



Sustainable Farming Scheme

Written Evidence for the Economy, Trade, and Rural Affairs Committee

05/02/2025

This document provides evidence to support scrutiny of the Sustainable Farming Scheme.

Within the document you will find an introduction and background information on the Welsh Government's *Sustainable Farming Scheme – Keeping Farmers Farming* consultation, which was published in December 2023, details on the extensive collaboration which has taken place with key stakeholders following analysis of the consultation responses, a brief outline of the proposed revised Scheme being taken forward for modelling purposes, as well as next steps.

Please note, a more detailed Scheme Outline is available as per the Written Statement published on 25 November 2024.

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1. Introduction

Farming is crucial to Wales; to our culture and to our economy, and we are determined to ensure a successful and sustainable future for Welsh farming.

Producing safe, high-quality food in Wales is vital. The climate emergency is the main risk to food production over the long term, and our natural ecosystems provide some of the best defence we have in the adaptation and mitigation of climate change. Farming contributes much more than just the food we eat. A prosperous industry is vital to support farmers to produce food sustainably and provide a wealth of economic, environmental and social benefits. We cannot have separate conversations about food versus the environment – they are dependent on each other.

Our ambition for the Sustainable Farming Scheme (SFS/Scheme) to support a sustainable, productive agricultural industry in Wales has not changed. Our future farm support will deliver multiple outcomes for all of Wales, and we will ensure that farmers are kept at its heart.

The SFS will serve as the primary source of government support for farmers in Wales. The Scheme will reward farmers for actions that align with the Sustainable Land Management (SLM) Objectives set out in The Agriculture (Wales) Act 2023 ('the Agriculture Act').

Those are:

- To produce food in a sustainable manner
- To mitigate and adapt to climate change
- To maintain and enhance the resilience of ecosystems and the benefits they provide
- To conserve and enhance the countryside and cultural resources and promote public access to and engagement with them, and to sustain the Welsh language and promote and facilitate its use.

2. Background

Our principle of keeping farmers farming, ensuring land continues to be managed by those who know it best, has remained largely unchanged throughout our development process. We have had significant engagement with farmers, environmental bodies, and other stakeholders to design future farming support and we are committed to continuing to work with farmers and key stakeholders to finalise the scheme.

Over 12,000 responses were received to the consultation which closed in March 2024, and its analysis and Government Response was **published 11 July**. Whilst the framework and principles of the scheme were generally accepted by many, the primary concerns raised were in relation to perceptions of an overly administrative scheme and the Scheme Rule of 10% tree cover being a barrier to entry.

These concerns, as well as others raised during the process, have been considered and addressed during an intensive period of stakeholder engagement during summer 2024, further detail of which is included below.

3. Scheme development

To respond to the concerns raised during the consultation, we took the decision to introduce the SFS in 2026 - following a Preparatory Phase in 2025 - as part of the ongoing listening and partnership working with the industry to resolve challenges and ensure farmers felt confident in the scheme. Further detail of the announcement made on 14 May 2024 can be found [here](#).

Throughout summer and autumn 2024, we undertook an intensive period of scheme development with the Ministerial Roundtable and its subgroups. The purpose of the Roundtable was to further develop the partnership approach needed to finalise the design and implementation of the Scheme, building on previous phases of co-design and engagement. Whilst final decisions will always be taken by Welsh Ministers, the Roundtable will continue to have an important role to play in shaping the Scheme. Membership details can be found at Annex A.

We have worked closely with the farming unions, environmental bodies and other important stakeholders to make changes to the proposed Scheme and will continue to listen to stakeholder views to shape the SFS, so that it provides the necessary support for a vibrant and progressive agricultural industry in Wales. This includes the work of the Carbon Sequestration Evidence Panel who were commissioned to consider any further and alternative proposals to achieve additional carbon sequestration within the Universal Actions of the Scheme. Their summary [report](#) was published on 25 November 2024.

In line with original aspirations, the SFS is being designed to support farmers to produce food sustainably, to mitigate and adapt to climate change, and maintain and enhance nature on their farm.

We listened to the feedback, and stakeholder discussions, and based on this have changed several key areas to ensure the Scheme is accessible and practical, providing an opportunity for support to all farms in Wales. Some examples of the changes made include:

- Removing the Scheme Rule to have 10% tree cover on each farm. We have replaced this with a revised Universal Action for a tree planting and hedgerow creation opportunity plan. We will support tree planting and hedgerow creation through Optional Actions and will encourage planting of trees and hedgerows to meet a scheme-wide target.
- Merging the three Animal Health, Welfare and Biosecurity actions into a single simplified Action to focus discussions with the farm vet on improved animal health and welfare outcomes.
- We will make [payments in the Universal Layer on Sites of Special Scientific Interest \(SSSI\)](#), to reflect the role of farmers in managing these important sites.
- Including grazing rights on common land within the Universal Baseline Payment.

- **We have reduced the overall number of Universal Actions from 17 to 12.**

4. Scheme Outline

The Welsh Government published the [Sustainable Farming Scheme: proposed scheme outline \(2024\)](#) on 25 November which is being used to carry out an economic analysis and impact assessment. This will include an assessment of the proposals against the four Sustainable Land Management objectives and the impact, for example on farm business income for a range of different farm types and sizes so that we can understand what the Scheme will mean for farmers and wider society.

The positive response from stakeholders - as included within the [press notice](#) - on the Scheme Outline demonstrates the considerable work which has taken place over summer 2024 to get us all to this positive place outcome..

The Scheme will support all farmers in Wales through a Universal Payment, based on the completion of a set of Universal Actions. These Actions will be familiar to farmers in Wales, whether beef, dairy, arable, upland, lowland, extensive or intensive. They are actions many of them already take on a day-to-day basis. Some actions will not apply to every farm – for example, Universal Action 15, Animal health and welfare would not apply to arable only farms.

For ease of understanding, the Universal Actions are numbered as set out in the consultation, with 12 Universal Actions rather than 17. These are set out below. The following have been removed as individual Universal Actions but remain part of the Scheme framework:

UA4: Multispecies cover crop

UA6: Managing heavily modified peatland

UA10: Ponds and scrapes

UA16: Good animal welfare (merged with Universal Action 15)

UA17: Good farm biosecurity (merged with Universal Action 15)

Table 1: Title and description for each Universal Action

Universal Action	Description
UA1: Benchmarking	Complete an annual measuring and monitoring assessment to optimise business and environmental performance

UA2: Continuous Personal Development	Build on your existing skills and knowledge with ongoing learning on a range of subjects.
UA3: Soil Health Planning	Building healthy soils through testing to help soil health planning.
UA5: Integrated Pest Management	Complete an annual assessment of Plant Protection Products used and alternative methods employed to reduce chemical usage.
UA7: Habitat Maintenance	Maintain the semi-natural habitats on your farm to benefit grazing livestock and wildlife.
UA8: Create temporary habitat on improved land	To increase the benefits for nature through connected and diverse habitats.
UA9: Designated Site Management Plans	Support enhancement of designated sites, including Sites of Special Scientific Interest by working with Natural Resources Wales to have a Management Plan with an agreed Schedule of Works in place.
UA11: Hedgerow Management	Increase the size and density of regularly trimmed hedgerows to benefit livestock, carbon storage, biodiversity and landscape.
UA12: Woodland Maintenance	Maintain existing woodlands to increase the benefits for livestock, nature and business diversification.
UA13: Tree Planting and Hedgerow Creation Opportunity Plan	Develop a plan which identifies the opportunities for planting additional trees and creating new hedgerows across your farm to deliver multiple benefits.
UA14: Historic environment	Conserve and enhance the countryside and cultural resources.
UA15: Animal Health and Welfare	Support practical, farm-specific improvements in livestock health and welfare to improve productivity.

Optional and Collaborative Actions

There will be additional support for farmers through the Optional and Collaborative Layers of the Scheme which build on the foundation provided by the Universal Layer. This support will be a combination of capital and revenue grants, alongside effective advice, guidance and knowledge transfer.

There will be flexibility for the farmer to choose the Actions which work best for them. We will work with stakeholders to prioritise which will be made available at the start of the Scheme in 2026, with more being introduced in phases over the Transition Period between 2026 to 2030.

The range of Optional Actions available will include, for example, actions on productivity, sustainable farm practice, habitat restoration and continued small grants support.

The Collaborative Layer of the scheme will support farmers to work together with other farmers and organisations on joint projects to optimise the potential for delivering economic, environmental or social benefits. Some examples may include sharing knowledge and innovation with other farmers, or academia, or working together to improve and enhance local supply chain opportunities.

Graziers participating in a Common's Agreement will have access to Collaborative funding as a consequence of their positive action through combined grazing – as well as other opportunities for wider improvement activities (such as access).

The Integrated Natural Resources Scheme (INRS) will be used to help inform the Collaborative Actions, such as creating interconnected habitats across landscapes in a co-ordinated way to maximise environmental outcomes.

Eligibility

To be eligible for the Universal scheme, farmers must meet the three criteria below:

- Undertake agricultural or ancillary activities on agriculture land.
- Have at least three hectares of eligible agricultural land in Wales or be able to demonstrate more than 550 standard labour hours
- Have exclusive occupation and management control of the land for at least 10 months of the calendar year.

They will also be expected to complete the Universal Actions within the Scheme year or relevant period.

New / young entrants

The Welsh Government is committed to enabling new and young entrants to enter the Scheme. Payments will not be based on entitlements, quotas or historical reference periods, to allow new and young entrants the opportunity to join the Scheme on the same terms as all other farmers.

The challenges for new and young entrants sit outside of the scope of the Scheme itself (for example limited access to land and finance) but we will continue to work with the Roundtable and Official's Groups, which includes the Federation of Young Farmers Clubs, to explore opportunities for addressing these wider issues.

Tenants

The scheme has been changed fundamentally to accommodate short- and long-term tenancy arrangements in Wales, as they are important to the farming fabric of Wales. We will continue to

work with the Tenant Farmers Association to consider tenant farmers as we finalise the Scheme detail.

Payment rates

The Universal Baseline Payment is intended to provide a level of certainty and stability for farmers with them knowing their anticipated level of income per year. There will be the opportunity for this to be enhanced with payments for Optional and Collaborative Actions, supporting farmers to undertake more ambition and complex actions and reward those already undertaking them.

We know that farmers will need the final scheme detail and payment rates before they can decide whether it is right for them and their business to enter the Scheme. Economic and other analysis is currently underway, using the Scheme Outline scheme published in November 2024. Although we are unable to provide definite figures until this work has commenced, we can provide certainty that payments will go beyond costs incurred and income forgone with the inclusion of a social value to represent the wider benefits to society which result from the sustainable production of food. We have also committed to include areas of SSSI's within the Universal Baseline Payment and to take account of commons grazing rights.

5. Next Steps

The SFS will serve as the primary source of government support for farming in Wales in the future. Through listening and partnership working we, along with the stakeholders working with us, believe these changes make it easier for farmers to access the Scheme, while still meeting our commitments to sustainable food production, nature, the environment and climate change.

The 2025 preparatory phase will provide additional investment for the agriculture and horticulture sectors through a number of schemes, including, the Habitat Wales Scheme and an extension to Farming Connect to 2026, continuing the knowledge transfer and innovation support on farms. The small grants schemes will continue to support infrastructure changes during and following this period.

Working with Farming Connect we will continue to promote the benefits and opportunities of tree cover and woodland on farms and work on knowledge transfer, focusing on farm activity which supports efficiencies and aligns to the outcomes and actions being developed for the SFS.

We will continue to work with the Officials Group and Ministerial Roundtable to ensure the Scheme truly works for farmers and helps support meeting our nature and climate objectives. It is important to highlight that the outline scheme published is not the final Scheme and Welsh Ministers have not made any final decisions on it. The economic analysis and impact assessment will be provided alongside the final scheme detail to enable Welsh Ministers to make an informed decision on whether the scheme is appropriate for farmers in Wales.

The final Scheme will be published in Summer 2025, ahead of the Scheme year starting on 1 January 2026.

We deeply appreciate the dedication and hard work shown by everyone involved so far. The significance of this collaboration, and its effect on the resilience of our farming industry and the wellbeing of our farmers, is fully recognised.

6. Annex

Annex A - Membership of Ministerial Roundtable and subgroups groups

Partner	Roundtable	Carbon Panel	Officials Group
Afonydd Cymru			✓
Agriculture and Horticulture Development Board	✓		✓
Animal Health and Welfare Framework Group	✓		✓
Central Association for Agricultural Valuers			✓
British Meat Processors Association	✓		
British Veterinary Association	✓		
Coed Cadw *	✓		✓
Country Land and Business Association	✓	✓	✓
Confor	✓	✓	✓
DPJ Foundation	✓		
Dŵr Cymru Welsh Water			✓
Farmers Union of Wales	✓	✓	✓
Farming and Wildlife Advisory Group			✓
Game & Wildlife Conservation Trust			✓
Hybu Cig Cymru	✓	✓	✓
Independent farmer representative	✓	✓	
Independent veterinary representative			✓
National Farmers Union Cymru	✓	✓	✓
National Sheep Association			✓
National Trust			✓
Nature Friendly Farming Network	✓	✓	✓
Royal Society for the Protection of Birds			✓
Soil Association *	✓	✓	✓
Sustainable Food Trust			✓

Tirweddau Cymru Landscapes Wales			✓
Tenant Farmer Association	✓		✓
Wales Environment Link			✓
Welsh Lamb and Beef Producers	✓		✓
Welsh Language Commissioner			✓
Welsh Local Government Association			✓
Wildlife Trusts Wales *	✓		✓
World Wild Fund for Nature			✓
Wales Federation of Young Farmers Clubs	✓		✓
Wales Horticulture Alliance Group			✓

* Also representing Wales Environment Link (WEL).