomes and list of restrictions seem reasonable. However, our members are concerned about the fact that there is no requirement for stock exclusion. Whilst there are guidelines to define what would be unacceptable grazing damage, we are not convinced that these are sufficient to protect the forest ecosystem as they stand. The Woodland Trust will have further, detailed recommendations on how to improve this.

We particularly welcome the requirement to create management plans for SSSI's but we have some concerns about how this action will be delivered. Plans need to be based on an accurate understanding of the SSSI's current condition and pressures affecting it. The majority of SSSIs in Wales have not had a formal condition assessment in the last 5 years or more, due to insufficient NRW resource, and there is currently no statutory target or national plan to address this. While remote sensing and pre-existing datasets may be of some use, gaining an accurate picture of SSSI condition and drivers behind requires an in-person site visit and specialist advice to support the farmer to include the right management choices in their plan, to ensure the plan will be effective. We would like to understand what consideration has been given to this and how the associated resource implications for both condition assessment and management advice provision will be addressed.

While the development of a plan is welcome, there is currently no requirement in place to deliver on that plan (this is also an issue with farm planning based on the annual benchmarking action). Having a management plan for a SSSI does not mean that the SSSI is being well managed – this would only be the case if the plan were being delivered and its outcomes being monitored. This is now recognised practice in England where Natural England no longer accepts existence of a management plan alone to indicate a SSSI is in recovering condition.

Under current SFS proposals, there is also no required deadline by which to produce a plan, other than within the 5 years of the agreement. This means that a SSSI included in the scheme today may not have a management plan in place before 2029, leaving only one year to make any sort of progress towards the global 30x30 commitment. We recommend there should be a requirement to produce a plan within the first year of the agreement under Universal Actions and we would expect delivery of the plan to be prioritised and appropriately incentivised through the Optional Actions and Collaborative Actions.

We welcome the action on Continuous Personal Development and feel this provides opportunities for farmers to learn skills that will help them transition to more sustainable practices. However, we question whether online-only training provision is the most appropriate and useful delivery mechanism? We appreciate that there are budgetary advantages in delivering training online, and it does mean that farmers aren't required to travel to complete their training and that they can work training around their schedules. However, offering some face-to-face options for groups of farmers may be helpful, particularly for those that are less used to working online. We also would not like to see this action replace the provision of expert advice, particularly in relation to woodland and habitat management.

UA17 on good farm biosecurity only focuses on livestock and seems a missed opportunity to consider other biosecurity issues such as tackling tree diseases or invasive species. Plant biosecurity is also not currently considered for the optional actions as suggested in the Annex.

The balance between regulation and incentives under the Scheme

We have concerns around the balance between formal regulation and SFS compliance. Universal Action 4, Multi-species Cover Crop, illustrates this well.

This is an important requirement within universal actions. We would question whether this should be part of the SFS at all and should really be included in regulation. This could be achieved by bringing chapter 4 of the Code of Good Agricultural Practice (CoGAP) (Soil Husbandry) into legislation in the way that the Control of Agricultural Pollution Regulations brought chapter 5 into legislation. Climate change is leading to more severe rainfall events, causing flooding. Six of the

benefits are on-farm leading also to biodiversity gain, while benefit E, managing flood and drought risk, has a wider societal benefit. Benefit E should take this Universal Action from out of the SFS and into a universal requirement in regulation. Even where the rainfall is so exceptional, as to make flooding almost inevitable, the benefit of holding as much water as possible in and on the land is hard to underestimate.

Outside wider societal benefits of E, the other benefits of multi-species cover crops are too important to be dependent on whether a farm joins the SFS. If this action remains as part of the SFS for now, the situation must be reconsidered if the majority of a whole sector, such as intensive dairy, chooses to remain outside the scheme.

Another concern around this Universal Action is the status of forage crops such as fodder beet and stubble turnips. 5m buffer strips are suggested but is this sufficient? Such crops provide little cover and fields are poached by foraging animals. The risk of run-off is great.

We note the preference for grazing off and mechanical means of removing cover crops prior to replanting, but chemical use for termination would still be allowed. This causes concern as the planting of maize on land liable to flooding, contrary to CoGAP, is an issue. This is perhaps another argument for codification of chapter 4.

Question 4: On-farm data reporting allows the Welsh Government to confirm actions are being undertaken and help you to make decisions about your farm. In your view, is the reporting requirement for the Universal Actions appropriate?

We also recognise the need for regular monitoring and reporting, so that farmers have the data to be able to make informed decisions about sustainable land management on their farm, and to ensure that public money is being spent wisely. Farm reporting should be easy for farmers to do. Most importantly it must also be independently verified to ensure that public funds are being spent wisely. We ask that the Welsh Government ensures there is appropriate resourcing given to appropriate verification of the data collected and also to support farmers with their monitoring and reporting.

We are interested in the process of setting KPIs and how this information and farm plans will be used to make progress in areas that are identified as needing improvement. Will this information be made publicly available?

Question 5: The Stability Payment will provide additional support for common graziers during the Transition Period. In your view, is this appropriate whilst the Optional and Collaborative Actions are being introduced?

WEL members understand the need to support farmers during the transition to the new Scheme, particularly as the Optional and Collaborative actions are not going to be introduced at the same time as the Universal Actions. However, WEL members question whether the provision of a Stability Payment would be necessary if the Optional and Collaborative Actions were available to farmers.

WEL members would like to see the Optional and Collaborative Layers of the Scheme introduced within 12 months of the Scheme launching, with information on payment rates for these published as soon as possible. Assuming the rates for these actions are sufficiently attractive and fair, this should encourage more farmers to join the Scheme. We hope that this would then negate the need for a Stability Payment, which currently functions to maintain the status quo, rather than being an incentive for farmers to undertake actions that will deliver real benefits for the environment and for the farm business.

Question 6: We have proposed that applicants should have sole management responsibility for the land for 10 months and ensure completion of the Universal Actions for the full scheme year (12 months). In your view, is the 10-month period sufficient?

WEL is content with this.

Question 7: We are proposing the use of a single carbon calculator for everyone in the Scheme. Do you agree and how might we best support you to complete this?

WEL supports the use of a single carbon calculator to ensure comparability. We don't recommend a particular calculator but would suggest that it should conform to

international best practice such as ISO standards and the forthcoming GHG Protocol Land Sector & Removals (LSRG) guidance. We consider that a modular element could also be adopted that can integrate data from specialist carbon calculators that might apply to specific parts of the farm business, such as the Woodland Carbon Code and Peatland Code, and possibly from the Agroforestry Carbon Code currently under development. We are aware that RSPB has recently completed an on-farm review of three carbon calculators and will share this information with WG as soon as it's available.

WEL members would also like to see gains from sequestration on farms treated separately to reductions in emissions from farm activities. It is important that farmers are supported to sequester carbon and to make an income from this where it is providing a benefit to the environment. However, this should not exempt farmers from reducing their own emissions. Agriculture is one of the few sectors where emissions are rising. If other sectors must consequently make deeper cuts to their own emissions to compensate for this, it could result in more productive farmland being bought and repurposed for carbon sequestration, with the unintended consequences that may result for farm businesses, rural communities, and potentially biodiversity.

Question 8: To ensure continued high standards on our farms, we have outlined a proportionate approach to controls and sanctions, including compliance with additional legislation as a condition of Scheme payment. Do you have any views on this approach?

WEL members have always argued that it is essential that the Scheme pays for actions that go beyond the requirements of regulation. We strongly support the need for Scheme entrants to be compliant with existing farming regulations to ensure public value for money. We remain disappointed that a full National Minimum Standards framework has not been introduced, and that there is no certainty around future plans for this. In particular, this would provide a wider range of proportionate sanctions for non-compliance with farming regulation.

As highlighted under question 3 we have concerns around the balance between formal regulation and SFS compliance. Universal Action 4, Multi-species Cover Crop, illustrates this well, as we believe that this shows a missed opportunity that could

have been dealt with under National Minimum Standards if we had a framework that could close important gaps in regulation.

We would expect to see a sanctions matrix clearly setting out consequences for non-compliance with Scheme rules as set out and agree with the need for financial penalties for non-compliance. We would like to see an approach that will pick up repeat offenders in areas such as water pollution, to ensure that minor infringements do not escalate into more serious pollution events. We also note feedback from access officers that cross-compliance has historically been a useful tool for ensuring maintenance of open public rights of way. Whilst we would hope that all farmers entering the Universal layer of the Scheme would be compliant with existing legislation on rights of way (and welcome the proposal on page 61 of the consultation to include this as a Scheme rule), we also see merit in this being picked up through cross-compliance checks in the new Scheme.

The SFS is primarily a means of paying farmers and in return they must farm sustainably, safely and in a way that enhances nature, helps minimise climate change and minimises the effects of climate change. It will apply only to those who join the Scheme. Compliance will need to be monitored effectively. Rural Payments Wales have the task of ensuring compliance. Existing environmental legislation, including the Control of Agricultural Pollution Regulations, must be enforced and NRW must be resourced to achieve this. It must also demonstrate the will to require compliance. The range of enforcement options should be extended to assist in this.

Question 9: Adopting the Welsh Government appeals process will provide an effective and efficient mechanism. Is there any reason we should deviate from this?

Our members agree that the sanctions and appeals process is currently complex and time consuming. WEL supports adopting a more efficient and effective appeals process as part of the SFS. This should be kept under review given the change from current RPW processes and potential for it to have negative impacts on farmer welfare. We recommend continued engagement with farmers and representative bodies to monitor the impact of the change with a view to assess its implications at the end of the transition period.

Question 10: We would like to know your views on the proposed approach to:

a) the SFS universal baseline payment

b) the SFS stability payment

WEL supports the proposal to split the payment into four categories. The key factor will be setting the value of these four categories appropriately. We note that farmers will, for the first time, receive a payment proportional to the area of tree cover they have. This is not just for woodland but also includes a welcome and significant recognition of the importance of other trees - in hedgerows, fields, scrub and other examples of agroforestry. This a welcome reversal of the current subsidy arrangements, which specifically remove land under tree cover from eligibility for payments.

We also note that the payment relating to woodland maintenance is a smaller payment than those who need to create more. This is based on the presumption that the payment to create new woodland (based on income forgone) is likely to be larger than that for managing existing woodland. It is correct that the payment system recognises the true cost of change. However, we would like to see the Welsh Government consider how to encourage those with existing woodland cover beyond the 10% requirement to keep this as well managed and not seek to level down. This could be achieved by an increased management payment for each hectare a farm has beyond 10%. The advantage of this idea is that it strengthens the Universal Layer of the Scheme. Better maintenance of existing woodland could also be achieved by swiftly introducing a woodland management grant, or indeed a wider trees and habitats grant, to support farmers to manage their existing woodland and habitats and reward those progressive farmers that are already farming with nature.

WEL members are also concerned about the proposal to exclude SSSI land from the habitat maintenance component. Having and maintaining a management plan, and the liaison entailed, is a maintenance requirement. Maintaining the condition of a SSSI is a regulatory requirement for public bodies rather than directly for farmers. Welsh Government and NRW have overall responsibility for getting SSSIs into good condition, so we feel that payments to farmers for appropriate management would be a means of them doing this.

A wider point to recognise is that the Universal actions beyond woodland and semi-natural habitat payments are ultimately best described as best practice. As such they represent a low bar for many farms already pursuing more sustainable business models. We recommend that the payment reflects this, and the demands of those actions are increased over time as farmers establish themselves in the Scheme. Over time we expect to see actions which are scheduled to be included in the Optional Layer (such as responses which actually improve soil health) are progressively moved into the Universal list to enable and support the sector to improve over time.

WEL recognises the pressures concerning the decision to introduce a stability payment for the transition period. We remain concerned that money which could have been invested in the rapid development and delivery of the Optional and Collaborative layers will instead now be locked away in a stability payment, rather than supporting on farm action. Nonetheless, we recognise the value the stability payment could play in making entry to the SFS more attractive to farmers. As SFS is the future of funding, it should be the more attractive option to farmers financially in each year of that transition. Given this, we would welcome use of the stability payment to ensure the amount of money a farmer receives for entering the SFS is always meaningfully more than they would have by remaining in BPS.

Question 11: Farmers outside the Scheme may wish to access support for actions similar to those offered in the Optional and Collaborative Layers. In your view, should farmers within the Scheme receive priority support to undertake these actions?

WEL agrees that farmers that are already participating in the Scheme should receive priority support to undertake actions within the Optional and Collaborative Layers. However, we do not think that farmers and other land managers that are not participating in the Universal Actions should be excluded from accessing support for actions in these higher layers, where there is a strategic and public benefit reason for them to access this support. It is possible that land that has not been included the Universal layer of the scheme may be critical to the successful delivery of collaborative actions and outcomes e.g., peat restoration at scale or improving river corridors. It's also possible that excluded land wasn't by choice, e.g., excluded

holdings may fall outside of the minimum size for entry into the Scheme or landowners may not have permitted tenanted land to enter.

Whilst there may be occasions where it is appropriate for farmers outside the Scheme to be included, this would need to be subject to strict compliance with regulations and best practice for their farm. Such access would be unfair to farmers already participating in the Scheme unless there were a particular reason why inclusion in a higher tier action only would provide significant public benefit.

Question 12: What actions and support within the Optional and Collaborative layers do you believe should be prioritised?

WEL members believe that these layers provide the greatest opportunity for tackling the nature and climate crisis. They will also provide opportunities to tackle issues such as flooding and pollution, provide improved access to the countryside and make the most of the contribution that our designated landscapes can make within the Scheme. We would like to see these layers introduced as soon as possible after the launch of the Scheme, to provide farmers with the necessary financial support to make a real difference to some of the biggest environmental issues that are already affecting their farm businesses. We would also like to see these layers well-resourced: it is a significant concern that the budget required for the Universal Layer, Stability Payments and BPS payments could mean a long delay in introducing the more advanced layers of the Scheme, and that the Universal Layer may take up a disproportionate amount of the Scheme's budget.

In particular we believe that the optional layer should include:

- specific actions to support at-risk species;
- actions to increase the area of habitat that is well-managed for the long term;
- actions to restore and enhance habitats;
- actions to improve accessibility to rights of way on farms, or to create new routes (as mentioned in the optional list), including access to blue spaces;
- actions to reduce the carbon intensity of farm operations;
- actions to provide resilience against flooding and drought;
- actions to further reduce pollution (beyond regulatory and universal requirements);

- actions to improve soil health and sequestration;
- actions to improve plant biosecurity and tackle invasive species; and
- support to help farmers to implement Maximum Sustainable Output (MSO) on their farms.

We think that actions within the collaborative layer are particularly well suited to:

- connect habitats across a wide area, providing wildlife corridors and greater resilience for species in a changing climate;
- connect up access routes, particularly where it will help rural communities reduce reliance on car travel for short-medium journeys, or to improve opportunities for tourism and recreation;
- tackle issues on a catchment scale, such as flooding, drought and pollution;
- actions which add value into the supply chain and develop new approaches to the food system like local food hubs and procurement;
- training opportunities for farmers to diversify into agriculturally adjacent roles such as forestry and nature-based tourism; and
- support for traditional farming jobs outside of direct agriculture such as hedgerow management and drystone wall maintenance given their cultural value in addition to environmental benefit.

As mentioned in the answer to question 1, either the optional or collaborative layer could include a 'Sustainable Farming in Designated Landscapes' programme (which includes funding for multi-year projects and the support of project coordinators and farming advisors within each landscape).

Question 13: Do you agree with the proposed changes to BPS from 2025? This includes:

- a) The rate at which BPS payments are reduced.**
- b) Closing the National Reserve to new entrants.**
- c) Thresholds for capping.**
- d) Restricting the transfer and lease of entitlements.**

Given that the decision has been taken to retain the BPS during the transition period, the proposal for phasing this out seems sensible. We remain concerned that the requirement to pay BPS whilst also introducing the new Scheme will result in long

delays to the introduction of the optional and collaborative layers, and that these layers will be poorly resourced due to the resulting budget squeeze. We think the additional budgetary pressure from continuing to pay BPS until 2029 could also result in lower payment rates for the Sustainable Farming Scheme at all levels, making it unattractive to farmers. The Stability Payment is in place to ensure farmers are not receiving less than they would have under BPS during the transition period.

WEL suggests that Welsh Government look to accelerate the reduction of BPS payments where possible so that more money can be invested in farms via the higher layers of the SFS. This could be achieved by revisiting this 20% per year approach in 2027 when there will be a fuller understanding of the rate at which farmers are entering the SFS. Should we be in the situation where the majority of farms are already in the SFS, then a case could be made to further accelerate the reduction in BPS payments so that more farms within the Scheme can benefit from the money.

It is also critical that any underspend in the BPS budget in any year of transition is not lost to the agricultural sector. There should be a commitment within the Scheme that it is always recycled into the SFS that year. This should be achievable given the requirement for farmers to pick between BPS and SFS at the beginning of each year.

We agree with the proposals to close the National Reserve to new entrants; they should be directed to the new Scheme. We also agree with thresholds for capping, and for restricting the transfer and lease of entitlements.

Question 14: We would like to know your views on our proposed approach to secondary legislation, which will support BPS and the introduction of support schemes under the powers in the Agriculture (Wales) Act 2023.

The outlined approach to secondary legislation seems sensible but we would urge the Welsh Government to consult on the draft regulation before it is finalised. We would also urge the government to make secondary regulations subject to an affirmative vote in the Senedd to add greater democratic legitimacy. We note that the regulation is intended to cover all future Schemes, so it will not contain particulars about monitoring compliance and enforcement of the Sustainable

Development Scheme, which will be contained in Scheme rules. Again, stakeholders should be consulted on Scheme rules before they are finalised.

We think it is important for the Scheme to be effectively monitored and enforced. There is currently no indication of how non-compliance will be managed within the Scheme, which is critical information for both farmers and environmental stakeholders to understand.

Question 15: Economic analysis and modelling will conclude in 2024 and will provide evidence to inform the final decision on Scheme implementation by Welsh Ministers. We would like to know your views on the existing analysis and evidence required.

WEL welcomes the Welsh Government's approach to analysis and modelling and appreciates the difficulty it has had through a natural capital approach to quantify the value of actions spatially. WWF Cymru has done work in this area which could provide further data to inform this. Welsh Government may also wish to consider RSPB's [Land Use Scenarios Project \(LUSP\)](#) in its analysis of land use and management and the achievement of Scheme's objectives. This project is intended to help us understand more about how different ways of using land in the future will impact on net greenhouse gas emissions, potential habitat for breeding birds, and production of food, timber, and biomass fuel. Through modelling different scenarios, the project discovered that a move to agro-ecological farming coupled with increased habitat creation and restoration (particularly as Nature-based Solutions) could drastically cut UK emissions whilst also benefiting some species.

WEL members are particularly keen for the wider benefits of on-farm actions to be reflected at the national level. Actions on farms also affect areas away from the farm, particularly when considering issues such as flooding, drought, air and water pollution and biodiversity loss. For example, water quality and flood management actions (or lack of action) impact areas many miles downstream and often well into urban areas. From a biodiversity perspective, wildlife corridor enhancement is also of a great benefit. While the individual action on farm might be small, the value of

providing that connectivity at a national scale might be significant – as shown with the recent B-lines project for pollinators⁴.

It is clear from the increasingly hostile public debate about the future of the SFS that the projected decline in direct agricultural jobs is an issue that the Welsh Government need to address and overcome. In large part this can be achieved through the acceleration in delivery of the Optional and Collaborative tiers due to their higher labour requirements. Equally the Government could better support its case by laying out that these ‘worst case scenario’ predictions are consistent with the downwards trend in historical direct employment numbers we have been seeing in recent years.⁵ We also think that it needs to be made clearer that many family farms have been lost under the current subsidy system, which has not been good for farm viability or for the environment. This suggests that the status-quo is not a viable option for Welsh agriculture.

Further analysis is required of the impact of the SFS on the wider rural economy, including the sustainable long-term jobs that could be created through the expansion of practices such as woodland management and nature-based tourism alongside direct agricultural employment. For example, a recent study by the RSPB found that approximately 7,000 nature-based green jobs that could be created over the next decade under a [Nature Service for Wales](#).

Question 16: We would like to know your views on which information and evidence should be used to monitor and evaluate the Scheme.

Data is an essential component of this scheme to provide an understanding of the scheme’s effectiveness. We recognise that business sensitive data such as farm assessments also presents risks to that farmer. As such we would urge the government take all necessary efforts to anonymise the data as far as possible when sharing it with the listed groups.

We recommend that data is collected on each action to ensure compliance and to understand the effectiveness of actions. Data should also be collected in a manner

⁴ <https://www.buglife.org.uk/our-work/b-lines/b-lines-wales/>

⁵ <https://research.senedd.wales/media/iuch3jz1/22-47-farming-sector-in-wales.pdf>

which is consistent with the emerging biodiversity targets legislation, given that the SFS will likely be the primary policy vehicle that will guide whether such targets are met. At the present time we do not know the full shape of those targets, however we will by the time the scheme is operational in 2025. In the meantime, focus should be around key areas which are highly probable to feature in those targets. Such as, species condition/extent, habitat condition/extent, fertiliser/pesticides use as part of wider nutrient management, air and water quality, and the condition of protected sites.

WEL members are keen to contribute to the development of indicators and targets within the Scheme and would hope that these will be the subject of further consultation.

Question 17: What, in your opinion, would be the likely effects of the SFS on the Welsh language? We are particularly interested in any likely effects on opportunities to use the Welsh language and on not treating the Welsh language less favourably than English.

- **Do you think that there are opportunities to promote any positive effects?**
- **Do you think that there are opportunities to mitigate any adverse effects?**

WEL notes that the CAP system has presided over the loss of over 800 farms since 2013.⁶ We believe this loss will have had a negative impact on the Welsh language, and rural communities as these losses have predominantly affected traditional family farms. This is why WEL members believe that the SFS marks a necessary change to an approach that supports traditional family farming to become more sustainable and viable.

The new Scheme will require advisors to support farmers transition to and then continue to deliver SLM actions, so we also see clear opportunities here for investing in jobs that require good Welsh language communication skills. Job creation through the Nature Service Wales could also support this sector and create Welsh language opportunities as well.

⁶ <https://www.gov.wales/sites/default/files/publications/2021-03/agriculture-in-wales-evidence.pdf>

Question 18: In your opinion, could the SFS be formulated or changed so as to:

- **have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English; or**
- **mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?**

We do not have any specific suggestions for change in relation to the Welsh language.

Question 19: Do you have any additional comments on any aspect of the consultation document?

The Welsh Government has a duty under the 1995 Environment Act to have regard for National Park Purposes, which include conserving and enhancing the natural beauty, wildlife and cultural heritage of the National Parks. The Welsh Government should therefore design the new scheme to ensure that it helps deliver these purposes, making the National Park Authorities and National Landscapes partners in delivery. If this is not done, the SFS is at risk of following previous agri-environment funding regimes in delivering no better results inside Designated Landscapes than outside.

The WG's 2018 Valued and Resilient review of Designated Landscapes endorses this approach. It highlighted the need to "take a spatial approach to get the most from land [...] proposing an approach where future land management support can be targeted to particular areas."

Central to this vision was the need to support public bodies in more actively administering schemes: "the potential for National Park Authorities, amongst others, to take an active role in the administration of schemes will be explored."

Wales' Designated Landscapes are cherished areas and biodiversity hotspots that should play a crucial role in conserving and nurturing our threatened wildlife. If the SFS is not able to make a difference for wildlife in these areas, it will have failed to fulfil its potential.

There is a significant role for Natural Resources Wales (NRW) to support the delivery of the SFS, including producing SSSI management plans, guiding woodland creation decisions and ensuring compliance with environmental regulations. It is essential that NRW is adequately resourced to undertake the various functions required of it to ensure the effective delivery of the scheme and underpinning regulations.

We are pleased to see that the threshold for eligibility into the Scheme has been reduced to either 3 hectares or an ability to demonstrate at least 550 hours of work. This should help to provide support for small farms that are already providing fresh fruit and vegetables and other sustainable products, but that were previously excluded from accessing public subsidies.

Wales Environment Link (WEL) is a network of environmental, countryside and heritage Non-Governmental Organisations in Wales. WEL is a respected intermediary body connecting the government and the environmental NGO sector. Our vision is a thriving Welsh environment for future generations.

This paper represents the consensus view of a group of WEL members working in this specialist area. Members may also produce information individually in order to raise more detailed issues that are important to their particular organisation.



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