

P-06-1461: Scrap the 'Universal Actions' and payment reductions in the proposed Sustainable Farming Scheme

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Petition title: Scrap the 'Universal Actions' and payment reductions in the proposed Sustainable Farming Scheme

Text of petition: The proposed 'compulsory' 10% planting of trees & 10% reverting productive land to habitat, will lead to an obvious 20%+ reduction in food produced in wales, jobs losses & businesses overall turnover in an already struggling industry, this will have a huge knock on effect to rural businesses & communities & families overall living standards.

Every universal action increases labour/paperwork & costs to an already strained occupation, yet this is not reflected by increased payments.

Unworkable!

More details

Calculated predictions from ADAS estimate-

A 10.8% or 122,200 reduction in livestock units.

11% or over 5,500 job losses.

125.3million pound hit to output from the sector.

A 199million pound loss in farm business incomes .

It does virtually nothing for the country's food security, or the future of the agricultural industry.

There has been a huge amount of good environmental work done by farmers through previous schemes that threatens to be lost & reversed due to the simple fact that entering this scheme will lead to a financial reductions , at a



time when input costs & expenses have all risen.

The scheme if unchanged will cause many farm closures, especially startup or tenanted farms.

Many of the universal actions point toward the 'Net Zero' targets, but at what cost?

A country that can not produce its own food, is not 'sustainable' ! This scheme is unsustainable!

<https://www.gov.wales/sites/default/files/consultations/2023-12/potential-economic-effects-of-the-scheme-phase-4-universal-actions-modelling-results.pdf>

1. Background

The Sustainable Farming Scheme (SFS or 'the scheme') is the Welsh Government's proposed new agricultural policy - to replace the EU Common Agricultural Policy (CAP) system of support for farmers.

The CAP system has largely been maintained in Wales since EU exit while the new scheme is developed. During this time there have been multiple consultations and a co-design exercise on the scheme.

The SFS proposals are a significant departure from the CAP's Basic Payment Scheme - BPS (direct payments), with more emphasis on reward for public goods, such as required environmental actions. As with the CAP, the scheme would be optional to join. The SFS is intended to reward farmers for delivering actions based on Sustainable Land Management objectives (listed in the Agriculture (Wales) Act 2023) to:

1. produce food and other goods in a sustainable manner;
2. mitigate and adapt to climate change;
3. maintain and enhance the resilience of ecosystems and the benefits they provide; and
4. 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.

The most recent consultation, which closed in March 2024, included a tiered structure to the scheme. All farmers participating in the SFS would be required to carry out a suite of 17 'Universal Actions' (many of which are environmental) for which they would receive the 'Universal Baseline Payment'. Building on this, more complex non-compulsory 'Optional' and 'Collaborative' actions would then be available for additional support. The scheme rules, required for participation, included:

- at least 10% of each farm managed as habitat; and
- at least 10% under tree cover as woodland or individual trees.

The proposed payment methodology for the scheme was based on 'costs incurred and income foregone' and also an additional social payment. However the budget and payment scales for the scheme aren't known yet. The consultation stated the Welsh Government will pursue, at least, the same total level of funding from the UK Government as in 2024/25.

The proposals have been met with strong reaction from the farming industry. There is concern around the payment methodology and potential budget. Farming unions fear the 17 Universal Actions will be too onerous and bureaucratic. They question the feasibility of the proposals for different farming systems.

Environmental groups welcomed the environmental ambition of the scheme but say it needs to work for farmers to ensure uptake and have voiced concerns over the payment methodology.

The scheme rules requiring tree cover and habitat management have been a central point of the debate. Some farmers fear this could take too much land out of agricultural production and will be a barrier for scheme entry. The Welsh Government and other stakeholders (such as the Nature Friendly Farming Network and environmental groups) argue the scheme rules can be integrated into agricultural systems and benefit agricultural production e.g. through trees providing shelter belts and flood alleviation.

Some farmers are concerned there isn't enough support for food production per se, threatening food security. The Welsh Government's position has been that supporting improved environmental management will enhance food production, as they go hand in hand. The previous Rural Affairs Minister, Lesley Griffiths MS, maintained that as food has a market value it should not be classed as a public good, and so should not be directly funded by the state. Instead the scheme

design aimed to support farmers and food production through the various sustainable land management actions.

The Welsh Government published ADAS modelling results (referred to in this petition) suggesting the scheme would create around 26,000ha of new semi-natural habitat and 28,000ha of new woodland, but also reduce total farm income by £199m and farm output by £125m. The modelling also shows livestock units reducing by 122,000 and on-farm labour decreasing by 11%. NFU Cymru equates this to 5,500 jobs lost.

The modelling is “indicative of worst-case outcomes” and comes with significant caveats. The Cabinet Secretary for Climate Change and Rural Affairs, Huw Irranca-Davies MS highlights in his letter on this petition that the ADAS modelling is based on an earlier version of the scheme. Further modelling is expected.

Senedd Research has produced an article and a longer Research Briefing on the SFS proposals, and stakeholder reaction.

2. Welsh Government action

The most recent consultation, was described as the “final step” before scheme introduction which was planned for 2025. However following strong reaction from the industry, in May 2024 the Cabinet Secretary for Climate Change and Rural Affairs, Huw Irranca-Davies MS, announced a delay to scheme introduction - from 2025 to 2026.

There will now be an “SFS Preparatory Phase of activity” in 2025. An SFS Ministerial Roundtable made up of stakeholders has been established for further consultation. The purpose and scope of the Roundtable is to review and consider the priorities for the Universal, Optional and Collaborative layers of the SFS, along with scheme rules (including the minimum 10% requirements), eligibility criteria, and payment methodology.

Two subgroups - the Carbon Sequestration Evidence Review Panel and the SFS Officials Working Group - are also feeding into the Ministerial Roundtable.

Interim schemes are available during this phase such as the new Integrated Natural Resources Scheme, alongside the BPS.

More detail on the next phase can be found in ['Our response'](#) (the Welsh Government's July 2024 response to the SFS consultation). It terms of next steps it says:

No detailed decisions on the Sustainable Farming Scheme design have yet been made. We understand the concerns raised through the consultation process, and it is clear changes need to be made before the Scheme can be introduced.

We will continue to work with the Ministerial Roundtable and its subgroups as described above to resolve the remaining challenges before the Scheme is finalised.

We expect to provide updates from the Ministerial Roundtable periodically through the year.

Final scheme details [are expected](#) in summer 2025.

3. Welsh Parliament action

Both the Economy, Trade and Rural Affairs (ETRA) Committee and the Climate Change, Environment and Infrastructure (CCEI) Committee have [carried out inquiries](#) into the SFS.

You considered [P-06-1388 Remove the requirement for farmers to have at least 10% tree cover to access the new Sustainable Farming Scheme](#). The petition was referred to the ETRA Committee to consider as part of its work on the SFS.

There have been several debates in Plenary on the SFS (for example on [28 February 2024](#)).

Every effort is made to ensure that the information contained in this briefing is correct at the time of publication. Readers should be aware that these briefings are not necessarily updated or otherwise amended to reflect subsequent changes.