



Llywodraeth Cymru
Welsh Government

Sustainable Farming Scheme

Keeping farmers farming



Date of issue: 14 December 2023
Responses by: 7 March 2024

How to respond

Submit your comments by 7 March 2024, in any of the following ways:

- accessing our online response form
- download, complete our response form and email: **SustainableFarmingScheme@gov.wales**
- download, complete our response form and post to:
Rural Affairs, Land Management Reform
Welsh Government
Cathays Park
Cardiff
CF10 3NQ

Further information and related documents

Large print, Braille and alternative language versions of this document are available on request.

Contact details

For further information:

Rural Affairs, Land Management Reform
Welsh Government
Cathays Park
Cardiff
CF10 3NQ

Email: SustainableFarmingScheme@gov.wales

This document is also available in **Welsh**.

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Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about or planning future consultations. In the case of joint consultations this may also include other public authorities. Where the Welsh Government undertakes further analysis of consultation responses then this work may be commissioned to be carried out by an accredited third party (e.g. a research organisation or a consultancy company). Any such work will only be undertaken under contract. Welsh Government's standard terms and conditions for such contracts set out strict requirements for the processing and safekeeping of personal data.

In order to show that the consultation was carried out properly, the Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. If you do not want your name or address published, please tell us this in writing when you send your response. We will then redact them before publishing.

You should also be aware of our responsibilities under Freedom of Information legislation and that the Welsh Government may be under a legal obligation to disclose some information.

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Data Protection Office

Welsh Government
Cathays Park
Cardiff
CF10 3NQ

Email: dataprotectionofficer@gov.wales

The contact details for the Information Commissioner's Office are:

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Ministerial Foreword

I am delighted to publish this pivotal consultation document, which marks a significant step forward in the completion of our Programme for Government commitments.

As we navigate challenging financial landscapes, it becomes increasingly important to align our initiatives with these commitments while addressing pressing issues such as the climate and nature emergency and its profound impact on our vital food production.

The urgency of the climate and nature emergency cannot be overstated. Its effects are impacting on our ecosystems, altering the very fabric of our world, and pose significant threats to our agricultural and food systems. Recognising this, our focus on sustainable policies, innovative strategies, and collaborative efforts is paramount in mitigating the adverse effects of climate change while ensuring a resilient future for all.

We have never before been able to use input from farmers in scheme design in the way we have over our two phases of co-design and through stakeholder events. This encapsulates the relationship I want to continue fostering with our farmers – to be more inclusive of ideas and experience from the people working tirelessly to put sustainable, safe and nutritious food on our plates.

We acknowledge the complexity of the issues at hand, especially amidst a challenging financial climate. However, we remain steadfast in our commitment to prioritise sustainable practices and resilient policies that not only address the pressing concerns we face today but also pave the way for a thriving future for generations to come.

I see the Sustainable Farming Scheme as the start of a long-term programme to support our agricultural industry. Support to be resilient and sustainable, which means to be able to adapt to new evidence, new priorities and new challenges. The Scheme has been designed to provide a clear structure with which we can all become familiar, but one which continues to evolve in a changing world.

I would like to thank you for your engagement, support, and dedication to creating a more sustainable and resilient future. Together, let us embark on this journey of shaping policies that secure our food production systems, keep farmers farming, safeguard our environment, and address the urgency of the climate and nature emergency.



Lesley Griffiths MS

**Minister for Rural Affairs and North Wales,
and Trefnydd**



Executive Summary

This consultation is our final step in delivering the Sustainable Farming Scheme (SFS/Scheme) which is the start of a new long-term programme to support the agricultural industry in Wales. This document sets out our proposals; detailing a range of actions and support available to meet the Sustainable Land Management (SLM) Objectives.

In our opening chapter we outline the actions designed to support you the farmer to take key steps to improve productivity and competitiveness, such as improving how efficiently you use resources, and invest in the resilience of your businesses core assets. Our proposals have been shaped by feedback we received from farmers and the wider industry over three consultations and two phases of co-design.

We continue by presenting how the Scheme will sit above the minimum requirements set out in law, supporting farmers to go further. We look at the three-layer structure which we have retained (Universal, Optional or Collaborative).

The 17 Universal Actions are presented in a way so that you can see why we have included the Action, whether the Action is applicable to you, what you must do, and by when. You can also see the multiple outcomes you are helping to deliver by undertaking each Action. We include details on the 10% scheme requirements for tree cover and land to be managed as habitat.

We present our ambition to provide integrated long-term approaches to support the resilience of our agricultural industry and outline what you will need to do annually to be part of the Scheme.

We set out the eligibility requirements and how the Scheme will work, outlining our proposal to deliver the Scheme using the Rural Payments Wales (RPW) operating model, building on the success of RPWonline, Single Application Form (SAF) and the rural investment schemes.

We also detail our proposal of how the Habitat Baseline Review will work and look at how it is essential that all farmers understand the carbon impact of their business and the opportunities which come from this. We also set out the penalties and appeals approach alongside the advice and support available to you.

In terms of our approach to payments, whilst our current position is that we do not know how much funding will be available to the Welsh Government as a whole, we do however look at how we propose to provide an Universal Baseline Payment to farmers for carrying out a set of Universal Actions, which can be delivered by farms across Wales.

This consultation introduces our transition plans which detail how we will support you before and after the Scheme's introduction. Working with you and gathering your views from events and during the co-design exercise, we know that this is a big change, and we outline the processes we propose putting in place to support this change for you and your business.

Within the Transition Period we also discuss how we propose to phase out BPS by 2029, with proposed changes to BPS rules. A Stability Payment is intended to support those who move from BPS to the Scheme, by providing continuity of income.

Within our concluding chapters we review our regulations, evidence and reporting and data processing. Our key message is how we intend to reduce bureaucracy when establishing support schemes and enable more responsive, adaptable, and flexible support, which meet the needs of our Welsh agricultural industry.

The Scheme proposed in this consultation has been possible because of the relationship fostered with farmers and the agricultural sector in Wales through two phases of co-design and stakeholder events.

We appreciate there are challenges ahead of us and we encourage all to respond to this consultation to help shape and support a strong agricultural industry into the future.

CHAPTER 1

Introduction

Producing safe, high-quality food is vital in Wales and for Wales. However, the economic challenges we face, and the climate and nature emergency we are in the midst of cannot be tackled in isolation. Every sector of our economy needs to play its part in reducing Wales' emissions and reversing the decline of our biodiversity. This is increasingly becoming a key economic necessity, i.e. to compete in a decarbonising global economy and respond to growing consumer demands.

This is not a choice between producing food or protecting the environment. Farming takes place within the environment, and the wider environment provides the conditions and resources needed to produce food. We are already experiencing more extreme seasonal patterns in Wales such as more flooding, and more hot dry summers. These events are becoming the norm, not the exception.

We must respond now to protect our livelihoods and those of our future generations. We know how to produce exceptional food, but we need to adapt our practices to cope with these financial and climatic disruptions, and ensure agriculture is not only resilient, but a profitable thriving industry.

This consultation sets out actions designed to support you the farmer to take key steps to invest in the resilience of your businesses core assets. These steps being essential to achieve the Sustainable Land Management Objectives, building on the vital contribution farming already makes to wider environmental and social outcomes.

The proposals in this consultation have been shaped by the feedback we received from farmers and the wider industry over three consultations and two phases of co-design.

- **1,043 unique responses** were submitted to Brexit and our Land, our consultation on how we initially proposed to continue to support farmers after leaving the EU.
- we received **508 unique responses** to our Sustainable Farming and our Land consultation, which set out our revised proposals for supporting farmers.
- we received **232 responses** from individuals and organisations on our proposals for the legislative framework to support Welsh agriculture.
- **over 1,500** farmer contributions in each phase of co-design.

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.

The Sustainable Farming Scheme (SFS) often referred to as the 'Scheme', 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.

This comprehensive approach ensures that economic, environmental, and social benefits from land management practices can be achieved for farmers and the nation's long-term benefit.

The Scheme will help deliver against our ambition for Welsh farmers to be world leaders in sustainable farming. It recognises the delivery of environmental and social outcomes are dependent on ensuring farm businesses are economically sustainable in the long term. The Scheme will support farm businesses to become more efficient and resilient, enabling them to compete in a decarbonising global economy. Actions outlined in this consultation have been designed to help farmers make the best of their resources.

This consultation has been written to farmers recognising the vital role they play. The consultation is also relevant to a wealth of stakeholders who represent the diverse range of services provided through farming and the agricultural sector as well as the wider citizens of Wales whose enjoyment and benefit from the land is essential for their health and wellbeing.



CHAPTER 2

The sustainable farming scheme framework

The Scheme will sit above the minimum requirements set out in law, supporting farmers to go further. We propose to retain the three-layer structure of:

- Universal Actions, which are required of all participants of the Scheme,
- Optional Actions, which will offer you a choice to prioritise or undertake the actions most important and appropriate to your particular circumstances, and
- Collaborative Actions which will offer you the chance to work with others to deliver change on a larger scale.

Universal Actions

Universal Actions are mandatory for everyone joining the Scheme. They have been designed to apply to the variety of Welsh farms. Some Actions are not applicable to all farms – for example, animal health actions are not applicable to arable farms, and flexibility has been built into their design and the Scheme to account for this.

The proposed Universal Actions and two of the scheme rules are set out in the following pages. They are structured to explain why we have included the Action, whether the Action is applicable to you, what you have to do, and by when. The small logos against each Action correspond with the following table so you can see the multiple outcomes you are helping to deliver by undertaking each Action.

In response to feedback about the scale and complexity of change facing the industry generally, we propose that these layers are introduced in clear phases between 2025 and 2029, which we are calling a Transition Period.

In 2025, we will introduce the Universal Actions layer of the Scheme. You will need to carry out these Actions to receive the Universal Baseline Payment.

We propose to introduce the Optional and Collaborative Actions over the Transition Period. For those who are able and want to go further, faster, we propose to continue some of our existing schemes as we introduce the Optional and Collaborative Actions. This will be set out in a Multi Annual Support Plan so you will know what will be available and when.

Sustainable Land Management outcomes



Encouraging the production of food in an environmentally sustainable manner.



Improving the resilience of agricultural businesses.



Reducing emissions of greenhouse gases.



Maintaining and enhancing the resilience of ecosystems.



Improving air quality.



Maintaining and enhancing public access to and engagement with the countryside and the historic environment.



Mitigating flood and drought risks.



Encouraging agricultural businesses to manage energy effectively (including by adopting energy efficiency and energy saving practices and generating renewable energy on their land).



Helping rural communities to thrive and strengthening links between agricultural businesses and their communities



Sustaining the Welsh language and promoting and facilitating its use.



Maximising carbon sequestration and storage.



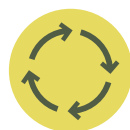
Conserving and enhancing landscapes and the historic environment.



Improving water quality.



Achieving and promoting high standards of animal health and welfare.



Maximising resource efficiency.

Universal Actions (UA)

14	UA1: Benchmarking
15	UA2: Continuous Personal Development
17	UA3: Soil Health Planning
20	UA4: Multispecies cover crop
22	UA5: Integrated Pest management
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25	Habitat
26	UA7: Habitat maintenance
29	UA8: Create temporary habitat on improved land
31	UA9: Designated Site Management Plans
32	UA10: Ponds and scrapes
35	UA11: Hedgerow management
37	UA12: Woodland management
40	UA13: Create new woodland and agro-forestry
42	UA14: Historic environment - maintenance and enhancement
45	Universal Code for Habitats
47	UA15: The Animal Health Improvement Cycle
49	UA16: Good Animal welfare
50	UA17: Good Farm Biosecurity

Scheme Rules

28	Scheme Rule: At least 10% of each farm is managed as habitat.
39	Scheme Rule: At least 10% under tree cover as woodland or individual trees.

UA1: Benchmarking



Complete an annual measuring and monitoring self-assessment to optimise business and environmental performance.

Ambition

Many factors affecting your farm performance are within your control. By regularly measuring your performance, you can build up trends and take action by comparing against your past performance. You can also compare your performance with farmers across your sector(s). This allows you to identify where improvements can be made to lower costs, make better use of resources, reduce carbon emissions and other pollution and to benefit biodiversity and the functioning of ecosystems.

Encouraging the use of basic benchmarking using simple Key Performance Indicators (KPIs) will lead to a step change in farm performance, increasing your ability to adapt to change and improve your impact on the environment. This leads to a more prosperous and resilient business and industry.

Is this Universal Action applicable to me?

This Action is applicable to all farms in the Scheme.

What will I need to do to comply with this Action?

You will need to complete a self-assessment every year. There will be a list of standardised KPIs. Those relating to the Universal Actions will be mandatory. You will need to complete an additional three modules or two per enterprise, if you have multiple enterprises (beef, sheep, dairy etc).

The data will be entered into a Welsh Government online portal and there will be guidance and advice provided to support you. Once you have entered your data the tool will calculate your KPI results (if not already known), presented as a comparison to the performance of other farms (e.g. top 5%, 25% and median farms) or an optimum.

The process will also produce suggestions (based on performance) for where improvements can be made. These comparisons and the subsequent suggestions will become more refined over time as more use the tool; and data collection becomes more accurate.

There will be no negative consequence for lower benchmarking performance, for example the performance level will not impact on your payment. The data will help you identify issues and potential solutions, and support will be available to help you make the most of the information.

We are exploring a range of KPIs which are intended to develop over time. Some examples include:

- **Lamb losses** - can demonstrate lost revenue potential, as well underlying ewe health and welfare.
- **Milk from forage** - the more milk produced from forage the greater the profitability.
- **Plant Protection Product usage per year** - this can help identify waste and reduce your costs.
- **Diesel use in arable systems** - fuel consumption used to grow the crop gives a good insight into fuel efficiency against yield.
- **Net Margins** - is an important indicator which impacts profitability rather than total output.

Mandatory KPIs which are part of the Universal Actions such as antibiotic use and lameness will also need to be recorded.

When do I have to complete this Action?

To be completed by the end of the first year and repeated annually thereafter.

UA2: Continuous Personal Development



Build additional skills and knowledge by completing an annual training cycle.

Ambition

You are the most important asset on your farm. We want to support you to constantly develop your skills and knowledge so you can confidently adapt and respond positively to changes in the market, climate and technology. We propose to do this via an ongoing Continuous Personal Development (CPD) programme.

The CPD programme of online training is designed to help you:

- Improve your profitability
- Improve habitat, water and air quality and soil management
- Improve animal health and welfare
- Improve health and safety standards on your farm

Learning modules will be complemented by other learning activity such as discussion groups or demonstration farms. We will continually add to the programme to provide further opportunity for learning, and we welcome suggestions on subjects to include.

We know some of you will already have completed or be undertaking training at a more advanced level than is included in these introductory modules. We expect this ongoing or prior learning to count towards the Action.

This CPD Action will help support you in the delivery of other Actions in the Scheme.

Is this Universal Action applicable to me?

This Action is applicable to all farms in the Scheme. The modules must be undertaken by a registered partner within the business.

What will I need to do to comply with this Action?

A minimum of six online CPD modules will need to be completed before the end of each year, by a registered partner within the business.

A Health and Safety module is mandatory as it is designed to help reduce the level of injuries and fatalities in the sector. You will also need to choose one module per year from each of the following five categories unless your prior learning has been recognised. An example of this is the mandatory body condition/mobility scoring module as part of the Animal Welfare Universal Action, which can be used to satisfy the learning for category 5.

There will be multiple modules in each learning category (based on the scheme characteristics below) to choose from.

1. Resilient and Productive
2. Reduce, reuse, and recycle inputs, nutrients, and waste
3. Reduce on farm emissions and maximise carbon sequestration
4. Protect and enhance the farm ecosystem
5. Benefit people, animals, and place

Most modules will consist of approximately one hour of online learning and a short assessment. You will be able to repeat the learning and assessment as many times as you need to pass, with no consequences, for example on your level of payment.

The modules can be taken by different people if there are multiple registered partners in the business, or all by the same person. The person who has undertaken the learning should share the knowledge among the other business partners, family members or wider staff and visitors as appropriate.

For the purposes of this consultation, we have not included all the proposed modules for each category, however, some examples of modules which could be included under the category **Resilient and Productive** are:

- increasing performance by lowering inputs
- benchmarking and setting goals
- identifying areas for improvement and finding solutions to problems
- managing and getting the best out of people
- diversifying and adding value.

When do I have to complete this Action?

To be completed by the end of the first year and repeated annually thereafter.

UA3: Soil health planning



Building healthy soils through testing and soil health planning.

Ambition

Soil health planning will include soil testing, management, and nutrient planning. The aim is to have all soils in Wales in good condition through good management and avoid actions which damage soils and the benefits they provide.

This Action will give you an understanding of the health of your soils, crop demands and the nutrient status of your soils with the aim of viewing soil health as a system with multiple outcomes. By improving soil health and making best use of nutrients, you can:

- save money
- improve productivity through uniform growth, yields and quality
- improve air and water quality by losing less nutrients as pollution
- lower the risk of flooding and be more resilient to dry periods by
- reducing compaction enabling the soil to retain more water
- lower your carbon footprint by storing more carbon in soils.

This Action has been designed to be compatible with the assessment of your carbon (as part of the Carbon Calculator), KPIs and actions to reduce waste and minimise risks and pollution. It is linked to your requirements for a Nutrient Management Plan (NMP) for nitrogen under The Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021.

This Action will initially focus on soil testing along with basic nutrient accounting, to give you an understanding of your soil, the demands of your crops and support further actions.

We anticipate developing this Action over time as more soil testing is completed across Wales and the results enable us to refine the process. This Action will ultimately include the creation of Soil Health Plans which will bring together all of the information captured from soil testing, a soil health score card, nutrient management planning and soil management planning to enable you to make more targeted management decisions. This approach may be piloted through Optional Actions to ensure it provides an effective mechanism to support decision making on your farm.

Whilst some of the analysis can be undertaken on farm, the majority of soil samples will be sent to a competent laboratory for testing.

Recognising that soil quality data is critical to inform appropriate long-term management, we intend for the results to be captured electronically through RPWonline to build up trends over time, enabling you to make future decisions. We propose that where land changes hands, for example where a new tenant takes on management control, that the previous field data would be made available to the new tenant. Electronic capture will also support monitoring, evaluation and national reporting. Further details of our approach to data processing and reporting are provided in Chapter 9

Is this Universal Action applicable to me?

This Action is applicable to all farms in the scheme.

What will I need to do to comply with this Action?

1. Soil testing

You will need to test at least 20% of your farm in each Scheme year, with the intention of covering all of the farm within 5 years. The land subject to testing includes agriculturally improved areas plus habitat classed as enclosed semi-natural dry grassland. We will take account of previous or additional testing where appropriate to do so (for example, should you undertake more than 20% in any one year). We intend for the Habitat Baseline Review (see Chapter 3) to confirm the area to be tested.

The minimum range of testing required will depend on your land type and use, summarised below.

	Improved grass and cropland	Enclosed semi-natural dry grassland
Potassium (K)	✓	✓
Phosphorous (P)	✓	✓
Magnesium (Mg)	✓	✓
pH	✓	✓
Soil organic matter (Loss on Ignition)	✓	✓
We are also considering the following within the range of tests required.		
Soil texture (particle size distribution, PSD)	✓	
Biological measure: earthworms as a proxy measure	✓	
Physical measure: Visual Evaluation of Soil Structure (VESS)	✓	

Testing will be based on individual land parcels. There are benefits to you from completing additional testing where the soil conditions differ significantly within a parcel, for example due to underlying geology. We are considering the level of testing required for parcels with similar soil properties and management practice.

We will provide detailed guidance on the soil testing methodology, which we expect to include a set number of samples. Testing should:

- ideally be taken in the late autumn / early winter
- not be carried out within 6 weeks of organic manure application, and 8 weeks of manufactured fertiliser, lime application or cultivation
- not be carried out on well-trafficked areas e.g., gates, paths, tracks or where livestock congregate
- not impact on historic features

2. Basic nutrient accounts

Your test results must be recorded, preferably in a soil management plan, and an assessment made of any resulting actions which may be required. The information you record should include:

- soil type, structure and composition (from the sampling results)
- proposed management actions to improve soil health and reduce waste for example, by a more targeted application of inputs.

You will also need to incorporate potassium and phosphorous results into your Nutrient Management Plan created to meet the Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021. This will provide a better understanding of the gap between soil nutrient availability and crop demand, to target the inputs required and minimise loss to the environment.

Detailed guidance, together with advice and support will be provided to help you complete this Action, and importantly to use this information to operate more efficiently and reduce environmental impact.

When do I have to complete this Action?

You will need to test at least 20% of your land and upload the results to RPWonline before the end of each Scheme year.

Your records will need to be updated as you manage your land through the year, including cultivation, sowing, application of inputs and harvesting. Records will need to be retained and made available to the Welsh Government on request.

UA4: Multispecies cover crop



Protect soils from erosion and degradation through the establishment of a multispecies cover crop on all land which is uncropped over winter.

Ambition

Soil is a fundamental natural resource on which we all depend. Soil erosion, compaction and a loss of organic matter can have a big impact on the productive capacity of a field. This action focuses on establishing a multispecies cover crop on all land which is uncropped over winter to reduce soil erosion.

Cover crops have a wide variety of benefits which you can take advantage of depending on your system. The intention for this action, is for the crops to be selected to:

- protect soil from erosion – plants selected for binding surface soils and limiting erosion
- build soil condition – plants selected for deep rooting, fixing nitrogen, or building organic matter
- reduce nutrient loss – plants which hold nutrients which may otherwise be lost from the field
- provide habitat value – plants selected for habitat, winter wildlife feed, or pollinator value
- manage flood and drought risk – plants which root deeply and facilitate water infiltration
- manage weeds and pests – plants selected to outcompete weeds or for properties which limit pests
- provide grazing – plant combinations selected to provide the above, which can be later graze

The Action has been designed to provide additionality to the current cover requirements Good Agricultural and Environmental Conditions (GAEC) 4: Soil and Carbon Stock – Minimum soil cover. We intend to retain an equivalent requirement to GAEC 4 within the Scheme rules.

Is this Universal Action applicable to me?

The Action is applicable to all farms in the scheme. The requirements for cover cropping will need to be met on all land which would otherwise be left bare post-harvest for a period of more than 6 weeks.

What will I need to do to comply with this Action?

You will need to introduce a mixed cover crop on all land which would otherwise be left bare post-harvest for a period of more than 6 weeks so that it is present for the duration of the winter months.

The mix of species will be your choice based on, for example, your planned crop rotation, climatic conditions, soil condition, harvest date, preferred termination method, pest or weed pressure. Cover crop seed mixes must comprise at least two species, and not be just grasses or only grass and clover.

You may undertake under sowing or other methods to provide continuity of soil coverage rather than post-harvest sowing. Late harvested crops like maize must be under sown to limit damage to the soil.

We will consider possible alternatives where fodder crops like fodder beet or stubble turnips are harvested, or grazed over the winter and growth of any sown cover would be poor. These include for example: requiring a minimum 5m buffer to prevent flowing water reaching, e.g., watercourses or roads. We are also considering the use of a rough surface soil risk assessment where the land is not at high risk of erosion.

The grazing off of cover crops is preferred but you should consider the risk of soil poaching and compaction. Mechanical methods such as cutting, cutting and incorporating, rolling and crimping, or any other mechanical method may be acceptable. Use of chemicals for termination is permitted, but not advised.

You will need to retain evidence of the action having been completed. This should include seed receipts or other related information on the sourcing of the seeds, together with a record of the crop cover, sowing dates and method and date for termination of the cover crop. This information may be periodically requested by the Welsh Government.

When do I have to complete this Action?

The cover crop should be sown as early as possible, normally within 10 days of harvest, with the cover being retained until at least the 15 of February, unless destroyed naturally by the weather.

UA5: Integrated Pest Management



Complete an annual assessment of plant protection products used, and alternative methods employed to reduce chemical usage.

Ambition

Integrated Pest Management (IPM) is an approach for managing pests, diseases or weeds in a way that minimises the use of chemicals in grasslands, arable and horticultural crops. IPM focuses on the growth of a healthy crop with the least possible disruption to the wider ecosystem. It does this by encouraging the most appropriate form of control from the use of technology and non-chemical methods as well as targeted chemical use when required. This is intended to minimise your risks from pests, weeds, and diseases by taking a “prevention is better than cure” approach.

IPM is not a single action but a series of pest management evaluations, decisions and controls. Adopting an IPM approach, for example which results in lower plant protection product use will save you money, encourage beneficial invertebrates, reduce the risk of pest resistance, and reduce risks to human health.

IPM includes the use of:

- appropriate cultivation techniques
- diverse crop rotations and companion crops
- pest-resistant crop varieties
- tailored and efficient use of inputs (pesticides and fertiliser)
- wildlife habitats in and around fields to encourage predators and other insects that feed on crop pests.

Is this Universal Action applicable to me?

This Action is applicable to all farms in the Scheme where plant protection products (PPPs) are used. Examples of PPPs include insecticides, fungicides, herbicides, molluscicides, and plant growth regulators.

What will I need to do to comply with this Action?

If PPPs are used on your farm, even if applied by a third party, you must complete and record an annual IPM assessment.

We will not prescribe the format of this assessment as there are existing industry IPM templates available for; mainly arable; mainly grass, mainly horticulture. You will be expected to routinely record the following information as part of this process:

- what PPP was used, and amount, date and time applied; location and size of area treated (ha), crop type treated, reason for treatment, and weather conditions at time of application
- alternatives to PPPs used, the area which benefited from these and the success of alternatives to PPPs adopted.

When do I have to complete this Action?

This action should be completed before the end of the first year of joining the Scheme and updated regularly thereafter (at least once per year) for you to get the most benefit.

Total PPP used will need to be recorded annually as a KPI.

UA6: Managing heavily modified peatland



Active management of modified peatlands to protect soil carbon stocks.

Ambition

Peatland habitats cover only 3-4% of Wales yet store in the region of 20-25% of all soil carbon. Peatlands deliver a range of important benefits including carbon storage and capture, natural flood management, regulating water quality and supply in times of drought, wildfire risk reduction and food production through grazing. Maintaining peatlands in good ecological condition is the only way to achieve these benefits.

Instead of storing carbon, peatlands modified by drainage and cultivation are some of most carbon emitting soils as they lack the peat forming mosses and high-water table to sustain them.

These highly modified peatlands fall outside the definition of semi-natural habitat and will therefore not be included within the Habitat Management Actions. Peatlands generally associated with blanket bog and raised bog in the uplands, are included in the Habitat Management Actions. It is however the same important soil type which is often hydrologically linked and still has the potential to deliver the positive outcomes listed above.

Recognising the need to protect this sensitive soil type from unnecessary and unwanted degradation in support of the Scheme outcomes, we propose that a number of potentially damaging land management and other activities are restricted on identified areas.

Is this Universal Action applicable to me?

This Action is applicable to all farms in the Scheme with heavily modified peatland.

We intend to show you if your farm has these peatlands.

What will I need to do to comply with this Action?

You will not be able to undertake the following activities on these modified peatland areas:

- Do not apply basic slag, sewage sludge, waste-paper sludge, digestate from anaerobic digestion or other off and on-farm wastes (including sheep-dip). Organic and inorganic fertilisers are permitted but not encouraged.
- Do not apply lime greater than that required to raise soil pH to a maximum of 5.5.
- Do not damage the modified peatland such as by overgrazing, poaching by livestock or rutting farm machinery or other vehicles.
- Do not install new drainage (including under-drainage) or modify existing drainage on modified peatland or within 100m where the ditch or drain would intercept water running towards the area.
- Do not clear ditches between 1 March and 31 August. Routine maintenance may be carried out on existing drainage:
 - Vegetation and silt may be cleared, leaving vegetation along one side of the ditch.
 - Deepening, widening of ditches is not permitted.
 - Details of ditch clearance on peatland must be recorded.
- Do not carry out any earth moving activities, including cutting peat and infilling natural hollows.

- Do not extract rock, scree, sand, shingle, gravel, clay, or peat.
- Do not store manure, silage, or other farm wastes.
- Do not construct tracks, roads, yards, hardstanding, or any new structures.
- Do not supplementary feed, except where required specifically for the welfare of livestock.
- Do not store materials, vehicles, trailers, or machinery.

When do I have to complete this Action?

All heavily modified peatlands on your farm will need to be actively managed from when you enter the Scheme.

Habitat

The following pages describe a set of interlinked Universal Actions for managing existing semi natural habitats such as the variety of herb rich pastures and haymeadows, to the heathlands and peat bogs in the uplands and the saltmarshes and sand dunes around our coast.

We have also detailed the scheme requirement that at least 10% of each farm should be actively managed as habitat for the benefit of wildlife alongside the production of food.

We propose including the management of all existing semi-natural habitats (listed below) in the Universal Layer of the Scheme and Universal Baseline Payment to recognise the effort you make in managing these areas.

- Coastal Saltmarsh
- Coastal Sand dune and Shingle beach
- Lowland and Coastal heath
- Enclosed Wetland and Marshy grassland
- Enclosed Semi-natural Dry Grassland (managed as either pasture or hay meadow)
- Upland Open Habitats (including 'mosaics' of heathland, peat bogs and extensive grasslands)
- Traditional Orchards (woody habitat)
- Dense Bracken
- Scrub (woody habitat)
- Wood Pasture (woody habitat)
- In-field Trees including Veteran Trees (woody habitat)

We intend to show you all known habitat areas (type and extent) as part of a Habitat Baseline Review (HBR – see Chapter 3) at the point of Scheme entry which will inform our joint agreement of the habitat areas and the management actions you will be required to undertake.

We will provide information on the outcomes we are asking you to deliver. We will also provide a series of management restrictions, including a 'Universal Code for Habitats' to prevent loss and damage of existing semi-natural habitats and to support their enhancement. As well as these mandatory requirements, we will provide management recommendations – these are not standards against which you will be inspected. They are suggestions to help you deliver the measurable outcomes we are looking for.

UA7: Habitat maintenance



Maintenance of existing semi-natural habitats to optimise benefits for grazing livestock and wildlife.

Ambition

The focus of this Action will be all existing semi-natural habitats on your farm. These important habitats depend on livestock grazing to secure their long-term future, and in return they provide diverse forage where a wide variety of vegetation can also provide important trace elements and other benefits such as natural anthelmintics.

The habitat management actions described below are designed to retain and maintain this important habitat and enable further enhancement.

We propose a more flexible approach to some aspects of habitat management compared to previous schemes such as Glastir. You will be able to make more management decisions based on the season, the ground conditions, and your livestock.

Is this Universal Action applicable to me?

This Action is applicable to all farms in the Scheme with existing semi-natural habitats.

The management actions apply to all semi-natural habitats on your farm.

This Universal Action does not apply to designated sites such as Sites of Special Scientific Interest (SSSI) which normally have bespoke plans which set out the requirements for their management.

What will I need to do to comply with this Action?

We will provide the follow information for each habitat type so you know what is required:

- **Aims** - short descriptive long-term 'vision' for the habitat.
- **Measurable outcomes** - detailed definition of the precise requirement of the desired measurable outcome. These are the specific outcomes you need to achieve and will be monitored against.
- **Management recommendations** - a set of recommendations to help you achieve the required outcomes e.g. grazing levels or livestock type.
- **Restrictions** - specific damaging activities that must not be done (do not) on a particular habitat type. The habitat rules to prevent loss and damage of existing semi natural habitats will be minimum requirements contained in a 'Universal Code for Habitats' for ease of reference.
- **Potential derogations** - events beyond your control where the requirements may be temporarily relaxed e.g. extended periods of extreme weather.

For the purposes of this consultation, we have not included the above information for all habitat types, however, as an example we have included 'Enclosed Semi-natural Dry Grassland – Grazed Pasture' which will be a habitat type common to many farms.

Enclosed Semi-Natural Dry Grassland - Grazed Pasture (including Acid, Neutral, Calcareous and Calaminarian Grasslands)

Aims

Maintain the grassland by grazing to achieve a varied sward height where a variety of native plant species (including herbs) are frequent and able to flower and produce seed, and where native animals (including invertebrates) and grassland fungi can thrive. Agricultural species such as rye-grass and white clover are absent or at low cover.

Measurable outcomes:

- Graze to maintain a varied sward height where at least 75% of the grassland is between 5 cm and 20 cm between 15 May and 31 August.
- Maintain a sward height where 75% of the grassland is between 2 cm and 10 cm from 1 September until 31 October.
- Remove livestock if conditions become too wet, to prevent poaching and compaction.
- Dead material does not form extensive patches and is less than 10% cover overall.
- Bare soil makes up no more than 5% of the ground area, scattered around the field.
- Coarse/tall grasses do not dominate, apart from in patches covering no more than 5% of the grassland.

Management Recommendations:

- Neutral grassland is ideally grazed with cattle or horses rather than sheep.
- Recommended stocking densities:
 - Acid grassland – 0.2-0.4 LU/ha/yr
 - Calcareous grassland – 0.25-0.4 LU/ha/yr
 - Neutral grassland – 0.5-0.7 LU/ha/yr
 - Coastal grassland – 0.3-0.6 LU/ha/yr
- Apply lime if necessary to maintain a soil pH of between 5.5 and 6.5 on neutral grasslands.

Restrictions:

- Comply with the Universal Code for Habitat (see later in the chapter).
- Do not plant trees.
- Do not allow the field to be poached (localised poaching around gateways, feeding and watering areas is acceptable provided that poached and bare areas make up less than 5% cover overall).
- Do not apply lime on acid, calcareous or calaminarian grassland.
- Do not cut or top more than 30% of rush or weed species in any one year.
- Do not permit scrub to spread.

Potential Derogations

There could be a temporary derogation on sward height requirements due to prolonged periods of adverse weather conditions, or events such as prolonged flood, drought, frozen ground and snow cover, wildfire, or disease.

When do I have to complete this Action?

All existing semi-natural habitats on your farm will need to be actively managed from when you enter the Scheme.

Scheme rule

At least 10% of each farm is managed as habitat.

We propose at least 10% of each farm should be actively managed as habitat for the benefit of wildlife alongside the production of food.

When determining if you have sufficient semi-natural habitat to meet the 10% requirement, we will focus on field scale habitats such as species rich grasslands. However, we will also include other valuable habitat features including ponds and scrapes, established broadleaf woodland, and hedgerows which meet the definition of 'good condition'.

Some of the habitat types listed in the Habitat Maintenance Action (UA7) above are marked as 'woody habitats' which are multi-layered habitats likely to have a valuable ground flora layer as well as a canopy of trees. We propose the ground layer can contribute to the 10% habitat requirement, while the tree canopy in the same area could contribute to the 10% tree cover requirement.

Where you have enough semi-natural habitats to meet the 10% threshold, and subject to an assessment to verify habitat conditions, those areas above the threshold identified as being of lesser quality habitat (e.g. dense bracken, species poor dry grasslands, soft rush dominated grasslands with the exception of peatlands) can be considered for tree planting, creating scrapes (shallow temporary ponds) or restoration to higher quality habitats. This allows you further flexibility in meeting other scheme requirements, as well as creating valuable new habitat areas such as a patchwork of new wetlands, damp woodlands and open grasslands.

If you do not have sufficient existing habitats to meet this 10% requirement you will be able to create new temporary habitat features to meet the threshold – see Create temporary habitat on improved land (UA8) below.

We appreciate other features throughout your farm can be valuable for wildlife such as dry-stone walls, traditional farm buildings and coniferous woodlands, however we propose these areas will not count towards the 10% threshold.

UA8: Create temporary habitat on improved land



Create additional temporary habitat features on improved land to meet the scheme requirement for a minimum habitat area.

Ambition

With a move away from mixed farming, the Welsh countryside no longer has the mix of grassland, arable, and horticultural crops it once had. This means our habitats are not as varied, or as connected, which has resulted in a large variety of plants and other wildlife becoming scarce – this includes some pollinating insects, and birds such as grey partridge and yellowhammer.

If you have less than the 10% habitat needed to meet the scheme requirement you can create new temporary habitat features on improved land, such as mixed leys or fallow crop margins. These temporary habitat types are valuable as they meet the specific needs of a range of wildlife and are even more valuable when used to connect other habitat areas such as hedgerows, woodlands, and wetlands.

Is this Universal Action applicable to me?

This Action is applicable to all farms in the Scheme where there is insufficient existing habitat to meet the 10% scheme requirement.

What will I need to do to comply with this Action?

You will be able choose one or more habitat creation option from the following list to meet the minimum requirement for habitat:

- Fallow crop margins
- Unfertilised, unsprayed (such as plant protection products) and unharvested crop headlands
- Fixed rough grass margins on arable land
- Rotational rough grass margins on arable land
- Establishment of mixed leys on improved land (also referred to as multi-species or herbal leys)
- Establish a wildlife cover crop on improved land

For the purposes of this consultation, we have not included the details for each of these, however, we have included 'Establishment of mixed leys' as an example which is applicable to many farms.

Establishment of Mixed Leys on Improved Land (also referred to as multi species or herbal leys)

Aims:

Establishing mixed leys can benefit the farm business by improving the resilience of the pasture. Using species such as clovers will reduce fertiliser requirements, and deeper-rooted species such as chicory are able to access soil moisture in prolonged dry periods. Mixed leys like this also provide important habitat for pollinating insects.

Measurable outcomes:

- Establish a mixed ley, comprising minimum five grass species, three legume species and three herb species.
 - Minimum seed rate 25 kg/ha.
 - Maximum Ryegrass content 6 kg/ha.
 - Maximum other grass seed content 9 kg/ha (Maximum total grass seed content 15 kg/ha).
- Available on improved land only and can be established in blocks or field margins.
- Only use certified seed at the recommended seed rate.
- The choice and mix of species must be appropriate to the location.
- The mixed ley, once established, to be retained for the duration of the Scheme year.
- Sow between 15 April and 31 August.
- The mix can be established through ploughing, traditional cultivations and drilling. Minimum tillage or direct drilling is preferred to reduce soil disturbance and carbon loss.
- Mix the seed in the hopper immediately before sowing a seed mix to stop an uneven spread of crops.
- Seed can be broadcast or drilled, but no deeper than 1cm.
- Roll after sowing to retain moisture.
- If using minimum tillage or direct drilling, the use of an appropriate, approved herbicide to spray off an existing grass sward is required. (This requirement not applicable for farmers certified as organic).
- Maintain a minimum 1m grass buffer strip adjacent to a hedge, earth bank or watercourse.
- Established sward to be managed to maintain sward diversity, to encourage the flowering and seeding of the mixed ley and to avoid poaching.
- A record of all field activity, including sowing date, evidence of fertiliser and plant protection product (PPPs) applications and grazing dates should be kept for inspection.

Restrictions:

- Do not plough or cultivate land before 1 March.
- Once established, do not use PPPs other than within the framework of an IPM plan to spot treat or weed-wipe injurious weeds or invasive non-native species, soft and hard rush, nettles, or bracken.
- Do not use inorganic fertilisers containing nitrogen following establishment until the following spring. (It is recommended that nitrogen fertiliser use is avoided to achieve maximum agronomic and environmental benefits from the diverse ley.)

When do I have to complete this Action?

These actions should be completed at the first available opportunity within the first year in the Scheme, subject to the seasonal requirements of each option.

If required in future years, these options should be maintained as part of the rotation or fixed in location.

UA9: Designated Site Management Plans



Have a Management Plan with Natural Resources Wales in place for Designated Sites in your control.

Ambition

This action refers to the network of sites around Wales designated as Sites of Special Scientific Interest (SSSI). These sites include the best examples of our precious natural environment. As well as playing a vital role in safeguarding our rare wildlife from further decline, these sites can deliver many other sustainable land management outcomes.

Some SSSI are large and can span multiple farms. Where you have management control of a specific area of SSSI we intend to work with you to enable targeted management of this area. The first step and the requirement of this Action is to have a management plan or plans in place, working with NRW, for all SSSI sites on your farm.

We propose that land in 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. Our current position is that the higher regulatory requirements underpinning SSSI sites means we will not be able to pay the associated maintenance component of the Universal Baseline Payment on land within the SSSI. The payment methodology is for payment above the regulatory baseline. We will continue to explore potential opportunities for maintenance payments to be available for SSSIs. The remaining components of the Universal Baseline Payment will be available on the land within the SSSI, assuming all other Scheme rules and Universal Actions have been met. The area of SSSI land will be included in the Stability Payment.

Existing management plans or agreements (e.g. NRW Section 15 or 16 Management Agreements) in place at the time you join the Scheme should continue until they expire. We will then work with you to review and incorporate these into the Scheme.

Is this Universal Action applicable to me?

This Action is applicable to all farms in the Scheme with full management control over land within a SSSI designated for its wildlife or geological interest. This Action also applies to land which impacts on a river designated as a SSSI. We will confirm with you any sites that are applicable to you.

What will I need to do to comply with this Action?

The Action is to work with NRW to develop and have in place a Management Plan for the SSSI, including a long-term vision for the site.

Once the Management Plan is in place to meet this Action, it can then inform a set of management activities which can be incorporated into a Management Contract for subsequent support through the Optional Layer of the Scheme.

When do I have to complete this Action?

The Management Plan should be completed as soon as possible after entering the Scheme and by no later than the end of 2029.

If you have a Management Plan in place with NRW on entering the Scheme, you will have met this Universal Action.

We recognise it may take longer to draw up a Management Plan on large or more complex sites. We will work with you and NRW to agree an efficient process of drawing up Management Plans across the designated site network.

UA10: Ponds and scrapes



Manage existing ponds and scrapes, or create new scrapes to boost wildlife associated with water features on your farm.

Ambition

Farmland ponds and temporary scrapes are important habitat for wetland wildlife in the agricultural landscape.

Healthy networks of ponds, at different stages of their lifecycles, allow wildlife to breed, feed and move around the countryside. Temporary or naturally occurring 'dew' ponds are also an important and highly threatened habitat type. When holding water, temporary ponds will support many kinds of wildlife in the same way that permanent ponds will but, by regularly drying out, they do not support fish.

Scrapes are temporary pools and ribbons of shallow water that dry slowly over the spring and summer. As the water retreats, the warm margins and wet mud provide conditions for plants to seed and for invertebrates to bask and feed. In turn, this can attract breeding birds such as redshank, lapwing, and yellow wagtail to feed.

By carefully locating new scrapes you can improve connectivity and add significant value to adjoining habitat areas.

Wildlife ponds are defined as open water features up to 1 hectare in size whose main function is to benefit nature. This excludes water features whose primary function is water storage for farming operations e.g. irrigation ponds, storage reservoirs, hydro tanks, or supply.

This proposal does not include actions associated with watercourses (moving water) e.g. flowing ditches, streams, and rivers.

Is this Universal Action applicable to me?

This Action is applicable to all farms in the Scheme.

What will I need to do to comply with this Action?

For this Universal Action you are required to do the following:

- Farms 80ha or smaller; need to manage at least two ponds and / or scrapes totalling at least 0.1ha (1000m²).
- Farms larger than 80ha; manage at least two ponds and or scrapes totalling at least 0.2ha (2000m²).

The area is calculated on the boundary of the feature. For ponds with stock excluded buffer areas, the buffer itself can contribute to this minimum area requirement. You will need to create new scrapes where you do not meet this requirement.

If you cannot create scrapes due to physical constraints (e.g. light sandy soils, on modified peatlands or steep topography) you will need to create an equivalent sized area of new habitat in line with *Creating temporary habitat on improved land* instead.

You will also need to comply with the Universal Code for all Semi-Natural Habitats (see later in chapter)

Existing ponds should be managed as follows;

Measurable outcomes:

- Maintain the open water status of existing ponds by excavating the build-up of any silt, vegetation, or removing any scrub which is having a drying out effect or blocking light reaching the waters' surface.

Management Recommendations:

- Ponds do not need to be fenced out and can be used for watering livestock. The use of managed and appropriate drinking bays is acceptable.

Restrictions:

- Do not sow seed in stock excluded buffer areas. These should be allowed to colonise naturally.
- Do not allow livestock to damage ponds and their banksides through excessive trampling / poaching.

Scrapes should be created as follows;

Measurable outcomes:

- There is no minimum size for an individual scrape, however the total minimum total area for all scrapes within a field parcel is 0.01ha.
- Individual scrapes of open water should be no greater than 1,000m² (0.1ha) in size.
- Be an irregular shape to maximise length of water margin and aesthetic value within the landscape.
- Excavate for a maximum water depth in the winter of 500mm (50cm) in the centre, with an average depth of 250mm (25cm).
- Excavated surfaces should be left rough with at least 100mm (10cm) variation in height at the base of the scrape.
- Edges should grade very gradually from existing ground surface towards the centre.
- Excavated material should be incorporated into improved land.
- Avoid steep sides with only a narrow, or no, muddy feeding area.

Management Recommendations:

- Several smaller scrapes rather than one large one would be desirable as they may provide more variety/diversity and feeding habitat.
- Scrapes should ideally be created on low lying areas characterised by semi-improved damp grassland or stands of soft rush where the water table is at or near the surface for much of the year.
- Scrapes are likely to deliver the maximum benefit when placed close or adjacent to priority habitats such as unimproved grasslands, woodlands, or boundary features to aid connectivity within the landscape.
- Carry out any required works using suitable and commonly held machinery (low impact tracked excavator) and materials. Given the most suitable locations will be low lying, care should be taken to use machinery of an appropriate size for the task and at an appropriate time to minimise any ground disturbance.
- Aim to retain some water in the scrape until July-August.

Restrictions:

- Do not create scrapes in areas identified as priority habitat.
- Do not dispose of soil on the flood plain or low lying wet areas, including those of historic interest.
- Do not create new un-natural mounds or banks.
- Do not create islands. They are not appropriate for scrapes.
- Do not make the scrape too deep. This can generate extra spoil and make it difficult to create gently sloping sides.
- Do not install trees, shrubs and fencing as these deter open-country birds and can harbour predators.
- Do not cause excessive rutting.
- Do not interfere with, incorporate, or modify existing watercourses as part of scrape creation. Such actions may require statutory body consents.

When do I have to complete this Action?

Depending on the condition of your existing ponds and scrapes, management will be needed on an ongoing basis.

If new scrapes are needed to meet the minimum area requirement, they must be completed at the first available opportunity and by the end of your first year in the Scheme.

UA11: Hedgerow management



Develop hedgerows to become thick dense stockproof barriers which also provide valuable shelter, and an important habitat for wildlife.

Ambition

Hedgerows are at the heart of the Welsh countryside. They are an essential part of the history of our land. They provide windbreaks for your crops, and shelter and security for your livestock. They store carbon and slow down the flow of water. They provide a home for wildlife and are a vital link between other fragmented habitats. Our intention is to encourage more and better-connected hedges in good condition.

We will support you to manage your hedgerows sustainably. This includes trimming sympathetically in such a way (e.g. to a slightly higher and wider point each trim) which keeps the hedge healthy and functional in the long term. The goal of the hedgerow management requirements is to create a thick, dense hedgerow, which offers the most benefits to you and for nature.

The following management action is building on good practice and has been adapted to be more manageable compared to the Hedgerow Management Cycle proposed previously.

For the purposes of the Scheme, hedgerows are defined as boundaries made up of trees or shrubs, which are over 20 meters long.

Is this Universal Action applicable to me?

This Action is applicable to all farms in the Scheme where hedgerows are regularly shaped by trimming or cutting.

What will I need to do to comply with this Action?

All regularly trimmed boundaries must meet the following definition of a hedge in **good condition** by the end of the fifth year in the Scheme:

- at least 2m tall and 1.5m wide or 1.5m tall and 2m wide (except for sections which are gapped up, laid or coppiced). Where a bank is present the height of the hedgerow should be measured from the top of the bank.
- to be continuous with a maximum of 5% gaps along the length.
- to be stockproof (in its own right, without fence lines) with the development of dense bushy growth starting at or near the base, to block livestock.
- to have standard trees spaced along the length of the hedgerows with a minimum number of 1 tree per 50 m length on average.
- to have an unfertilized and unsprayed (for example with plant protection products) margin greater than 1m wide measured from the edge/heel of the hedge bank or base of the hedge.

Hedgerow trimming and cutting

It is not mandatory to trim or cut all hedgerows on your farm, however where a hedgerow is to be cut or trimmed the following must be met:

Measurable outcomes:

- Traditional hedgerow restoration through gapping, laying, coppicing may be permitted until 31 March.
- Where a length of hedgerow is devoid of standard trees, either plant or select suitable specimens within the hedgerow and allow to grow into hedgerow trees (1 per 50m on average).
- Where individual branches of hedgerow trees are to be removed (e.g. to raise the tree canopy) these must be done using a clean cut i.e. not broken or snapped off using heavy machinery.
- Where you are installing new fences as part of ongoing maintenance they need to be at the base/heel of the bank (or wider) where one exists to avoid damage to the bank and wide enough to allow sufficient space for the hedge to develop to at least 2m wide.

Restrictions:

- Comply with the Universal Code for all Semi-Natural Habitats (see later in the chapter).
- Cut all regularly trimmed hedgerows in alternate years so that no hedgerow is trimmed in successive years.
- Do not mechanically cut or trim hedges during the bird nesting season (1 March to 31 August). Exemptions / derogations apply e.g. trimming of hedgerows and verges close to farm and field entrances for visibility / health and safety.
- Do not cultivate (e.g. plough, rotovate, tine, disc or spray with plant protection products) any land within 1m of the edge of the hedge bank or base of the hedge.

Planting up gaps

It is acceptable for hedgerows to have gaps up to 5% of the length. Any planting to fill gaps should involve:

Measurable outcomes:

- Plant native trees and shrubs in a mix of at least three hedging species, with no one component of the mix comprising more than 75% of the total. Traditional hedgerow species include Holly, hawthorn, blackthorn, and hazel. Species selected should be in keeping with those traditionally used within your locality.
- Plant hedge plants that are at least 45cm – 60cm high which should have a strong leader shoot.
- Plant gaps at a density of 7 plants per metre in a staggered double row, with 20cm-40cm between each row.
- Prevent new plants from loss through shading out and smothering from excessive weed growth.
- Protect newly planted or restored sections from livestock.
- Replace any dead plants.
- Ensure that all redundant fencing or wire is removed.
- Ensure there is at least 1m between new planting and protective fencing.
- Where you are installing new fences as part of ongoing maintenance they need to be at the base/heel of the bank (or wider) where one exists to avoid damage to the bank and wide enough to allow sufficient space for the hedge to develop to at least 2m wide.

A hedgerow with any gaps greater than 20m could be eligible for restoration as part of the Optional Actions.

When do I have to complete this Action?

The trimming and cutting requirements apply to all your existing hedgerows annually from the first year you enter the Scheme.

Your hedgerows should meet the 'good condition' description by the end of your fifth year.

UA12: Woodland maintenance



Maintain existing woodlands to optimise benefits for livestock, wildlife, and business diversification.

Ambition

Trees are a vital part of our cherished landscapes, important for wildlife, for our health and enjoyment and as integral features on farmland. They provide shelter for your livestock, can reduce the flow of water during wet periods and they draw down carbon from the atmosphere.

Trees and wooded areas were excluded from payable areas under the Basic Payment Scheme. We propose to pay you for these areas as part of the Scheme in recognition of their importance and the multiple benefits trees and woodlands provide.

Is this Universal Action applicable to me?

This Action is applicable to all farms in the Scheme with existing woodland.

What will I need to do to comply with this Action?

Manage existing trees and woodlands.

A major difference between this Scheme and previous schemes such as Glastir and Tir Gofal, is that we do not propose a blanket stock exclusion from all woodlands. Woodlands can be grazed in line with the measurable outcomes listed below.

You will need to meet the requirements of existing management plans or funding arrangements which stipulate stock exclusion or fixed grazing patterns.

Measurable outcomes:

- Retain all trees in woodland unless tree removal is necessary for safety reasons or managed under a Felling Licence or UKFS compliant Woodland Management Plan.
- Retain deadwood, including standing deadwood, unless necessary for health and safety reasons.
- In grazed woodlands, ensure grazing levels do not result in debarking of mature trees, there is no poaching, ground flora is retained, and fewer than 10% of trees have bare ground around their base.
- Protect trees from damage due to cultivation, compaction, use of machinery or use of agrochemicals, including fertilisers, under the tree canopy.
- Retain open spaces within the woodland.
- Ensure pruning or lopping is undertaken appropriately with a clean cut.
- Support natural regeneration of trees within the woodland where appropriate

Restrictions:

- Comply with the Universal Code for all Semi-Natural Habitats (see later in the chapter).
- Do not supplementary feed livestock within the woodland.
- Do not use plant protection products except for the purposes of controlling invasive non-native species or managing identified tree pests and diseases. Ensure you have NRW approval if using them within or next to a watercourse or protected site.
- Do not carry out unapproved earth moving activities within the woodland.
- Do not use woodland for unapproved off-road vehicle activities.
- Do not construct unauthorised new tracks, roads, yards, loading bays/stacking areas or any new structures within the woodland.

Scheme rule

At least 10% under tree cover as woodland or individual trees.

We propose a minimum of 10% tree cover on each farm as a scheme requirement to be met by 2030. The Woodland Maintenance Action (UA12) above describes how existing woodland on the farm should be managed.

When determining if you have sufficient tree cover to meet the 10% requirement, we will include existing broadleaf and coniferous woodland, scattered groups, and individual trees in fields and hedgerows (greater than 3m, so not the hedgerow itself). Orchard trees and trees within agroforestry systems are also included. We will support you to determine your area of tree cover through the Habitat Baseline Review process.

We have refined this minimum tree cover requirement to address the concerns you raised about unplantable areas. For example:

- Some tenant farmers may not be able to plant trees or manage existing woodland due to the tenancy agreement.
- Permanent features such as roads, yards, hard standings, ponds cannot be planted.
- It would not be appropriate to plant trees in priority or high-quality habitats such as peatland.

This means the 10% tree cover requirement will not be calculated on the whole farm area, rather it will be calculated on the remaining area once these unplantable areas have been removed from the calculation.

There are other sensitivities which will need to be considered on a farm-by-farm basis to determine if an area is suitable for planting. For example, in certain locations you will need to assess if planting would be detrimental to species such as rare ground nesting birds, Sites of Special Scientific Interest (SSSIs) or archaeological features. We will develop a process by which these areas are assessed, underpinned by the Habitat Baseline Review.

We will also need to consider how best to address exposed high altitude or coastal locations. This might be through careful selection of hardy species, through more sheltered planting plots, or it may result in a larger unplantable area.

Where you have enough semi-natural habitats to meet the minimum 10% threshold, and subject to an assessment to verify habitat conditions, those areas above the threshold identified as being of lesser quality habitat (e.g. dense bracken, species poor dry grasslands, soft rush dominated grasslands with the exception of peatlands) can be considered for tree planting. This allows you further flexibility in meeting this Scheme Rule.

The unplantable area of the farm may change over time which will change the area being used for the 10% calculation. To address this, we intend to provide you with details of the tree cover on your farm, together with a minimum and maximum area for additional planting should you not meet the 10% requirement. This is expected to be updated annually.

Where additional planting is needed to meet the 10% requirement by 2030, we will work with you to find suitable locations where the trees can become useful to you and your farm business – see the Create new woodland and agro-forestry Action (UA13).

UA13: Create new woodland and agro-forestry



Integrate additional trees and woodland to meet the scheme requirement for a minimum tree cover.

Ambition

Where new planting is required there are several options to consider, many of which could be eligible for capital funding from the Welsh Government.

Block planting may be suitable if you are interested in investing in a future timber crop.

Where you are allowing established woodland to expand, it may be appropriate to consider natural regeneration from existing tree stock. This reduces costs and may be particularly useful on areas of difficult terrain or where trees of local provenance are more important. However, tree establishment may be slower and will likely become less successful the greater the distance from existing trees. Its contribution to the 10% will be minimal until these trees have developed.

Alternatively, more farmers are exploring agroforestry models, where trees planting is integrated throughout the farm in a way that provides a mix of other benefits including shelter and tree forage for livestock.

These examples include:

- **Shelterbelts and shelterwoods** – carefully located shelterbelts can be used to reduce the impact of prevailing winter weather and reduce exposure for livestock.
- **Shade trees** – during our increasingly hot and dry summers, additional trees in exposed open areas can provide valuable shade to reduce the risk of heat stress in livestock.
- **Air pollution interception barriers** – carefully designed barriers of trees around animal housing or slurry storage can intercept ammonia and other airborne pollutants which can otherwise negatively impact ecosystems and contribute to respiratory illnesses.
- **Biosecurity barriers** - shelterbelts located on farm boundaries can provide valuable biosecurity barriers between neighbouring flocks and herds.
- **Parklands** – specimen and group planting can complement important historic features.
- **Orchards** – traditional orchard varieties (excluding dwarf modern cultivars) can provide an alternative crop and provide important habitat for pollinating insects.

We propose that less productive areas of your farm such as steep banks or field corners could be used for planting where this does not damage existing high-quality habitats or peatlands.

We will support you to implement further planting through knowledge transfer and advisory activities. This will help you decide where and what planting may be suitable for you.

After establishing new trees, you will be supported to manage the newly established trees as per the UK Forestry Standard (UKFS), where appropriate. Registered woodland planners can develop a UKFS plan on your behalf for larger areas of planting or for planting on sensitive areas.

After planting trees, you will need to undertake the following management to ensure your new trees have the best chance of survival.

Measurable outcomes:

- Control the vegetation directly around the base of trees and shrubs for a minimum of three years until the trees outgrow the surrounding vegetation, and to reduce competition for water and nutrients.
- Replace trees and shrubs to ensure there is 100% tree survival where a specific planting density has been stipulated.
- Check shelter / guards regularly to make sure they are secure to prevent rabbits and other small mammals' access to the stems.

Thereafter, those trees will be managed per the woodland management actions above (for woodlands over 0.1 hectares).

When do I have to complete this Action?

Any additional planting required to meet the 10% scheme rule will need to be completed by 2030. We recommend you plant incrementally to achieve this rather than leaving it to the last year.

UA14: Historic environment – maintenance and enhancement



Protect our important heritage features from further damage to conserve our distinctive cultural character.

Ambition

Wales is a largely rural country and has a complex pattern of natural and cultural landscapes formed through thousands of years of human interaction with the natural environment. The landscape of Wales as it is today, is a result of this interaction and is what gives Wales its distinctive visual and cultural character.

Within the Scheme, we propose to focus on the protection and regular management of historic features on farmland to ensure their preservation for current and future generations.

This Universal Action will guide you on how best to protect the features on your farm and may highlight features you were not aware of.

If you have historic feature/s identified on your land, you will be required to follow general guidance on how to manage them. This includes undertaking regular management, straightforward conservation and a 'do no damage' approach.

Is this Universal Action applicable to me?

This Action is applicable to all farms in the Scheme with at least one feature listed below.

- Scheduled Ancient Monuments
- Historic Environment Features
- Listed Buildings
- Traditional Farm Buildings
- Parks & Gardens: Registered & Unregistered
- Landscape Features – such as historic boundary features
- Registered Historic Landscapes and Historic Landscape Character areas

You will be provided with a map of known historic features on your land.

What will I need to do to comply with this Action?

For all historic features on your farm, you will need to:

- Inspect the features on a regular basis and record / report deterioration of the features
- Undertake specific proactive management which will depend on the nature of the features on your farm, which could include;
 - Carry out basic scrub and invasive vegetation removal from earth work features.
 - Maintain traditional farm buildings in a stable condition that prevents deterioration, undertaking basic maintenance and repair, as necessary.
 - Carry out routine maintenance of historic park and garden buildings and structures, e.g. leaf and debris clearance from rainwater goods and water features.

Comply with the approach of 'do no damage' which will be set out in technical guidance.

We will provide further information and technical guidance on what is appropriate when undertaking these actions. The technical note for repairing and infilling of minor areas of erosion on historic features has been provided below as an example.

You may be asked to submit evidence (such as geo-tagged photos) at specified points or where there is a marked change in condition.

Further information and advice may be required from Cadw, Welsh Archaeological Trusts or other historic environment organisations.

Repair and infilling of minor areas of erosion on historic features

Minor earthwork repairs are required when areas of historic earthworks have eroded or worn as a result of livestock wear, poaching, etc. This technical note describes the minimum standard of work required.

Small Scale Erosion Scars

Measurable outcomes:

- Two repair options are available:
 1. Infill the eroded area with topsoil derived from outside of the scheduled area and reseed the infilled area with a local/native seed mix.
 2. Infill the eroded area using whole turf derived from outside the scheduled area which negates the need for reseeding.
- If sheep are grazing the area, it may be necessary to temporarily cover the infilled area with chicken wire/mesh (pegged into place), which can be removed once the eroded area has stabilised and revegetated.
- Where cattle are grazing they will need to be excluded from the treated area for a minimum of one year.
- Where erosion has developed around a focus it is sometimes necessary to also remove the 'cause'. For example, individual trees or small stands of trees/shrubs often act as an area of shelter. By removing the tree/shrubs and undertaking erosion repair the problem should not reoccur.
- Where there are 'pinch points', for example along pathways, it will be necessary to repair the damaged area and then open up the path by removing some of the surrounding vegetation (scrub, bramble, weeds etc).

Restrictions:

- Do not remove tree stumps to avoid damaging the underlying archaeological deposits. The stump should be left in situ although chemical treatment of the stump is permissible.
- Do not site feeders on historic features as they can result in large areas of surface wear and poaching.

When do I have to complete this Action?

The frequency of undertaking specific maintenance tasks will directly link to the type of features on your farm, and the condition they are in.

You may be asked to submit evidence (such as geo-tagged photos) at specified points or where there is a marked change in condition.

Universal Code for Habitats

The following list builds on the 'Whole Farm Code' approach used in previous schemes.

Habitat is defined as:

Any vegetation which has a composition of less than 25% sown agricultural species as per the Environmental Impact Assessment (Agriculture) (Wales) (EIA) Regulations 2017.

Do not damage habitat land - damage is defined as causing a loss of the vegetation type typical of that habitat, such as through over or under grazing, poaching by livestock or rutting by machinery or other vehicles.

Do not agriculturally improve habitat land - agricultural improvement involves management that leads to an increase in agricultural species such as rye grass and white clover.

Do not plough, cultivate or re-seed habitat land.

Do not roll or chain harrow on habitat land between 15 March and 15 July.

Do not install new drainage or modify existing drainage on habitat land or within 100m of a wetland habitat where the ditch or drain would intercept water running towards the wetland.

Do not clear ditches between 1 March and 31 August on habitat land. Routine maintenance may be carried out on existing drainage as follows:

- Vegetation and silt may be cleared, leaving vegetation along one side of the ditch.
- Deepening, widening of ditches or laying drainage pipes and infilling ditches is not permitted.
- Field drains may be maintained to the original standard if this does not damage the habitat.
- Details of ditch clearance on habitat land must be recorded.

Do not carry out any earth moving activities on habitat land, including cutting peat and infilling natural hollows.

Do not extract rock, scree, sand, shingle, gravel, clay or peat from habitat land or rivers.

Do not apply slurry, inorganic fertilisers, organic fertilisers, farmyard manure, basic slag, calcified seaweed, sewage sludge, waste-paper sludge or other off and on-farm wastes (including sheep-dip) on habitat land. Farmyard manure may be spread only where permitted by a specific SFS habitat action.

Do not apply lime on habitat land, except where permitted by a specific SFS habitat action.

Do not store manure, silage or other farm wastes on habitat land, landscape or archaeological features or within 10 metres of any watercourse including field drains.

Do not use plant protection products except in the context of an integrated pest management plan to:

- i. spot treat and control injurious weeds to the minimum extent this is necessary, including spear thistle, creeping thistle, curled dock, broad-leaved dock and ragwort; and to control invasive non-native species, like rhododendron, Himalayan balsam, giant hogweed: or
- ii. to control invasive vegetation on historic features and traditional buildings and farm structures.

Do not construct tracks, roads, yards, hardstanding or any new structures on habitat land, except where permitted by a specific SFS habitat action.

Retain all existing mature trees.

Do not burn vegetation, grassland or any cut material on habitat land, except as part of an agreed heather burning plan.

Do not use supplementary feed on habitat land, except for the provision of licks or blocks to enable coarse forage to be utilised, or where required specifically for the welfare of livestock.

Do not store materials, vehicles, trailers, or machinery on habitat land.

Exemptions to the above conditions may apply where they are required to deliver towards specific environmental benefits required within the Scheme.

UA15: The Animal Health Improvement Cycle



Work with your vet to establish an ongoing proactive approach to animal health.

Ambition

By focusing on animal welfare as well as health and production, and by taking a 'prevention is better than cure' approach, we can achieve incremental animal health improvements to benefit your farm, the wider sector, and the industry on a national scale.

The Animal Health Improvement Cycle (AHIC) contributes to farm resilience by providing a supported framework for you to work with your vet to drive improvements in health, welfare, and productivity. The approach embodies sustainable livestock production through a focus on preventative medicine. Its aims include:

- Incremental and iterative improvement of animal health and productivity of livestock over time.
- Contribution to livestock farm business sustainability.
- Fewer negative impacts on the environment, including on carbon footprint.
- Improved animal welfare.
- Reduced public health risks through responsible use of medicines and production of safe food.
- Increased positive wellbeing for livestock keepers.

The AHIC should be delivered by you working with your principle veterinary practice responsible for day-to-day clinical services, who has knowledge of your farm's livestock health history and real-time knowledge of the veterinary medicines' usage, including access to antibiotic usage data.

Is this Universal Action applicable to me?

This Action is applicable to all registered livestock keepers in the Scheme.

What will I need to do to complete this Action?

You will work with your vet to carry out the four steps of the AHIC:

- **Measure** – With your vet establish available farm health and production data, analyse performance of the livestock enterprise and benchmark against your goals.
- **Plan** – Prioritise an area of health/production for improvement that will have the greatest impact on health, welfare, and productivity and with your vet agree priorities for a realistic, farm specific, action plan.
- **Act** – Carry out a manageable number (usually two to five) of measurable actions over an agreed period of time and keep record/evidence that these actions have been completed. Further advice and support may be available to facilitate the AHIC actions.
- **Review** – Review progress and impact with your vet.

You will maintain a record that all four stages of the AHIC have been completed, including vet sign off. A template will be provided to support the process.

You will not need to routinely submit the completed AHIC template as you will confirm completion of the four steps of the AHIC by self-declaration.

You must calculate and submit annual antibiotic usage per species as part of the Benchmarking process.

When do I have to complete this Action?

To be completed by the end of the first year and repeated annually thereafter.

UA16: Good animal welfare



Complete competency training and carry out lameness and body condition scoring to improve livestock welfare standards.

Ambition

We are committed to animals in Wales having a good quality of life. Methods of welfare assessment have historically focused on 'biological functioning.' If animals are producing well and growing according to target, then they are assumed to have good welfare. However, as a society we are shifting to consider an animal's quality of life separately from its ability to produce food.

Our intention is to focus this Action on lameness and body condition to address two of the most significant sources of welfare compromise on farms in Wales, which also impact significantly on productivity levels.

This Action supports you to carry out a self-assessment of your stock as the first step to identifying potential welfare issues, to take steps to manage problems, and proactively prevent problems occurring in the future.

Is this Universal Action applicable to me?

This Action is applicable to all registered livestock keepers in the Scheme.

What will I need to do to comply with this Action?

Complete online proficiency training on body condition scoring and mobility scoring for the relevant species you keep (approximately two-hour time commitment) as part of the CPD Action (UA2).

The training can be completed by anyone with sufficient familiarity with your livestock i.e. shepherd or herds person. The training does not need to be completed by a registered partner in the business.

The training will include templates and guidance to help you complete mobility and body condition scoring for the relevant stock types on your farm. You will not need to do this for all animals. A representative number of animals, as directed by the online training, will need to be selected for scoring from relevant management groups on farm and at appropriate times in the production cycle (e.g., ewes at tupping and first calving heifers).

Additionally, the total number of lame animals in the herd or flock must be recorded each year as part of the Benchmarking Action (UA1).

You will confirm completion of the condition and mobility scoring by self-declaration and keep appropriate records of scoring activity and lameness recording.

The results of the scoring and level of lameness should be discussed with your vet as part of routine care.

When do I have to complete this Action?

The proficiency training is to be completed in the first year, and repeated every five years thereafter, unless the trained individual leaves the business, in which case it will need to be repeated. The training of others in the business is therefore encouraged but not mandatory.

Scoring for body condition and mobility and recording lameness incidence need to be completed annually before the end of the year.

UA17: Good farm biosecurity



Establish biosecurity protocols to reduce the risks of disease entering or leaving your farm.

Ambition

Biosecurity encompasses a set of practical measures to manage risks from the introduction of disease. Poor biosecurity and the introduction of diseases can have serious and long-term effects on your farm, the wider sector and nationally. The risks of poor biosecurity are:

- Reduced farm profitability through production loss and cost of treatment.
- Reduced local, national, and international trade.
- Zoonotic diseases that threaten public health.
- Environmental threats associated with inefficient livestock production (greater carbon footprint).
- Increased antibiotic use that encourages antibiotic resistance.
- Increased risk of notifiable disease outbreaks, such as bovine TB, Foot and Mouth Disease and Avian Influenza and their spread within Wales.

We will support you to identify risks and take a proactive approach to disease prevention and control using the “prevention is better than cure” principle. This will lead to benefits for you as well as a collective national impact of improved health and welfare status of livestock in Wales.

The minimum biosecurity measures required as part of this action are:

- Have wash stations and disinfectant available on entry and exit of the farm.
- Livestock secure farm boundary.
- A biosecurity assessment of incoming animals.
- A record of the biosecurity actions you have completed.

Is this Universal Action applicable to me?

The wash station requirement is applicable to all farms in the Scheme.

The requirements of secure boundaries and incoming animal risk assessments are applicable to all registered livestock keepers in the Scheme.

What will I need to do to complete this Action?

You will need to have the necessary biosecurity measures in place. These are:

- Make wash stations and disinfectant available for people to clean their clothing, equipment, and vehicles as they enter/exit the farm: to have a protocol, and have permanently available, the necessary robust equipment, which must be effectively maintained to enable effective cleaning with DEFRA approved disinfectant of footwear, waterproof clothing, and vehicle wheels at the farm entrance and exits, on farm premises where stock can be housed.

- Secure all of your land boundaries to stop stock from straying.
- Complete a biosecurity assessment with your vet on the disease risks associated with sourcing and introduction of incoming animals and how these can be managed. You will then need to seek and record available evidence for each 'on' movement relating to:
 - the provenance of incoming animals
 - the disease status of incoming animals
 - and, for each 'on' movement record evidence for completion of actions recommended by your vet such as testing, quarantine, and vaccination of incoming animals.

Records associated with the Action will not need to be submitted routinely to the Welsh Government but should be retained and made available on request. You will confirm completion of the biosecurity Universal Action by self-declaration.

When do I have to complete this Action?

Wash stations and enclosed boundaries to be in place by the end of your first year and maintained continually after.

Incoming animal biosecurity assessment to be completed by the end of the first year and repeated annually, with actions recorded routinely for each 'on' movement.

Specific considerations

Tenant farmers

Given that tenant farmers and tenanted land make up such a significant proportion of our agricultural industry in Wales, we have said from the beginning that if the Scheme does not work for tenant farmers, it does not work at all.

We have been through a detailed analysis of the proposals, with help from specialist stakeholders, to identify mitigation for any specific challenges for tenant farmers. The two significant changes to the scheme design proposed below will support the flexibility already built into the Scheme for tenanted land and tenants.

Contract duration – we are proposing annualised agreements which means tenants will be able to access the Scheme and allows for the inclusion of more land. We expect to introduce a scheme rule which means that if a tenant loses control of a piece of land unexpectedly, the land can be removed mid-way through the Scheme year with only a proportionate reduction in payment and no financial penalty, assuming no non-compliance issues have been identified.

Minimum tree cover - we propose 10% of each farm should be under tree cover as a scheme rule. This is not achievable for tenant farmers where existing trees have been retained by the landowner and, or additional planting is precluded by the tenancy agreement. Therefore, where the tenant farmer declares (and may be asked to prove) that some or all their tenanted land is subject to these restrictions, that land will be excluded from the scheme requirement. The 10% tree cover will be calculated on the remaining land. The tenanted land would still be subject to all other scheme requirements

Cross Border Farm Businesses

Agriculture and land management policy in Wales is the responsibility of The Welsh Government. We will only be able to fund activity on Welsh land. For the purposes of this Scheme, the business and Welsh proportion of your land will need to meet the eligibility requirements to qualify for the Scheme.

We will continue to consider opportunities to ensure the scheme requirements are appropriate for this group of farmers and to encourage cross border collaboration. We will test the Actions in this consultation with cross border farmers and introduce adjustments to the scheme requirements, where appropriate. For example, not requiring an IPM for the Welsh land if you have one for the whole farm.

Certified Organic Farms

The cumulative impacts of organic farming can make a significant contribution to a more sustainable industry, for example the lack of fertiliser and increased use of legumes is likely to promote beneficial soil fauna and flora, as the building blocks of more diverse ecosystem. Farmers with organic certification will be ideally placed for a smooth entry into the Scheme with many Scheme Actions already integrated into your business model.

We have proposed a range of Optional Actions which will be introduced through the Transition Period, many of which are aligned with organic practices. We will continue exploring with specialist stakeholders, this alignment of the proposed Optional Actions and the requirements of organic certification to determine if there are gaps in support to address. We will consider prioritising the introduction of these Optional Actions.

If a scheme is introduced to support the Organic Sector in 2024, which is being considered, then we propose to introduce an additional element of financial support through the Stability Payment during the Transition Period. See Chapter 4 for more information.

New Entrants to farming

Individuals from a farming background who are trying to establish themselves independently in the industry, and new entrants from outside the industry, are all important in bringing new talent, ideas, and entrepreneurial energy into Welsh farming. This consultation is focused on proposed support which could be introduced as part of the Scheme.

The Scheme is being developed intentionally to remove some existing barriers for new entrants to gain support; the Scheme will not include a need for entitlements or quotas or payment rates based on previous reference periods.

Access to skills can be a barrier to entry and progression in the industry. We will continue to offer skills development (including business skills) and mentoring in support of those looking to enter the scheme for the first and those new to farming.

We also propose to support new business partnerships between established individuals and new entrants who would benefit from the opportunity of joining an existing farming business. We are considering questions on the future Single Application Form (SAF) to identify additional opportunities for supporting these new business partnerships. We will need to consider whether any variations are needed to scheme eligibility requirements to accommodate such business partnerships.

Common Land

The proposals in this consultation primarily refer to enclosed farmland, however we need to consider how best to support the large area of common land in Wales. Common land provides important forage areas for livestock, provides important ecosystem services such as carbon storage and water management, and is an important social and cultural resource.

There is no one scenario describing the condition of common land. The grazing regimes of some commons have significantly altered over the years as farmers have ceased grazing the common. Consequently, some commons have become under grazed resulting in unfavourable habitat condition, with a potential increased risk of fire damage, and the loss of hefted livestock.

Conversely, some areas of common land are overgrazed which can result in erosion and overgrazed vegetation which cannot support a full range of wildlife, filter water or sequester further carbon.

We are aware common land can make a significant contribution to some farmer's income through the Basic Payment Scheme (BPS). We want to support your transition into the Scheme. We continue to explore the most effective way to incorporate common land, however the nature of common land presents a range of challenges.

Due to the complexities of common land ownership and allocation of rights, we are not able to pay individuals for many of the proposed Universal Actions, unless they have sole management responsibility for the common land, explained below.

For example, an individual rights holder cannot take sole responsibility for the management or condition of a fixed area of common land. Similarly, rights holders generally do not have rights to cultivate or apply inputs which means that activities such as Integrated Pest Management are not appropriate to the individual.

Some non-land based Universal Actions such as Benchmarking and Continuous Personal Development might be adaptable to make them applicable to common land usage.

We believe that to achieve the long-term sustainable future of our commons, it is important we offer support for the careful planning and delivery of positive actions on common land.

We propose that for common land rights holders to access a full range of land-based support, the common land must be entered into a separate agreement. We propose that for each common (or group of commons managed contiguously) a Commons Management Plan should be developed collectively by rights holders and landowners, possibly with the input of supporting organisations.

The plan could identify the current condition of the landscape, habitats, and features unique to that common, and outline opportunities and the types of action needed to manage or enhance those features. It would utilise farmer knowledge and experience alongside technical expertise and co-ordination from relevant authorities.

We expect the plan to have a grazing strategy designed, as a minimum, to maintain habitats in favourable condition, or to improve the quality of the habitat where appropriate. This could for example focus on the level and timing of grazing and support the continuation or reintroduction of cattle grazing on the common. The plan and resulting actions are expected to evolve over time.

In our development of a common land offer, we will establish how we expect funding to be allocated to graziers and to apportion payments according to individuals' contribution and/or levels of responsibility for ensuring action is taken.

Commons Associations working collaboratively with the landowners are well placed to manage our commons sustainably, to address the needs of the rights holders and to provide the facilitation and governance required to manage at landscape scale. We are considering if it is appropriate to provide further support for this, to facilitate new associations or develop existing associations.

We are proposing an additional element of financial support for individual graziers paid through the Stability Payment, until the Collaborative support has been introduced (Chapter 4).

Where land is grazed in common, but is not registered common land, the same proposals in the above section apply.

Where a common is managed by the landowner who is eligible for the Scheme, and there are no other rights of common associated with that common (actively used or otherwise), it may be possible to declare that common as an extension of the farm to count towards the Universal Baseline Payment. These may be assessed on a case-by-case basis.

Chapter 2 questions

- Q1.** 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?
- Q2.** 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?
- Q3.** 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?
- Q4.** 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?
- Q5.** 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?



CHAPTER 3

The Sustainable Farming Scheme process

The programme ambition is an integrated long-term approach to support the resilience of our agricultural industry, delivered through a combination of annual declarations and longer-term agreements. This chapter outlines what you will need to do annually to enter and be part of the Scheme.

Scheme eligibility

We propose to set the following eligibility criteria for applicants to the Universal and Optional Layers of the Scheme:

- You (the Farmer) must undertake agricultural or ancillary activities on agriculture land.
 - You must have at least three hectares of eligible agricultural land in Wales or be able to demonstrate more than 550 standard labour hours,
- and**
- You must have exclusive occupation and management control of the land for at least 10 months of the calendar year.

We have defined 'Farmer' as a natural or Legal Person or a group of natural or Legal Persons, regardless of the legal status granted to such persons or groups by national law, whose holding is situated within Wales and who exercises an agricultural or ancillary activity on agriculture land. A 'Holding' means all the land units used for agricultural activities, managed, and situated within Wales.

Agriculture and ancillary activities are defined within the Agriculture Act. This can be summarised as the production, rearing, or growing of agricultural products, including harvesting, milking, breeding animals and keeping animals for farming purposes and taking action on land used for agriculture to create and manage habitats, nature conservation, mitigate and adapt climate change or maintain and enhance resilience of ecosystems.

We propose a minimum area of three hectares of agriculture land must be maintained in a state that makes it suitable for agriculture and ancillary activities to be eligible for the Scheme.

We propose to also accept farmers with less than three hectares of eligible land, provided you can demonstrate you work more than 550 standard labour hours in agriculture and ancillary activities. You will also need to meet the scheme rules and deliver the Universal Actions.

Farmers applying for the Scheme must have 'Management Control' of the land for at least 10 months of the year and ensure the Universal Actions are maintained for the full calendar year. Land will be accepted as under 'Management Control' if you are:

- the Owner Occupier.
- a tenant who has 'exclusive occupation' under either the Agricultural Tenancies Act 1995 with a Farm Business Tenancy, or a full Agricultural Holdings Act 1986 tenancy.
- a tenant with an unwritten tenancy with the same level of control as the above.

In cases where two or more farmers have a share farming agreement, so do not have exclusive occupation, we propose that only one can claim SFS. All the land within the agreement must be included on the designated farmer's Single Application Form (SAF). Compliance with the land based Universal Actions will need to be met by both, to ensure appropriate management of the land. We will consider whether any variations are needed to scheme eligibility requirements to accommodate business partnerships designed to enable new entrants a route into the industry.

The following features and non-agricultural land uses would not be deemed eligible under the Scheme:

- Manmade, constructions (e.g. buildings, hardstanding's, roads and ungrazed tracks)
- and**
- ineligible ponds, rivers, and streams
 - gardens, golf courses, recreational parks, campsites, urban commons, zoos, fenced off pylons.

How we propose the operating model will work

Our proposal is to deliver the Scheme using the Rural Payments Wales (RPW) operating model, building on the success of the RPWonline, Single Application Form (SAF) and management of the rural investment schemes.

Whilst the Scheme is a multi-annual commitment, we are proposing to use an annual declaration approach for the Universal Layer, following the SAF model.

To apply for the Universal Baseline Payment, you will have to complete the SAF on an annual basis. This provides flexibility to accommodate changes in tenure or land and other matters on an annual basis during the programme period.

The proposed application window for the Scheme will open in March and close on 15 May, in line with the current SAF application period. This is established in our agricultural calendar and appropriate for the SFS design.

You may be required to update your customer records during the year to confirm the completion of Actions which do not need to be completed when you submit your SAF.

The SAF will be supplemented by separate agreements, where appropriate, which may operate over longer time frames to deliver Optional or Collaborative Actions.

Registration

If you wish to join the Scheme you will need to register your business through RPWonline and provide details of your land. Businesses already registered on RPWonline and have a Customer Reference Number (CRN) will not have to register again but may need to update their details once the final Scheme is confirmed.

Farm businesses may also need to register to access information, help and guidance regarding the Scheme, which is expected to be consistent with the current Farming Connect approach.

Habitat Baseline Review

A requirement for the Scheme will be for you to actively manage at least 10% of your land as habitat to benefit biodiversity and you will need to have or work towards 10% tree cover.

In order to be able to administer and calculate a farm's eligibility against these requirements, it will be necessary to identify and capture the features present on your farm on entry to the Scheme. To do this, we are proposing an environmental baseline assessment of the farm called The Level 1 Habitat Baseline Review (HBR1). The HBR1 will identify the broad habitat types, trees and hedgerows present on your farm. The HBR1 will also identify other important features present on your farm such as historic features, designated sites, and their buffers.

There will be a clear HBR1 review process which will involve you being able to check and update the information we hold. This is important as it will be used to support the calculation of payments and direct you to the requirements you will need to meet.

In addition, we are also proposing a more in-depth Level 2 Habitat Baseline Review (HBR2) process which will support the Optional Layer of the Scheme and additional planting of trees on sensitive areas. The HBR2 process will include technical support and is expected to provide an opportunity to sign-post or refer you to other information, schemes, or support services.

Data Confirmation

RPW propose to run a Data Confirmation exercise in 2024, to collect and verify as much information as possible in advance of the start of the Scheme. The intention is to provide and agree with you a digital map and associated information compiled to show the habitat, hedgerows and trees present on your farm as held in the RPW mapping system. This will inform the HBR1.

Carbon Calculator

It is essential that all farmers understand the carbon impact of their business and the opportunities which come from this.

We will require you to complete a carbon assessment within the first year of joining the Scheme. We expect the carbon assessment to take the form of a carbon calculator. This will give you a starting point from which to understand your current carbon impact. You will need to repeat the assessment as part of the 2029 Scheme, but we would prefer you to complete it annually.

By undertaking a carbon assessment, you can identify opportunities and efficiencies to not only reduce emissions but reduce your costs, such as through a more targeted use of inputs.

At national level, the anonymised, aggregated results of these assessments will contribute to an understanding of the sector's overall impact, both in terms of emissions and the opportunities for sequestration. We will use this information to identify and develop Optional and Collaborative Actions to help you reduce your carbon footprint, increase opportunities for sequestration, and benefit the farm business.

We welcome views on how best to achieve this requirement in a way that provides benefits to you as well as the wider objectives. There are many existing carbon calculators available to help farm businesses understand their carbon impact. Some are aligned to particular agricultural sectors and results can often differ between calculators due to the underlying methodology used. We are keen to avoid duplication of effort and to make use of existing information where possible. It is important however that the information collected is comparable, and capable of aggregation to provide a national picture on a consistent basis.

As a result, we expect to specify that you will need to complete a particular carbon calculator, rather than, for example offering a choice of calculators.

Scheme rules

Detailed scheme guidance and a set of verifiable standards setting out scheme rules, actions and evidence required to meet the conditions of the Scheme will be produced following this consultation and in advance of the Scheme opening. All or part of your payment may be affected if you do not meet these rules.

A number of these rules will be consistent with previous support schemes and Cross Compliance requirements which you should be familiar with, but some of the more important rules to be aware of include:

- The Scheme will operate on a calendar year and run from 1 January to 31 December.
- Scheme participation will be at a farm business level including all land registered under your Customer Reference Number (CRN).
- You will declare annually all the land at your disposal / within your management control (owned and / or rented). The deadline for this is expected to be 15 May.
- You will need to ensure you can meet the conditions of the Universal Actions applicable to your farm,
- Each farm will have a minimum of 10% tree cover to be in place by the end of 2029.
- A minimum of 10% of each farm will be managed as habitat for the benefit of biodiversity alongside food production.
- You will adhere to the Universal Code for Habitats to prevent further loss or damage to semi-natural habitats.

We are also considering the introduction of additional regulations into scheme rules. Examples of these are shown below.

- Meet your legal responsibilities to ensure the Public Rights of Way (PRoW) network on your land is open, accessible, and safe for public use. You must also manage Open Access land appropriately as set out in the Countryside Rights of Way Act, 2000.
- Complying with the new Workplace Recycling Regulations, which means the separation and recycling of 'household-waste like wastes' produced on farms – for example cardboard and plastic containers, and the ban on sending separated recyclables to incineration or landfill.
- Meet your legal responsibilities in the Wildlife and Countryside Act 1981 and Invasive Alien Species (Enforcement and Permitting Order) 2019 not to plant, or otherwise cause to grow, listed invasive non-native species.

Administrative Validation Process

All land tenure, parcels and cover will be cross checked against RPW's Land Parcel Identification System (LPIS). Cross checks will be undertaken to ensure payments are made on the correct land area, there is no double funding and the land use classifications do not contradict the land use required as part of scheme rules. Checks will also be undertaken on the SAF declarations relating to the completion or progress of the Universal Actions.

We will recognise and correct errors that are straightforward to identify at a clerical check of the information given on the SAF, supporting documentation or any other application and claim.

Where you are prevented from fulfilling certain obligations or completing Actions due to events outside your control, we will consider these under the Exceptional Circumstances provision.

On-the-spot-checks

The on-the-spot-checks will be conducted using a combination of physical inspection and earth observation (e.g. remote sensing and aerial photography) where applicable.

RPW will select and inspect a percentage of scheme applications each year to confirm the scheme rules, including the regulatory baseline requirements, are being met. The Rural Inspectorate for Wales (RIW) and other Competent Control Authorities (CCA) will conduct these inspections. The inspection rate will increase where significant irregularities are identified to ensure the appropriate allocation of public funds.

Payments

We will use the declared and validated farm details from the SAF to calculate the Universal Baseline Payment based on the methodology which is set out in more detail in Chapter 4.

The eligible hectares determined for each payment category will be multiplied by the corresponding rate per hectare and added together to establish the Universal Baseline Payment each year. Any Stability Payment for the Transition Period will be additional to the Universal Baseline Payment.

Scheme payment categories or the total value of the Universal Baseline Payment may be subject to financial controls such as capping.

We propose to make an advanced payment from October followed by a balance payment once all validation and checks have been completed from December onwards.

Warnings & Penalties

Maintaining compliance with the scheme eligibility criteria, scheme rules, regulatory baseline, and all applicable Scheme Actions are a condition of payment.

Failure to accurately declare information such as eligible areas and features may result in an under or over declaration of eligible areas, which may lead to reductions and penalties. It may include circumstances created to gain advantage from any of the rules relating to the Scheme.

In circumstances where there is a level of non-compliance, and it is felt that financial penalties are required, there will be a set of variable standards and a sanctions matrix clearly setting out consequences.

Guidance will be available to help you correct minor problems, allowing you time to put right any issues where possible.

Appeals process

The Welsh Government grants appeal process differs from the appeals process currently managed by RPW which includes an assessment by an independent panel and the final decision is made by Welsh Ministers.

The current process is both costly and time consuming with little benefit, when compared to the proposed administrative process below, especially in light of our intended proportionate approach to non-compliance.

Appeals are intended to be a two-stage review process, involving different officials to those who made the original decisions. Appeals would be fully considered, and the outcome of the appeal clearly set out in our reply.

Advice and Support

You may be familiar with the subsidised advice, learning and development currently on offer through Farming Connect. You may have attended a training course, completed soil testing, or received advice or guidance on the actions you can take to improve your business resilience, or on the things you can do on your farm to help address the climate and nature emergency.

We want to continue to support you through your learning and development journey following introduction of the Scheme. We will provide advice to support your completion of the SAF, HBR1 and 2 and on the delivery of Scheme Actions.

We want you to be able to make the most of the Scheme once you have joined, so we will also support you to gain and maintain the knowledge and skills you need to help deliver Optional and Collaborative Actions.

We know you value the current mix of training, advice, and technical expertise on offer, and that you particularly welcome the face-to-face opportunities to learn and share experience on farm or from your colleagues directly. We propose to continue to offer this range of advice, guidance and learning in the years to come.

Optional & Collaborative application process

We will use existing scheme processes where possible, which may be scored and selected in line with SLM objectives where the budget restricts take up. This could involve a simple application process similar to the Small Grants application process, or an appraisal process may be needed for larger applications.

Any Actions will need to be carried out within a predetermined time frame.

All Collaborative Groups will need to register with RPW and obtain a CRN for the group prior to applications. Payments will be made to the Collaborative Group and not individual members of the group.

Chapter 3 questions

- Q6.** 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?
- Q7.** 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?
- Q8.** 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?
- Q9.** Adopting the Welsh Government appeals process will provide an effective and efficient mechanism. Is there any reason we should deviate from this?



CHAPTER 4

Payment methodology

Until the UK left the European Union in 2019, Wales benefitted from long-term funding certainty through the Common Agricultural Policy. Our exit means that we no longer have this certainty or the ability to routinely move funding between years.

We do not know how much funding will be available to the Welsh Government as a whole, or whether the next spending review will specifically allocate funding to support you, agriculture and rural communities. This means it is difficult to commit a specific level of funding to the Sustainable Farming Scheme which starts in 2025. The Welsh Government will pursue, at least, the same total level of funding for farmers and land managers from the UK Government as we will receive in 2024/25. Recognising the inflationary pressures which have impacted the farming industry, as it has impacted other sectors and everyone in Wales, we will expect the UK Government to provide an inflationary uplift in funding.

We are proposing that you can claim BPS or SFS during the Transition Period, but not both. The methodology of the SFS payments (Universal and Stability) are set out below, with BPS covered in Chapter 6.

Universal Baseline Payment

The proposal is for the Scheme to provide an annual Universal Baseline Payment to farmers for carrying out a set of Universal Actions, which can be delivered by farms across Wales and go above and beyond what is required by legislation. Payments will support the actions you undertake to deliver against the SLM objectives set out in the Agriculture Act as part of sustainable food production.

The Universal Baseline Payment will be based on the area of your farm. The total value of this payment will be made up from (i.e. calculated as the sum of) four separate payment values, representing different payment categories:

Universal Baseline Payment Categories

- **Universal – Maintenance of existing woodland**
Payment value for each hectare of existing woodland that is managed;
- **Universal - Woodland creation¹**
Payment value for each additional hectare of newly created woodland, once created;
- **Universal - Habitat maintenance²**
Payment value for each hectare of semi natural habitat managed, and/or each additional hectare of temporary habitat up to the required 10%, once created;
- **Universal - Actions**
Payment value per hectare covering all other Universal Actions on the total eligible area.

We propose a separate payment rate per hectare for each of four payment categories in recognition of the different costs incurred and income forgone from the completion of the associated Actions.

We are considering how payment rates can include factors beyond this, recognising the social value provided by the outcomes being delivered. The evidence base relating to cost incurred and income foregone, and the social value provided by the outcomes, is summarised in Chapter 8.

¹ Existing Welsh Government woodland planting agreements will be paid at the rates already confirmed under those schemes and be excluded from the calculation, until the end of the agreement.

² This may include areas managed as habitat, such as areas of peatland restoration.

We are also considering the need for capping of the Universal Baseline Payment or payment categories, in a similar way to our approach to capping BPS payments, and for payments under the Habitat Wales Scheme. Any capping proposals would be consulted on through our stakeholder group in advance of introduction.

The table below sets out the cost incurred, and income foregone activity being considered for the four Universal Baseline Payment categories listed above.

Annual payments	What the annual payment covers	Area of farm land the annual payment applies to
Universal – Maintenance of existing woodland	Costs of managing existing woodland.	Existing woodland area, excluding existing SSSI woodland. SSSI woodland counts towards the 10% woodland requirement, but we are unable to pay farmers to meet existing legal obligations regarding SSSI land. Payments to enhance SSSI condition will be included as part of the Optional Action.
Universal – Woodland creation	Costs of managing the area of newly established additional woodland. Income foregone with regard to the area of additional newly created woodland.	The area of new woodland created. This payment may be payable for up to 12 years from planting, after which the payment will reflect the rate for the management of existing woodland.
Universal – Habitat maintenance	Cost of managing existing semi-natural habitat. Cost (including income foregone) of creating and managing newly created temporary habitat.	Semi-natural habitat area, excluding existing SSSI habitat land. SSSI habitat land still counts to the 10% habitat target but we are unable to pay farmers to meet existing legal obligations regarding SSSI land. Payments to enhance SSSI condition will be included as part of the Optional Action.
Universal – Actions	See table below.	All eligible area, including SSSIs.

When setting the payment rate for the Universal – Actions payment category, we will consider the costs incurred and income foregone of the actions outlined below:

Universal - Actions	Costs incurred and income foregone considered for the payment
Benchmarking	<ul style="list-style-type: none"> • Data gathering and reporting time for Key Performance Indicators
Continuous Personal Development	<ul style="list-style-type: none"> • Time cost to complete mandatory learning
Soil Health Planning	<ul style="list-style-type: none"> • Farmer time to undertake actions • Sample kit/postage costs
Multispecies Crop Cover	<ul style="list-style-type: none"> • Costs of establishing and managing an appropriate cover crop
Integrated Pest Management	<ul style="list-style-type: none"> • Planning and reporting time
Managing heavily modified peat	<ul style="list-style-type: none"> • Costs of not exposing peat to additional degradation or erosion
Designated Site Management Plans	<ul style="list-style-type: none"> • Farmer time for developing an appropriate management plan
Ponds and scrapes	<ul style="list-style-type: none"> • Ongoing costs of maintenance of scrapes and ponds • Costs of scrape creation • Costs of pond restoration
Hedgerow management	<ul style="list-style-type: none"> • Hedge management and small maintenance tasks e.g., gapping up
Historic environment – maintenance and enhancement	<ul style="list-style-type: none"> • Routine maintenance and management costs
Animal Health Improvement Cycle	<ul style="list-style-type: none"> • Farmer time to meet with their vet • Cost of vet visits • Reporting time (e.g. antibiotic use)
Good Animal Welfare	<ul style="list-style-type: none"> • Farmer time to complete proficiency training and complete mobility and lameness scoring
Good Farm Biosecurity	<ul style="list-style-type: none"> • Farmer time to meet with their vet • Cost of vet visit • Adherence to biosecurity plan (e.g., cleansing and disinfection, monitoring) • Farmer time to review and revise biosecurity plan
Carbon Calculator	<ul style="list-style-type: none"> • Farmer time to complete

We will review the costs incurred and income foregone following consultation, and routinely as part of the scheme development, to ensure that they remain comprehensive and up to date.

A summary of the evidence to support the development of payment rates for the Universal Layer of the Sustainable Farming Scheme is detailed in Chapter 8.

Stability Payment

During the Transition Period (2025-2029), we propose that if you join the Scheme, and received a BPS payment in 2024, you could also receive a Stability Payment, which is additional to the Universal Baseline Payment.

You will receive a **Stability Payment** if:

The total value of the Universal Baseline Payment in any of the transition years is

less than

The 'notional' BPS payment the farm business would have received.

When calculating the Stability Payment, we will consider any changes in farm size between the current year and your previous BPS area. The 'notional' BPS value will therefore be calculated annually and will be based on the following methodology:

Calculation of "notional" BPS value

Payable area	<p>The farm area determined³ for SFS in the current year.</p> <p>plus</p> <p>The notional area of Common Land allocated³ (for stability purposes only)</p>
Multiplied by	
Payment rate	<p>The previous year's rates including the effects of tapering for BPS Entitlement, Redistributive and Young Farmer (where applicable)</p>

No SFS Stability Payment will be payable if, in any year, the total value of the SFS Universal Baseline Payment is *equal or greater than* the 'notional' BPS value.

The Stability Payment will help you to make the transition from one system of support to another and provide additional financial support in advance of the Optional and Collaborative Actions of the SFS becoming available. For this reason, the payment is also expected to provide continuity for BPS applicants who previously claimed for common land, the inclusion of SSSI areas and organic status (which is being considered for possible introduction in 2024).

Payment Value

During the Transition Period your total payment value will be a combination of:

- Annual Universal Baseline Payment
- plus**
- Stability Payment (where applicable).

The payment methodology described above provides flexibility to reflect future changing budget scenarios and priorities. We will be able to confirm final payment rates in 2024 once the final scheme design has been agreed and the budget confirmed.

Chapter 4 questions

Q10. We would like to know your views on the proposed approach to:

- a) the SFS universal baseline payment
- b) the SFS stability payment

³ The payable area for the Stability Payment will be limited to the number of entitlements activated for BPS in the year before your first SFS claim, additionally where applicable BPS capping rules may apply to the calculation of the notional BPS payment.



CHAPTER 5

Transition Period

In this chapter, we present our approach to assist you before and after the introduction of the Universal Actions in 2025 and subsequent Optional and Collaborative Actions.

Optional and Collaborative Actions

Optional Actions - may be targeted to specific land or landscape feature issues which you may choose to deliver. We expect them to be informed by or lead on from the Universal Actions. Some farmers will already be carrying out some of these Actions.

You will be able to choose which Actions you undertake in this layer and receive payment for delivery (in addition to the Universal Baseline Payment). You will be supported, using the data and outputs of the Universal Actions, to understand the options available to choose from, the benefits they can deliver and the income they can generate.

The list of potential options published in the previous Scheme Outline have been replicated at Annex 2 to provide an idea of the Optional Actions being considered.

Collaborative Actions - will provide the opportunity for farmers to deliver action at a local, landscape, catchment, or national scale. These Actions support an increase in collaborative and partnership working between farmers, land managers, foresters, and others to deliver actions and interventions aligned to the SLM Objectives.

The proposed approach for the support of Collaborative Actions will vary, but is expected to include;

- Landscape scale action, for the delivery of nature-based solutions at landscape scale to ensure ecosystems are resilient, connected and in good condition.
- Innovation and knowledge transfer in agriculture, for the delivery of knowledge transfer and innovative activity for the development of new processes, techniques and technologies, and the development of solutions to solve sector challenges.
- Co-operative working, we want to enable farming businesses to engage in co-operative working, enabling the sharing of facilities and resources to increase the profitability and resilience of farm businesses.
- Added value: for example, through actions to support increased resource efficiency and new supply chain opportunities to support increased local high quality food supply.

Delivering at scale through the Optional and Collaborative Actions will improve the resilience of your farm. They will support the targeted co-ordination of actions and interventions to improve biodiversity, soil, air, and water quality, to ensure high animal health and welfare, to mitigate flood and drought risk and to improve resource efficiency and maximise carbon storage.

Phased introduction of Optional and Collaborative Actions

The Universal Actions will be launched in 2025 with the Optional and Collaborative Actions following this. We want to allow you the opportunity to get used to the new Scheme before we introduce the remaining Actions. These will be introduced between 2025 and 2029, and implementation will be subject to further engagement with stakeholder groups and budget availability. We may introduce some Actions before others, where there is need for their prioritisation.

Ahead of the introduction of the full Optional and Collaborative layers we will, subject to the budget, continue to deliver a range of procured and demand-led agricultural and environmental schemes supporting a range of outcomes. There is a strong alignment between the schemes we are already supporting and the Optional and Collaborative Actions we will introduce during the Transition Period. For example:

The **Small Grants – Yard Coverings** scheme is supporting efforts to lower the environmental impact of ammonia.

Our range of **woodland schemes** are helping to create new and manage existing agro-forestry and woodland areas.

The **Small Grant – Environment** scheme is supporting farmers to put in place 3-metre-wide fence and hedges along the farm boundary (where appropriate) to prevent neighbouring stock coming into contact.

Our **Integrated Natural Resources Scheme** and the **National Peatland Action Programme** will support the delivery of nature-based solutions across the landscape.

The **Sustainable Innovation Scheme** is helping to join up supply chains.

The **Nutrient Management Investment Scheme** is helping to ensure water is protected from pollution.

The **Animal Health and Improvement Cycle** pilot will help improve on-farm animal health and welfare measures.

The schemes we already have in place, many of which we expect to evolve into the Optional and Collaborative Actions, help deliver some of the greatest outcomes towards our ambitions for net zero, climate adaption and biodiversity, while also enabling wider opportunities for sustainable food production.

Priority for farmers in the Scheme Universal Layer

We believe that if you join the Scheme, committing to a whole farm approach to improve your economic, environmental, and social resilience through the Universal Actions, then you should gain priority access to the Optional and Collaborative Actions.

Those who do not sign-up to join the Scheme would not benefit from this priority access and would be subject to a competitive process to join funding schemes (subject to available budget).

Chapter 5 questions

Q11. 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?

Q12. What actions and support within the Optional and Collaborative layers do you believe should be prioritised?



CHAPTER 6

Basic Payment Scheme

From 2025 onwards we propose you will have the option of choosing either SFS or BPS.

Once you have chosen to participate in the SFS you will no longer have the option to revert back to BPS, as SFS will be the primary long-term mechanism of support for the agricultural industry in Wales.

Phasing out of BPS

We propose to phase out BPS during the Transition Period. The Scheme design and payment approach have been designed to support you to transition to SFS from the first year available i.e. 2025.

The BPS Entitlement Value, Redistributive Payment and the Young Farmer Payment will be phased out incrementally. This is intended to take place over a 5-year period, with a 20% taper in equal steps per year as set out below.

Proposed percentage of BPS Entitlement value, Redistributive Payment, and Young Farmer Payment payable annually during the Transition Period:

BPS Entitlement value, Redistributive Payment and Young Farmer Payment

2025	2026	2027	2028	2029
80%	60%	40%	20%	0%

This model of tapering over a 5-year period was used when BPS was introduced to replace the Single Payment Scheme in 2015, bringing all entitlements to a flat rate by 2019.

This approach to phasing out BPS, negates the need for future BPS budget ceiling to be set and means you will be able to easily calculate your expected BPS payment values for the duration of the transition period, if you choose not to participate in the Scheme.

The first 20% reduction would apply to BPS 2025 with the final BPS claim available in 2028. There would be no BPS application or payment available in 2029.

Proposed changes to BPS rules

Most BPS rules will remain unchanged. You will still require an equivalent number of eligible hectares to activate your BPS entitlements and have eligible land at your disposal. As BPS is being withdrawn during the Transition Period, we need to ensure the BPS claimant population and individual claims do not increase in size.

We therefore propose to make changes to BPS with effect from 2025. These are detailed below.

BPS Budget Ceiling

Welsh Ministers will no longer be required to set a BPS Budget Ceiling as the annual BPS Entitlement Value, Redistributive Payment and Young Farmer Payment for those farmers wishing to claim BPS will be reduced incrementally from BPS 2025 onwards.

BPS Entitlements

To ensure the BPS claimant population and individual claims do not increase in size during the transition period, from 2025 we propose:

- Farmers who choose to participate in SFS will surrender their entitlements, which will not be available for future BPS scheme years.
- To close the National Reserve. New entrants to farming will be directed to the SFS, as there are no requirements to hold entitlements under the Scheme.
- To restrict the transfer of BPS entitlements to those who transfer and / or lease entitlements with the land and farmers currently leasing in entitlements for land they currently claim under BPS. BPS entitlement transfers in cases of inheritance and succession will also be permitted. These changes will mean the 2025 Transfer and Lease window, and entitlement transfer rules will be available later in 2024.
- To remove the two-year entitlement usage rule.

Payment Capping

We propose to change the BPS payment capping to ensure parity with the tapering BPS model. This means the impact of BPS tapering will be the same for all claimants.

We propose to apply an incremental reduction to the Payment Bands as follows:

Percentage Reduction	Payment Bands 2024	Payment Bands 2025	Payment Bands 2026	Payment Bands 2027	Payment Bands 2028
0%	£150,000	£120,000	£90,000	£60,000	£30,000
15%	£150,000 to £200,000	£120,000 to £160,000	£90,000 to £120,000	£60,000 to £80,000	£30,000 to £40,000
30%	£200,000 to £250,000	£160,000 to £200,000	£120,000 to £150,000	£80,000 to £100,000	£40,000 to £50,000
55%	£250,000 to £300,000	£200,000 to £240,000	£150,000 to £180,000	£100,000 to £120,000	£50,000 to £60,000
100%	over £300,000	Over £240,000	Over £180,000	Over £120,000	Over £60,000

Legal Framework

We believe the above proposals offer the simplest and fairest transition from BPS to SFS, whilst also providing stability and ensuring no farmer faces a cliff edge in their funding should they choose not to participate in SFS.

These proposals will be delivered using powers contained in the Agriculture Act to modify BPS legislation by making subordinate legislation during 2024 (see Chapter 7).

We will retain the Cross Compliance legal framework and associated controls and penalties for BPS claimants.

Chapter 6 questions

Q13. 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.

CHAPTER 7

Regulations

Powers to Provide Support

The Agriculture Act has powers enabling Welsh Ministers to provide support, via scheme or otherwise, to the sector, for or in connection with agriculture and ancillary activities that take place in Wales. To effectively operate and administer a support scheme, secondary legislation is required to ensure all future agricultural support is established and delivered in accordance with the Agriculture Act.

It is our intention to reduce bureaucracy when establishing support schemes and enable more responsive, adaptable, and flexible support, which meets the needs of our Welsh agricultural industry.

What we are proposing

We are proposing a single Regulation which captures all regulation powers pursuant to Sections 10 and 12 of the Power to provide support (Part 2) of the Agriculture Act.

This Regulation is a legal requirement of the Agriculture Act to enable not only support scheme monitoring, but also for all aspects relating to those schemes, such as:

- Checking eligibility criteria is met.
- The consequences of where support has been provided without eligibility criteria having been met.
- Enforcing compliance with any conditions subject to which support is or has been provided.
- Monitoring the extent to which the purpose of support has been achieved.
- Investigating suspected offences in connection with applications for, or the provision of, support.
- The publication of specified information about the support that is or has been provided pursuant to Section 8.

The Regulation is not intended to directly reference, by name, any support (such as the Sustainable Farming Scheme). This approach will provide efficiencies and longevity of the Regulation by enabling future support schemes to draw on these regulation powers and their supporting processes.

The Regulations will enable all future support schemes operating under the power to provide support of the Agriculture Act, to use the same regulation power to effectively operate and administer the support schemes. The detailed specifics of each support, scheme or otherwise, is to be provided within the scheme rules and guidance.

We will define what we mean by ‘scheme rules and guidance’ within the Regulation. An example of how the Regulation will work in conjunction with a scheme is set out below. This example uses scheme monitoring and compliance to demonstrate the relationship between the Regulation and a support scheme:

- The Regulation will set out that schemes may be monitored, by virtual or physical inspection, to establish the extent to which the purpose of support has been achieved.
- The scheme rules will then capture the detail and the purpose of the monitoring; the process and its use together with how data will be collected in supporting of monitoring the impacts of a scheme, the frequency in which data will be collected, who will collect it, and what will be done with the data.

All future support will be set out in the Multi-annual Support Plan (MASP), which provides a (minimum) 5 year forward plan of agricultural support schemes, either in operation or expected to become operational during the 5 year period, commencing on 1 January 2025. The MASP will provide you with assurance and transparency that the Welsh Government has in place a plan or suite of activities of future support for the sector. The Regulation will capture the requirements needed to enable the support schemes detailed within the MASP to effectively operate and be administered.

The content of the secondary legislation is not being consulted on as part of this consultation. However, the questions, processes, actions, as well as the responses and outcomes derived from this consultation will be considered and used in support of the development of the Regulations.

Legislative Requirements for BPS

To allow the changes proposed for BPS from 2025 to 2029 as set out in Chapter 6, we propose amendments are made to the following secondary legislation:

- Retained European Law: EC Regulations 1306/2013, 1307/2013, 639/2014, 640/2014, and 809/2014.
- The Common Agricultural Policy (Integrated Administration and Control System and Enforcement and Cross Compliance) (Wales) Regulations 2014, 2014/3223.
- The Common Agricultural Policy Basic Payment and Support Schemes (Wales) Regulations 2015, 2015/1252.
- The Common Agricultural Policy (Miscellaneous Amendments) (Wales) (EU Exit) Regulations 2019, 2019/688.

This secondary legislation set BPS rules when the scheme opened but are also now in Retained European Union Law (REUL), which enabled the continued operation of BPS following the implementation period after the United Kingdom left the European Union in 2020.

The planned changes to the secondary legislation will be via a single Regulation, amending the REUL and secondary legislation cited above.

Chapter 7 questions

Q14. 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.

CHAPTER 8

Evidence

In this chapter we look at the Integrated Impact Assessment which supports this consultation and the approach and evidence supporting the development of the payment methodology.

Integrated Impact Assessment

Alongside the consultation, we have published an Integrated Impact Assessment (IIA) for the proposed Scheme. The IIA covers the proposed Universal Actions specified within the consultation and the broader commitment of support for agriculture through the Scheme in its entirety (including Optional and Collaborative Actions) as a means of delivering the SLM Objectives. The IIA builds on previous assessments undertaken for the Agriculture Act. See Annex four for the report.

Universal Baseline Payment

The foundation for the Universal Baseline Payment will be an estimate of the cost incurred and income forgone for farmers for undertaking actions under the Universal Layer of the scheme. We recognise that undertaking some of the Universal Actions may lead you to incur additional costs on farm. We also recognise that in the completion of the Universal Actions, some farm businesses may have a displacement of part of their agricultural activities which could lead to income forgone. These impacts vary across farms according to their circumstances and farming business.

In addition to the costs incurred and income forgone, we propose to reflect the social value of outcomes realised by sustainable land management. The latest evidence is summarised below.

Impact of costs incurred and income foregone

The Welsh Government commissioned agricultural economic modelling research from an ADAS-led consortium including SRUC, Pareto Consulting and University College Dublin. This modelling work estimated the field- and farm-level impacts arising from proposed Universal Actions building on previous work to assess farm-level costs.⁴

Detailed cost profiles were developed for the proposed Universal Actions. Consideration was given to upfront costs⁴ (purchase of goods or services), ongoing management and maintenance costs, the cost of farmers' time required to undertake actions, and any income foregone arising from the displacement of agricultural activities.

The population used for the analysis was farm businesses on the Integrated Administration and Control System (IACS) and in receipt of Pillar I or Pillar II support payments in 2019 (15,960 businesses). A smaller sub-set (8,774 businesses) of those with an estimated standard output of at least £25,000 was used to model output and income changes.

A biophysical and financial profile was constructed by combining 14 existing datasets, concerning the physical, environmental, and geographic, and economic attributes of Welsh agriculture, through the use of Geographical Information Systems (GIS) and relational databases⁵.

⁴Steven Thomson and Andrew Moxey (2023) Potential economic effects of the Sustainable Farming Scheme. Draft Phase 3 report on farm-level costs of proposed SFS UA. A report to Welsh Government under project C280/2019/2020. Report available on request.

⁵ Detailed information about these can be found in a technical methodology and data sources report which is available on request

Assumptions reflecting potential changes in land use alongside the cost profile estimates, arising from SFS Universal Actions were then used alongside the cost profile estimates to estimate associated agricultural output and income foregone effects, based on financial performance data from the Welsh Farm Business Survey (FBS)⁷ averaged over three years to 2018/19. The outputs of this work can be found at Annex 5.

This scenario modelling of the previous scheme proposals has been extremely helpful, along with other evidence including feedback from the co-design process, in shaping the proposals being presented in this consultation. It has provided insight and understanding which we have used to develop the scheme design, payment methodology and proposal for a Stability Payment.

It does not reflect the final analysis of the costs incurred, income forgone or the consequences of the scheme. This analysis will be updated along with other evidence following consideration of the consultation responses and any changes to the scheme design. The evidence submitted as part of the final investment design by Welsh Ministers in 2024 is intended to reflect the scheme being introduced in 2025.

The social value of the outcomes

The Welsh Government commissioned eftec and ADAS, as part of the UK Centre for Ecology & Hydrology (UKCEH)-led Environmental and Rural Affairs Modelling and Monitoring Programme (ERAMMP), to assess the evidence concerning the social values from changes in natural capital and how these might be reflected in payment levels under the Scheme. The full report can be found on the ERAMMP website⁸.

The report looks at the evidence on spatial and temporal variation of the social values provided by Natural Capital (i.e. the benefits from the natural environment not captured in market prices).

The report adopts the Natural Capital approach, analysing the monetary value of benefits derived from the natural environment. Through this approach, the natural environment is regarded as an asset that provides benefits to people over time. The state of the natural capital assets can be influenced by external factors (including natural processes, and human-induced climate change), and how the assets are maintained and / or exploited by people.

The report considered carbon reductions from sequestration or reduction in emissions; air pollutant removal by woodland; benefits from recreation; benefits from physical health; water quality, water supply and flood risk management benefits; and biodiversity benefits.

The evidence indicates that the values of some of the benefits analysed are robust, specifically:

- Carbon reductions from sequestration or reduction in emissions;
- Air pollutant removal by woodland;
- Benefits from recreation;
- Benefits from physical health; and
- Values for water quality benefits.

The evidence surrounding the benefit values for flood risk management, biodiversity and water supply is however less robust.

⁶ Farm Business Survey: Institute of Biological, Environmental and Rural Sciences, Aberystwyth University

⁷ Integrated Monitoring Platform (IMP) | ERAMMP

The findings of the report indicate a significant variation in the social values of natural capital benefits across Wales. This is the case across each of the five benefit types for which there is sufficiently robust valuation evidence. The reason why this variation arises differs between benefit types. The monetary values of carbon benefits vary depending only on the ecological functions of a specific habitat. Other natural capital benefits values vary depending on both the ecological functions of a specific habitat and their location. For example, the value of woodland for air pollutant removal is highest in urban areas and negligible in more rural areas.

The report also recognises the social value of changes in natural capital arising from delivery of on-farm action will change over time and explains how estimating the average annualised present value of those benefits, assessed over a number of years is possible.

It is still our intention to consider the social value in our payment methodology, but this will take time to get right. The variation in the values of natural capital benefits by type, location and time, reported above, adds to the difficulty of defining a fair and proportionate approach, which reflects the actions on farms and recognises the value to the people of Wales.

We will involve stakeholders, as we develop this work to reflect social values of outcomes into the proposed payment rates for the Universal, Optional and Collaborative Actions of the Scheme.

Chapter 8 questions

Q15. 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.

CHAPTER 9

Data processing and reporting

Processing and using your Data

We plan to collect data, primarily for processing and validation of payments. The data may also be used to operate other schemes, for monitoring, or for other purposes described below. The safety of your data is paramount to us.

Data Disclosure

There are processes and Actions included in this consultation which involve the collection of data, some of it sensitive, to enable informed decision making on farm, or to monitor performance of a specific Action. This data will be managed securely and sensitively. We will seek to only request data where it is necessary. Where we need to aggregate data to represent statistics or trends on a sector, regional, or national level, data will be anonymised.

The Welsh Government may share information with:

- Natural Resources Wales
- Animal and Plant Health Agency
- EIDCymru
- Veterinary Medicine Directorate
- Local Authorities
- Food Standards Agency Wales
- Other UK Government Departments.

Data may be used for the following:

- the production and publication of maps showing the areas of land that have received agricultural support
- informing decisions relating to policy changes and funding including research studies conducted on behalf of the Welsh Government
- to inform Monitoring and Evaluation of schemes
- compilation of reports of aggregated data and/or summary statistics to be made publicly available, such as the Annual Report and Impact Report under the Agriculture Act (further detail below)
- identification of landowners/users in events of emergencies, e.g. disease control and breach control
- protecting applicant's interest in land conservation and issues that may arise due to funding queries
- allowing partner organisations to fulfil their legal duties
- disclosure to regulatory authorities, such as HM Revenue and Customs, Local Authorities and the Police.

Publication and Disclosure of Information

Information will be managed and used by the Welsh Government in accordance with its obligations and duties under the:

- Freedom of Information Act 2000
- Data Protection Legislation
- Environmental Information Regulations 2004

Information, including your personal information, may be the subject of a request by another member of the public. When responding to such requests the Welsh Government may be required to release information, including your personal information.

The Welsh Government will also publish details of the amounts paid to beneficiaries in line with The Subsidy Control Act 2022.

We will provide a detailed explanation of the data requirements and its use as part of the guidance which will be provided in advance of the Scheme opening.

Reporting

There is a statutory duty in the Agriculture Act for Welsh Ministers to monitor, evaluate and report progress on any support given by the Welsh Government and its contribution towards achieving the SLM objectives.

Monitoring will enable the Welsh Government to have accountability for the implementation of the SLM Objectives. It will give the public and Senedd Members the opportunity to engage and provide appropriate transparency. It will also provide an evidence base to support policy developments and the design of future support.

The Agriculture Act sets out a clear monitoring and reporting framework. This includes an overarching series of activities for reporting and measuring impact and value for money. The different levels of reporting are set out below.

Multi-annual Support Plan: The Multi-annual Support Plan is a five year forward plan which must set out how the Welsh Ministers intend to provide support during the plan period so as to best contribute to achieving the SLM objectives. It will need to provide a description of each scheme in, or expected to come into, operation during the period, (for example, the Sustainable Farming Scheme), and describe any support intended to be provided which is not under a scheme.

Sustainable Land Management Targets and Indicators:

A series of SLM indicators and targets will be published by 31 December 2025, to measure progress towards achieving the SLM objectives. Other national indicators, national reporting such as Farming Facts and Figures, the State of Natural Resources Report (SoNaRR) report and the most recent Impact Report will need to be taken into consideration when setting or revising the indicators and targets.

Annual Report: Annual reporting mechanisms will be in place to continually provide the sector with assurance, accountability, and transparency that relevant support is being provided by the Welsh Government to the agricultural sector. Beyond providing information on the amount of support provided, it will also capture where support may have been withdrawn or recouped. The first annual report will cover the period of 17 October 2023 (to 31 March 2025 and must be published no later than 31 March 2026. Following the first Annual Reporting period, all subsequent reporting periods will be for a financial year.

Impact Report: Every five years there will be an evaluation of all the support provided under the Act. This will include an assessment of the impact and effectiveness of the support provided, including the Sustainable Farming Scheme. The Impact Report will assess the impact and effectiveness of support, including (a) the way in which, and extent to which, the support, through a scheme or otherwise, has achieved the purposes for which the support was provided and (b) the way in which, and extent to which, the provision of the support has contributed towards achieving the SLM objectives.

Sustainable Land Management Report:

This report is the mechanism by which the effectiveness of actions taken by Welsh Ministers in accordance with the duty to achieve the SLM Objectives is assessed. The SLM report will every five years, provide an assessment of the cumulative progress made towards achieving the SLM objectives (since the SLM duty came into force) and to report on progress made during the reporting period, towards achieving the SLM objectives. It must also provide an assessment of progress against the SLM indicators and targets which have been set and set out whether each target has been achieved. The report may also capture other matters, such as key priorities, risks, and opportunities in relation to achieving the SLM objectives, and the effect that the progress made towards achieving those objectives has on wider Welsh Government goals. The first reporting period starts on 17 October 2023 and ends 31 December 2025. Subsequent reports are on a rolling five-year period.

Additional questions

- Q18.** 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?
- Q19.** Do you have any additional comments on any aspect of the consultation document?

Chapter 9 questions

- Q16.** We would like to know your views on which information and evidence should be used to monitor and evaluate the Scheme.
- Q17.** 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?

ANNEX 1

Consultation questions

Chapter 2 questions

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?

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?

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?

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?

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?

Chapter 3 questions

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?

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?

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?

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

Chapter 4 questions

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

Chapter 5 questions

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?

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

Chapter 6 questions

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.

Chapter 7 questions

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.

Chapter 8 questions

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.

Chapter 9 questions

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

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?

Additional questions

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?

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

ANNEX 2

Optional Actions

The following list of proposed Optional Actions is based on those included in the **Sustainable Farming Scheme – Outline Proposals for 2025** and has been refined in line with the Universal Actions included within this consultation.

This list is not exhaustive, and some may not be made available. Emerging priorities or opportunities may lead to the development of alternative Optional Actions.

You may use this list to answer question 12 of this consultation: *What actions and support within the Optional and Collaborative layers do you believe should be prioritised?*

Similar to the Universal Actions, these Optional Actions will deliver against several Sustainable Land Management outcomes. Where relevant we have indicated whether the Optional Action is directly related to any specific underpinning Universal Action.

- Support to grow crops to lower the amount of (and reliance on) bought-in feed.
- Support to start-up horticultural businesses or new horticultural enterprises within established farm businesses.
- Support for innovation projects which trial new techniques and technologies at a practical level focusing on sustainability, market diversification and increased farm resilience.
- Capital support to lower ammonia emissions such as through the following:
 - livestock housing adaptations e.g. frequent slurry scraping and drying poultry manure
 - slurry storage e.g. covering slurry stores and acidifying slurry
 - precision slurry spreading equipment e.g. trailing shoe and injection
- Capital support to decarbonise machinery use and / or farming practices, based on your carbon assessment.
- Support and advice for renewable energy generation.
- Manage existing trees and woodland, including ancient woodland, in line with the UK Forestry Standard (over and above the Woodland Maintenance Universal Action).
- Plant additional trees or woodland above the minimum Scheme Requirement.
- Restore or plant new hedgerows.
- Support for UK native breeds at risk. These must be registered pedigree animals from a native breed, as defined on the UK approved list of native breeds at risk.
- Manage and enhance habitats through more tailored and bespoke site-specific actions (over and above the Habitat Maintenance Universal Action).
- Establish six-metre buffer strips alongside watercourses (to lower the risk of diffuse pollution, based on risk mapping data). Strips could include a mix of grasses, shrubs and trees.
- Capital support to harvest and manage water supplies, including:
 - creating new reservoirs or irrigation ponds
 - installing water harvesting and reuse equipment
 - installing clean and dirty water separation infrastructure.
- Create additional ponds and scrapes (over and above the requirement of the Ponds and Scrapes Universal Action).
- Create leaky dams and re-wet suitable sites to slow the flow of water to reduce risk of flood.
- Support for reporting on the condition of historic features and how they are managed and / or support to repair or conserve a historic feature with professional guidance (over and above the Historic Environment Universal Action).
- Support to deliver more for protected landscapes. These actions will be bespoke to the farm and surrounding area and will align with the special qualities of Areas of Outstanding Natural Beauty or a National Park.

- Establish or adapt options which help people engage with and access the natural environment. This could include:
 - upgrading existing Public Rights of Way (PRoW) to multi-use paths
 - enhancing existing PRoW to make them more accessible
 - establishing joined-up and new access routes and trails
 - establishing new access
 - hosting educational and care farm visits.
- Support for completing more complex or higher level Continuous Personal Development (CPD), including potential support for transferring knowledge to other farmers (over and above the CPD Universal Action).

Optional Actions to improve animal health over and above the Good Farm Biosecurity and Good Animal Welfare Universal Actions;

- Establish a three-metre wide fence and hedge along the farm boundary (where appropriate) to prevent neighbouring stock coming into contact.
- Secure stores for deadstock, at the farm boundary to minimise entry of fallen stock vehicles to the farm premises.
- Secure feed stores to keep out wildlife and vermin and other sources of potential indirect contamination such as bird droppings, or transfer from vehicles or personnel.
- Installation of water point and concrete pad at entry/exit points with effective drainage away from livestock areas.
- Signage around the property to direct vehicle and personnel flow such that movement is not from higher to lower risk areas without adequate cleaning and disinfection.
- Support for building of Isolation Units.
- Support to use a higher animal welfare standard. This could include adopting the Good Life Welfare approach (or a similar initiative).

Optional Actions to benefit nutrient use and soil condition, over and above the Soil Health Planning Universal Action;

- Establish grassland with nitrogen fixing crops to replace or supplement applied nitrogen, for example through mixed swards or cover cropping.
- Improve soil biology for example through diverse planting, graze and rest practices, minimum or no till, use of anthelmintic plants or habitat management.
- Establish an enhanced crop rotation to benefit soil health and the wider environment by including:
 - a balance between fertility-building and exploitative crops
 - legumes to fix nitrogen for following crops
 - crops with a mix of differing root systems
 - crops with similar pest and disease susceptibilities are separated by an appropriate amount of time.
- Establish a graze and rest approach, for at least five months of the year by:
 - dividing fields to allow the regular movement of livestock
 - grazing grass for short periods (giving grass a rest period before grazing again, dictated by the grass growth).
- Capital support for the infrastructure for graze and rest and/or to expand into other agricultural enterprises which enhance pasture management and livestock production.
- Establish and / or maintain a mixed sward of grasses, legumes and herbs (or native wildflowers). There may be two options available:
 - the sward contains at least five species of grass, three species of legumes and three species of herbs or wildflowers
 - the sward contains at least three species of grass, two species of legumes and two species of herbs or wildflowers.
- Establish crops by using minimum tillage or no tillage cultivation methods.

ANNEX 3

Glossary

ADAS	An independent agricultural consultancy.
Agriculture (Wales) Act 2023	Also referred to as ‘the Agriculture Act’: new Welsh legislation which provides Welsh Ministers with the legal powers to support agricultural activities in Wales. The Act established the Sustainable Land Management objectives.
Animal Health Improvement Cycle (AHIC)	An ongoing process by which each farm business will work with their vet to proactively improve animal health.
Basic Payment Scheme (BPS)	The main current agricultural support scheme providing financial support to the farming industry.
Biodiversity	The wide variety of plant and animal life (including variety of genetics and ecosystems) found throughout our environment.
Carbon Calculator	A mechanism for measuring the carbon footprint (the amount of carbon emitted) of the various aspects of your farm business. This can provide a baseline measurement and help you identify opportunities for lowering carbon emissions.
Carbon sequestration	The method through which natural systems extract carbon dioxide from the atmosphere and lock it up in soils or plant life, such as peatland. There are technological methods of sequestration outside the remit of this consultation.
Collaborative Actions	The proposed Sustainable Farming Scheme is structured on three layers. The highest layer comprises the Collaborative Actions where farmers can choose to work together and with others in a coordinated way to collectively deliver outcomes that cannot be delivered on a single farm scale, in exchange for being paid additional scheme payments.
Continuous Personal Development (CPD)	An ongoing learning and development process to build skills and knowledge.
Competent Control Authorities (CCA)	Bodies responsible for official controls systems to verify compliance with relevant standards and requirements on behalf of the Welsh Government.
Customer Reference Number (CRN)	Unique identification number for each farm business used by Rural Payments Wales.
Department for Environment and Rural Affairs (DEFRA)	Department of UK Government responsible for Environment and Rural Affairs.

Ecosystems	The complex relationship within and between habitats, which support and regulate many environmental processes such as providing clean air, clean water, thriving biodiversity and the food we eat.
Environmental and Rural Affairs Monitoring and Modelling Programme (ERAMMP)	A scientific evidence and research partnership lead by the UK Centre for Ecology & Hydrology on behalf of the Welsh Government.
Environmental Impact Assessment (EIA) Regulations	Regulations which are used to consider the effects of projects on the environment.
Farm Business Survey (FBS)	An annual survey incorporating financial and physical data from a representative sample of farms across Wales.
Geographical Information Systems (GIS)	Information systems used for storing and manipulating geographical information.
Good Agricultural and Environmental Conditions (GAEC)	Part of the Cross Compliance procedures used to establish minimum standards.
Habitat Baseline Review (HBR)	The administrative process through which the Welsh Government will display (on a map) the extent and type of different habitats and other features found on your farm.
Habitat / Semi-natural Habitat	For the purposes of this consultation, habitat refers to the wide range of land types such as heathlands, flower rich meadows or wetlands. They each comprise a different array of plants and animals that depend on that habitat for their survival. 'Semi-natural' means habitats have been modified by human activity, but they still support plants and animals that occur naturally in the area.
Integrated Pest Management (IPM)	A holistic approach to managing pests and diseases.
Key Performance Indicators (KPIs)	A set of measurable targets (related to the business, livestock or management practices) which can be used to make data driven management decisions.
Land Parcel Identification System (LPIS)	The system used by Rural Payments Wales to store and analyse field parcel data.
Multi-annual Support Plan	A five-year forward looking plan of agricultural support schemes intended to be provided by the Welsh Government.
Natural Resources Wales (NRW)	A Welsh Government sponsored organisation responsible for advice and regulation regarding the natural resources of Wales.

Optional Actions	The proposed Sustainable Farming Scheme is structured of three layers. The middle layer comprises the Optional Actions where farmers can choose Actions above and beyond the Universal Actions depending on what suits their farm business and ambitions the most, in exchange for being paid additional scheme payments.
Plant protection products (PPPs)	A range of chemical based products including herbicides, pesticides and plant growth regulators.
Rural Inspectorate Wales (RIW)	A dedicated team with Rural Payments Wales responsible for compliance inspections
Rural Payments Wales (RPW)	The Division with the Welsh Government responsible for administering information and payments in relation to farming and land management.
Single Application Form (SAF)	The annual administrative process through which farmers report data and claim payment from the government in relation to farming and land management.
Site of Special Scientific Interest (SSSI)	A formal designation for areas of land or water considered to have special value for wildlife or geological features. SSSI are given statutory protection through specific legislation.
Stability Payment	Payment beyond the Universal Baseline Payment to support transition from BPS to SFS during the Transition Period.
Sustainable Farming Scheme (SFS), also referred to as the 'Scheme'	The main support scheme for Welsh farmers from the Welsh Government from 2025 onwards.
Sustainable Land Management (SLM)	A holistic approach to incorporate environmental, economic, cultural and social resources in such a way that the needs of the current generation are balanced with our obligations to future generations.
Transition Period	The period between 2025 and 2029 where different elements of the Sustainable Farming Scheme are launched, and the Basic Payment Scheme is tapered in value.
UK Centre for Ecology & Hydrology (UKCEH)	An independent not-for-profit research institute.
UK Forestry Standard (UKFS)	The reference standard for sustainable forest management across the UK. It applies to all woodland, regardless of who owns or manages it.
Universal Action (UA)	The proposed Sustainable Farming Scheme is structured of three layers. The foundation layer comprises of the Universal Actions which all farmers participating in the Scheme will need to undertake, in exchange for being paid the Universal Baseline Payment.
Universal Baseline Payment	The annual payment each farmer will receive from the Welsh Government in exchange for completing the Universal Actions.



Further information and related documents

Large print, Braille and alternative language versions of this document are available on request.

Contact details

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This document is also available in **Welsh**.