

NFU Cymru's response to Welsh Government's Sustainable Farming Scheme - 'Keeping Farmers Farming' consultation



Response Summary

President's Foreword

Over the course of the consultation period NFU Cymru has spoken with over 5,000 farmers and supply chain partners at roadshows, county meetings, board meetings, market visits and other events. We have methodically presented the Welsh Government proposals and recorded feedback from every event to ensure that this response is a true and accurate reflection of all those we are proud to represent and who put their trust in us to speak on their behalf. It has been a sobering and, on occasions, harrowing experience with the level of concern, worry, frustration and, at times anger, manifesting itself in different ways within the farming community.



This consultation has been undertaken against a backdrop of the emotional and financial turmoil caused by the continued impact of bovine TB, the cost and bureaucracy imposed by an All Wales NVZ, the demise of Glastir, input costs some 30% higher since 2019 and interest rates at a 15-year high. The health and well-being of our farming families must be front and centre in all our minds. This is why I have asked the Minister for Rural Affairs to set up an independent review to consider the cumulative burden of regulations and policies on Welsh farming.

NFU Cymru has spent these past eight years carefully considering our priorities for a 'made in Wales' farming policy. We have sought to remain optimistic at the opportunity presented to us to bring such a policy to fruition. The opportunity for a comprehensive food and farming policy to support Wales to be world leading in the production of climate-friendly food. An opportunity to grow established and build new markets at home and abroad.

By following the key principles NFU Cymru first published in 2016 a new domestic agricultural policy delivering a productive, profitable, and progressive farming industry can be achieved. These principles based around high quality food production; rewarding environmental activity; supporting the active farmer; providing on farm investment; science and evidence-based regulation and fair funding were the foundations for our subsequent vision for a future policy based on three cornerstones of stability, productivity and the environment.

In 2022 we went further and, working with industry colleagues, we created a detailed and comprehensive Sustainable Farming Scheme proposal that has been positively received by academics, NGOs and politicians from across the political spectrum. Whilst elements of this framework have been taken forward within the current proposals, it is a source of deep disappointment that the key elements of stability, simplicity, and fair reward for the delivery of sustainable farming objectives have been ignored thus far.

The current proposals need a major overhaul, they have not kept pace with the fundamental changes secured to the Agriculture (Wales) Act during its passage through the Senedd. The proposals must move beyond a scheme focussed predominately on environmental outcomes and instead become a genuine agricultural policy that underpins food production, resilient agricultural businesses and rural communities, alongside and in harmony with our environmental obligations and ambitions.

We live in uncertain times, a war in Europe, unrest in the Middle East, political instability, and trade flows around the world under threat – food security can no longer be taken for granted. Population growth, climate change and increasing competition for finite resources make it a matter of increasing strategic national interest to ensure that our country can feed itself. Food is a public good and the Sustainable Farming Scheme must be more explicit in its support to maintain and enhance food production against the backdrop of an increasingly volatile world.

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Farmers need stability. Stability to underpin the continued supply of safe, high quality, affordable food from Wales. Stability to invest in their business, to invest in efficiency gains and in the environment. Stability provides opportunities for farming families to plan for the next generation, it keeps farmers farming and keeps rural communities and our language thriving. A long-term stability mechanism must be an integral element of the final Sustainable Farming Scheme.

5,500 jobs lost, a £200 million hit to farm business income, 11% less livestock in Wales, without even considering the impact beyond the farm gate. A truly shocking scenario, this cannot happen, it must not happen. No government, with the information it has to hand, could surely consent to this? No decisions on the Sustainable Farming Scheme can be undertaken until Welsh Government has undertaken a full socio-economic assessment of the impact of its proposals on Welsh farming, rural communities and the supply chain. If necessary, the SFS should be paused and delayed until such time as we can be sure that it can deliver the same level of stability to the whole agri-food supply chain and rural Wales as the current support arrangements.

The Universal Baseline Payment must be non-discriminatory to all farm types, sectors, and locations. It must provide equal access and reward for tenants and commoners and provide fair reward for those managing our most precious landscapes and habitats. The Universal Baseline Payment must go beyond costs incurred / income foregone and incentivise the actions that Welsh Government asks Welsh farming to deliver for society.

Mandating 10% tree cover on farm will be an insurmountable barrier for too many. A just transition is needed for farming families. We have world class science institutions on our doorstep, we need to make use of their expertise and intrinsic knowledge of Welsh farming systems, our soils, our grasslands, cropping and field boundaries, to provide us with alternatives to deliver outcomes that help us achieve net zero agriculture whilst maintaining our productive capacity, allowing us to be truly world leading in the production of climate-friendly food.

Farmers want to know that their voice is being heard, that they are respected and valued by their government. Thousands have shaped this response, and it must be weighted accordingly. Thousands more have submitted their own response through the support that NFU Cymru has offered through our online tool. We are pleased that both the First Minister and Minister for Rural Affairs have committed that every consultation received will be analysed and properly considered - We will hold government to account on that commitment.

We must get this scheme right, neither farming families nor government can afford to have a scheme that fails to deliver on our shared ambitions for food, nature and climate. A scheme that underpins food production, our farmed environment, our communities, our language and culture for our generation and those that follow in our footsteps. This response sets out our framework for a future farming policy for Wales. It measures Welsh Government's proposals against our own, we highlight the legitimate concerns raised by our members as part of this consultation process and provide a pathway for a way forward. We want to work with the Minister to get this right and we expect the Minister to reciprocate with a similar genuine desire to work with NFU Cymru. We must get this right.



Aled Jones, President

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NFU Cymru's Key Principles and vision for future agricultural policy

Following the EU Referendum, NFU Cymru formulated the following set of key principles to form the foundations of a new domestic agricultural policy to deliver our vision of a productive, profitable and progressive agricultural industry in Wales.

- A policy that underpins and secures the continued supply of safe, high quality, traceable, affordable food for our nation, in the context of future global challenges, must be at the heart of future agricultural policy.
- All farmers must be fairly rewarded for the environmental / public goods they already deliver and will continue to deliver in future for society.
- Policies must be simple to administer, easy to understand and target support at those active farmers who take the financial risks associated with food production.
- Investment measures are required to ensure that farming businesses are well equipped to face the challenges and maximise the opportunities of a post-Brexit marketplace.
- The regulatory regime must be proportionate and evidence-based and policies must be adequately funded to ensure that Welsh farming remains competitive with farmers in the UK, EU and globally.

NFU Cymru also developed our vision for a future agricultural policy comprising a flexible framework based around three cornerstones – productivity and environment underpinned by measures to provide stability and address volatility. All of these three cornerstones are fundamental to the long-term policy framework for agriculture in Wales. It is against these principles and vision that NFU Cymru judges Welsh Government's proposals for the Sustainable Farming Scheme.

NFU Cymru's key principles and vision for future agricultural policy are closely aligned to Welsh Government's own legislation including the Well-Being of Future Generations Act 2015 and the Agriculture (Wales) Act 2023 which establishes four Sustainable Land Management (SLM) objectives.

NFU Cymru identifies that the latest proposals have not evolved sufficiently from earlier proposals and the scheme design has not kept pace with the fundamental changes secured to the Agriculture (Wales) Act during its passage through the Senedd. The latest SFS proposals continue to prioritise the delivery of environmental outcomes. This imbalance must be addressed so that there is equal ambition for food production and the resilience of agricultural businesses alongside other SLM objectives.

The precarious state of food production globally provides impetus for continuing government intervention in farming in the vast majority of developed countries. In this context, NFU Cymru is clear a long-term commitment to a stability payment within the SFS to recognise the economic, environmental, social and cultural contribution that Welsh farming makes to society and to underpin the resilience of food production in Wales and the continued secure supply of high quality, safe and affordable food from Wales is needed. Welsh Government must also commit to develop a comprehensive farm to fork food strategy for Wales with ambitious targets for the sustainable growth of the food and farming sector.

At this late stage in policy development the need for government and industry to come together in genuine partnership to design a scheme that is fit-for-purpose cannot be overstated and NFU Cymru is calling for the Minister to establish and chair regular SFS meetings with NFU Cymru leaders between now and the final scheme design / payment rates being published.



The Sustainable Farming Scheme framework

NFU Cymru believes the proposed framework for the Sustainable Farming Scheme has the potential to provide a workable model for delivery, however, our support for this framework is contingent on the principle of equal access for all active farmers and on the development of practical and deliverable actions within the Universal Action Layer that are achievable on all farms in Wales, irrespective of farming sector, system and location. The Universal Baseline Payment that farmers receive for undertaking the Universal Actions must also deliver at least the same level of stability to farm businesses as the Basic Payment Scheme provides currently.

Welsh Government continues to approach the design of the Sustainable Farming Scheme based largely on previous agri-environment schemes. This approach is fundamentally flawed when the scheme is set to be the main mechanism of support to farming in Wales replacing both Pillar 1 and Pillar 2 measures. A major overhaul of the scheme is needed, and a review of the practicality and cumulative administrative burden associated with the delivery of the proposed Universal Actions must also be undertaken.

NFU Cymru is supportive of measures that facilitate and reward farmers for additional woodland planting in line with the 'right tree, right place' principle, however, we reject in the strongest terms Welsh Government's proposals to mandate 10% tree cover as a requirement of the Universal Action Layer of the Scheme. Welsh Government's intransigence in continuing to mandate this is baffling and has been a source of significant frustration and anxiety within the industry. Fundamental issues highlighted previously remain unaddressed and Welsh Government's latest proposals have only served to further undermine the confidence of farmers in this scheme rule. Farmers need long-term 'cast iron' guarantees that tree cover established on Welsh farms for the delivery of Welsh Government's climate change objectives will be rewarded. These assurances have not been forthcoming, and in the face of reduced agricultural productivity, reduced land values, and the lack of guaranteed support beyond 2029 together with the risks and liabilities of delivering 100% success over this time period, endeavouring to deliver 10% tree cover would be simply illogical on the vast majority of farms where this threshold is out of reach currently.

We identify there are a range of options that offer significant potential to contribute to decarbonisation goals through a more dynamic and varied approach. A review of the 10% tree cover scheme rule is, therefore, needed and alternatives to tree planting should be examined by an independent science panel before moving forward.

NFU Cymru also continues to be highly concerned that the Universal Action Layer does not provide universal access for all active farmers in Wales. It is wholly unacceptable to us that Welsh Government proposes that the Optional and Collaborative Action Layers can be used as mechanisms to address the failings in design at the Universal Action Layer, for example, in respect of common land and SSSIs. NFU Cymru is clear Welsh Government must ensure equal access to the Universal Baseline Payment recognising:

- The integral role that common land rights allocations provide in the economic viability of upland farms and the need for common land to be included within the Universal Baseline Payment that is made to the farming business.
- Support for farmers with designated sites including the habitat maintenance element must be provided within the Universal Baseline Payment.
- That tenant farmers are not financially penalised as a result of their inability to undertake all the scheme requirements at the Universal Action Layer.

NFU Cymru's comments on the seventeen Universal Actions, two Scheme Rules and carbon assessment are summarised below: -

UA1: Benchmarking

Members have repeatedly told us that they are not prepared to provide detailed financial and business sensitive information to Welsh Government. They are concerned how this data will be used and also safeguarded. Welsh Government's benchmarking approach will need to take account of the benchmarking farmers already participate in and be compatible with the data already collected to minimise bureaucracy. It will need to consider farmers who are digitally excluded. NFU Cymru is disappointed that Welsh Government fails to recognise the value of this data.

UA2: Continuous Personal Development

Welsh Government should recognise that many farmers in Wales are already highly educated / have undertaken significant CPD and are frequently better qualified than the advisers that are paid to advise them. We note that Welsh Government expects prior and ongoing CPD to count, however, it is not clear how this will be operationalised and how equivalence will be determined. NFU Cymru is supportive of efforts to improve health and safety on farms, we place significant emphasis on promoting and highlighting health and safety messages to our members. Welsh Government proposals which mean farmers will have to undertake thirty online modules over a five-year period is likely to come at significant investment cost to Welsh Government.

UA3: Soil Health Planning

This UA will include soil testing and nutrient planning. Soil analysis undertaken by farmers prior to joining the scheme within the last five years should be acceptable for the purposes of this UA. The logistical and capacity challenges associated with this proposal are likely to be significant. We believe that rather than testing on an individual field parcel basis it should be possible to group together field parcels that are under the same management. The administrative burden associated with inputting data relating to soil analysis onto RPW online has been highlighted and significant concerns were raised about how Welsh Government would use the data. Welsh Government also proposes that farmers will need to incorporate Potassium and Phosphorus results into the Nutrient Management Plan for Nitrogen required for the Control of Agricultural Pollution Regulations (NVZs). NFU Cymru categorically rejects this proposal.

UA4: Multispecies cover crops

This UA requires a multispecies cover crop on land that would otherwise be left bare post-harvest for a period of more than six weeks. The removal of the Rough Surface Risk Assessment currently provided for through cross compliance is not acceptable as this offers significant and widespread benefits and fits into standard agronomic practice for a range of cropping systems e.g. Pembrokeshire Early Potatoes. Farmers highlighted that they should be able to utilise farm saved seed, and therefore, in these circumstances it will not be possible to provide seed receipts. Requiring multiple species adds cost and complexity without a corresponding benefit. NFU Cymru does not support proposals to establish the cover crop within 10 days of harvest which is too prescriptive, weather and field conditions need to be taken into account. With respect to the requirement that late harvested crops like maize must be undersown, it is important to recognise that this is not possible where the maize crop is grown in rotation, to be followed by a winter cereal.

UA5: Integrated Pest Management (IPM)

NFU Cymru would support this approach for an annual assessment of plant protection product (PPP) usage since various templates already exist for IPM including those provided by the Voluntary Initiative. Welsh Government requirements for this UA should be compatible with IPM requirements for farm assurance etc. NFU Cymru would also be keen to stress that the overarching aim of this UA should not be a reduction in PPP usage per se. Farmers have also expressed concern about how data provided to Welsh Government on PPP usage will be used by Welsh Government and what safeguards there will be to prevent its misuse by others.

UA6: Managing Heavily Modified Peatlands

NFU Cymru is concerned that Welsh Government has provided no definition of what it means by modified peatlands and as far as we are aware a mapping layer does not currently exist to show their location and extent in Wales. We also foresee issues with creating an accurate map and, given the poor experience many farmers have encountered with the recent mapping exercise for the Habitat Wales Scheme, an effective system for removing land that has been inaccurately mapped is going to be essential. We question whether this Universal Action can be operational within Welsh Government's proposed timeframe for the scheme and, given the numbers of farmers it is expected to apply to is likely to be limited, this would sit more appropriately within the Optional Action Layer.

Scheme Rule: 10% Habitat

NFU Cymru is clear that Welsh Government's proposed classification of habitats eligible for this scheme Rule is not comprehensive. NFU Cymru is concerned that Welsh Government proposes that only hedgerows that meet its definition of 'good condition' will be included in the 10% habitat calculation. We believe there are clear benefits for a range of species to include the following additional habitat features such as streams, rivers, dry stone walls and traditional farm buildings. Non-permanent features such as mixed cropping at a farm level – recognising the diversity of cropping and mixed farming is good for nature should also be included.

UA7: Habitat Maintenance

Concern that Welsh Government has only provided information on the management specification for 'Enclosed Semi-Natural Dry Grassland – Grazed Pasture' and not the full 11 habitat classifications. Whilst Welsh Government suggests it will be adopting a more flexible approach to habitat management than existed previously, many farmers doubt this based on the management specification included for Enclosed Semi-Natural Dry Grassland- Grazed Pasture in the consultation. In reality, we identify farmers will largely be in the hands of a RPW Inspector on the day as to whether they receive a penalty or not. This is not an acceptable position for farmers to be put in.

UA8: Create Temporary Habitat

It is simply impossible for farmers to judge whether the establishment of fallow crop margins, unfertilised, unsprayed and unharvested crop headlands and rough grass margins are feasible without the most basic information such as the width of the margin and the payment rate. In terms of payment, it's unclear how this UA can be fairly rewarded and incentivised when creation of temporary habitats is likely to be costly. We would like to see a broader range of options available to suit all farming systems. In previous agri-environment schemes, unsprayed root crops followed by winter grazing; winter stubbles with limited winter grazing; and undersown spring cereals were included as options. Welsh Government also need to understand the cumulative impact of reduced agricultural areas and the loss of productive capacity.

UA9: Designated Site Management Plans

We question the feasibility of this proposal which will require all designated sites to have a NRW management plan in place by 2029 when just 29.2% of the 1,084 SSSI have management agreements in place currently. There is a lack of clarity within the consultation whether this action applies solely to SSSIs or whether other site designations such as SACs will be included. Welsh Government suggest that given the higher regulatory requirements underpinning SSSI sites, they will not be able to pay the associated habitat maintenance component of the Universal Baseline Payment on land within an SSSI. NFU Cymru does not agree with this position which sends entirely the wrong message to farmers at a time when Welsh Government has increasing ambitions around targets for biodiversity. Farmers are effectively being penalised for areas which they have been managing under strict conditions for many years. We believe this position to be untenable.

UA10: Ponds and scrapes

NFU Cymru believes it is completely unrealistic to expect farmers to achieve this UA, never mind, achieving it within the first year of joining the scheme. NFU Cymru believes features such as rivers, streams, ditches, irrigation ponds should be recognised as habitat and included within the thresholds for this UA. Welsh Government's proposed area thresholds have not been explained or justified, and

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they appear high across all farm sizes. The planning requirements associated with this UA are far from resolved. Farmers highlighted concern around animal health & welfare impacts such as liver fluke risk and AI.

UA11: Hedgerow Management

All hedges, irrespective of condition, should count towards habitat and tree cover. The consequences for farmers for not meeting the condition of this requirement by the end of the fifth year are not clear and achieving the proposed dimensions is likely to prove impossible in all parts of Wales for a variety of reasons e.g. wind, salt, depth of soil cover. Overall, many farmers across Wales expressed the view that Welsh Government's definition of 'good condition' is too prescriptive and will be impossible to achieve.

Scheme Rule: 10% Tree cover

The current regulatory framework means that trees planted on agricultural land represents a permanent and irreversible change in land use. In many instances tree planting is likely to result in a reduction in the value of the land and no business can afford to reduce the value of their capital asset. Where that farm business has associated borrowings, then there are likely to be impacts for the loan to capital ratios. Banks are likely to prevent farmers from taking forward actions that lead to devaluation where they are lending money against the value of this land. Current proposals assume 100% tree survival passing all the risk and liability to farmers, when the on-the-ground experience is that tree establishment is unreliable, particularly in a changing climate and it is a case of not if but when the next tree disease emerges. There are also risks of failure due to pests, increasing risk of wildfire etc.

NFU Cymru have profound concerns, in the context of the challenges to global food production about the impact this and the 10% habitat proposal will have on Wales' agricultural capacity, the viability of Welsh farms and levels of employment on farm and across the supply chain. These actions may see farmers having to reduce production to a level that will result in their core business becoming unviable, whilst also undermining the 'critical mass' of Wales' key production sectors. It is disappointing that, at this advanced stage, this vital analysis has not been undertaken and Welsh Government is pushing ahead from an unevidenced position.

UA12: Woodland Maintenance

NFU Cymru continues to be concerned at Welsh Government's continued reference to the UK Forestry Standard (UKFS) within proposals which is the standard for commercial timber cropping and not farm woodlands. Delivery of the outcomes specified are likely to necessitate stock management and we are concerned that farmers are not going to be properly compensated for this or supported with the fencing and ongoing maintenance and management costs to allow this to happen.

UA13: Create new woodland and agro-forestry

NFU Cymru is clear that all options to increase tree cover must be covered by capital funding. NFU Cymru welcomes the reference to natural regeneration which could avoid some of the issues related to new planting such as sourcing of saplings and labour, rates of success, logistical issues such as steep, inaccessible slopes. NFU Cymru is also clear that regeneration is a long-term approach beyond the five years of the scheme and the entire parcel area should count towards the 10% without risk of penalty. The requirement to ensure 100% tree survival is also likely to place an unrealistic cost and burden on farmers when the 10% requirement is likely to mean some very extensive areas of new planting on some farms. The potential of this action, as well as the existing woodland creation schemes, to be accessible to those who are not actively farming leading to widespread land use change is also a major concern.

UA14: Historic environment

NFU Cymru continues to be concerned that no accurate definitive map of historic environment features exists upon which to base this UA. The proposal to include traditional farm buildings is highly concerning. The maintenance of historic buildings has significant cost implications, particularly if the building is listed. Concerns about health and safety were also raised. The cost of maintaining such

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features such as dry stone walls and traditional slate fencing will be high and burdensome and will need to be supported via capital grants. There are also specific issues for tenant farmers where traditional farm buildings are included within the tenancy. Where the repair liability falls to the landlord, the requirements of this UA may not be met or the landlord may use this as an excuse to remove the building from the tenancy, which could be highly problematic for the tenant.

UA15: Animal Health Improvement Cycle

NFU Cymru is supportive of continuous improvement of animal health and welfare on farm and of farmers working with their vets to identify areas relevant to the individual farm business. However, we question what the consequences would be of not meeting the targets identified or if antibiotic usage increased, particularly given animal health and drug use can be influenced by external factors. We raise concern about the lack of capital support available for actions, and question if there is sufficient vet capacity in Wales to resource this UA and raise concerns about how data submitted to Welsh Government will be used, protected and valued. NFU Cymru also highlight the role for earned recognition given the significant cross over with existing farm assurance schemes.

UA16: Good Animal Welfare

Farmers across Wales will already be undertaking regular body condition and mobility scoring, with any animals needing attention treated on a case-by-case basis. NFU Cymru question how the online training would be pitched appropriately given many farmers will already be very qualified in this area and sought clarity about the ability of contractors e.g. contract shepherds, to count as the 'trained individual' in the context of this UA. We also question how any data submitted to Welsh Government would be used and protected. We also highlight the crossover with farm assurance and suggest there should be a role for earned recognition.

UA17: Good Farm Biosecurity

NFU Cymru members have raised multiple questions around both the nature and positioning of the wash station. They have raised concerns about how this requirement would work where a farm has public rights of way (PROW) over their land/ through their farmyard and that operate over multiple sites. We question what constitutes a "livestock secure farm boundary", for example, would electric fencing be sufficient and asked how this requirement will be applied in situations where farms include unenclosed hill land that is often unfenced or where land is occupied on short term tenancies. We pointed out that securing a farm boundary and installing new fences can be a significant investment for a business and this cost, alongside the upfront cost of the wash station, should be included in the applicable payment rate. We also highlighted the frustration that farmers have with government in relation to biosecurity and bovine TB.

Carbon calculator

Welsh Government require all farmers to complete a carbon assessment withing the first year of joining the scheme, with a need to repeat this assessment as part of the 2029 scheme year, although they would prefer it completed annually. We do question how Welsh Government will be able to specify which carbon calculator to use and be confident that it is the right one for all sectors and all farm types. We are also clear that any carbon audit tool must treat Welsh farms as systems and include carbon sequestration and renewables so that the full contribution across internationally agreed inventories is reflected. A number of the tools are not free to use and they have accompanying annual subscription costs. We would highlight that many supply chains already require some level of carbon assessment and have mandated which tool(s) to use, it would not be acceptable to us if these businesses were subsequently mandated to use another tool to satisfy the Welsh Government requirement. We also identify, many farmers are likely to need support to undertake a carbon audit and the cost of this must be reflected in the payment rate as should proper recompense for the value of that data.

The Sustainable Farming Scheme Process

NFU Cymru is supportive of Welsh Government proposals to use the Rural Payments Wales (RPW) operating model and the annual Single Application Form (SAF) mechanism for administering the Universal Baseline Payment of the Sustainable Farming Scheme. These systems and processes are familiar to farmers, however, we identify more work is needed to ensure the administrative and reporting burden associated with the scheme is greatly reduced. We are concerned that the increased complexity and reporting throughout the calendar year will lead to missed reporting deadlines and penalties and impinge on the previous excellent delivery of payments to Welsh farming.

NFU Cymru is supportive of an online process for the Habitat Baseline Review. However, ahead of implementation, full evaluation of the Habitat Wales Scheme must be undertaken, and lessons learned.

In the development of scheme rules, Welsh Government must prioritise simplicity. NFU Cymru does not support proposals for scheme rules to be consistent with cross compliance with the addition of other legislative requirements. We highlight that whilst a number of cross compliance requirements are underpinned by legislation, this is not the case for the Good Agricultural and Environment Conditions (GAEC). The assumption that farmers can simply absorb the costs associated with meeting cross compliance requirements in the absence of BPS is fundamentally flawed. NFU Cymru is extremely concerned about the mounting levels of anxiety within the farming community and calls for the establishment of an Independent Review Group to consider the cumulative burden of regulations and policies on Welsh farming businesses.

NFU Cymru supports a force majeure clause within scheme rules. We strongly believe there should not be penalties for minor breaches and administrative errors, warning letters should be used where possible. NFU Cymru believes that the independent appeals panel must continue to be a feature of the appeal process and the process should be strengthened and expanded.

Whilst NFU Cymru is supportive of targeted and integrated knowledge exchange, advice and incentives across a range of themes to drive forward productivity and improvements in economic and environmental performance, NFU Cymru does not believe that investment in advice and guidance provision to remedy an overtly complex scheme design represents good value for money. Future advice and guidance provision should not duplicate the current offer provided by the Farm Liaison Service and private agents.

Payment Methodology

NFU Cymru has long been clear that, in order to meet our ambition to deliver sustainable growth of the food and farming sector, to further improve our environmental performance and the delivery of environmental outcomes for society alongside net zero, then a well-funded, multi-annual budget for Welsh farming must be secured. In terms of future funding, 'not a penny less' in line with Ministerial commitments means the value of Pillar 1 and Pillar 2 including the domestic co-financing obligation on Welsh Government together with the monies arising as a result of the Bew Review, circa £380 million annually. Taking inflation into account this needs to increase to over £507 million annually. The Rural Affairs Budget is just 2% of the Welsh Government's overall expenditure currently and we are clear that a budget is needed that matches the scale of ambition for Welsh farming with compelling arguments for the scheme to receive funding from other budget lines such as climate change.

Welsh Government's decision not to provide information on payment rates for the Universal Baseline Payment within the consultation has been the source of very significant frustration. Current proposals to base the Universal Baseline Payment on cost incurred / income foregone calculations are wholly inconsistent with Welsh Government's stated position thus far and has left farmers aghast. That Welsh Government would wish to pursue a course of action that will leave a large proportion of farming businesses struggling for survival is inconceivable to us and entirely contradictory with the

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title of the consultation 'Keeping Farmers Farming'. NFU Cymru categorically rejects this proposal and is clear that the Universal Baseline Payment must go beyond cost incurred / income foregone and provide meaningful income and incentive recognising the value to society of the actions being undertaken by Welsh farmers. A Welsh Government cross departmental group with key stakeholder involvement is also needed to consider how payment rates for the Universal Baseline Payment can properly recognise the social value of the outcomes being delivered that extends beyond environmental public goods. No decision on payment rates can be made until this work has been completed.

NFU Cymru has also continually emphasised the need for future policy to include a stability mechanism and we are clear that Welsh Government's derisory attempt at a stability payment within proposals are wholly inadequate and not fit for purpose. Concerns are compounded by Welsh Government's disregard of the need to provide an element of economic stability via the Universal Baseline Payment which is entirely absent within a cost incurred / income foregone payment structure. We are clear that to describe what Welsh Government currently proposes as a 'Stability Payment' is highly misleading. It is anything but stable and provides no stability to farm businesses given that it is declining to zero within a very short period of time. Even less stability is provided for many tenant farmers, farmers with common land and SSSI sites who face the prospect of much reduced or zero Universal Baseline Payment on part of their holdings.

Transition Period

NFU Cymru's position is that stability must mean stability and a long-term commitment to a Stability Payment within the Sustainable Farming Scheme is needed. NFU Cymru is also clear that the transition to new schemes should not be attempted until all relevant aspects are ready to commence the transition process (including the development of policy, the application process and IT systems). The transition cannot start until there is confidence that the new scheme provides the same level of stability to farm businesses, our rural communities and the supply chain as the BPS currently does. NFU Cymru strongly believes that retaining flexibility over the start date, duration and flexibility to pause the transition would be prudent to safeguard jobs.

NFU Cymru is concerned that based on the information provided proposals for the Optional Action and Collaborative Action Layers of the scheme have progressed little from earlier consultations and will require proper consultation when proposals are further developed. Welsh Government's proposal to prioritise access to the Optional Action, Collaborative Action as well as the transitional schemes to those who have joined the SFS seems unfair and further disadvantages farmers who are already disadvantaged by scheme design.

Basic Payment Scheme

The importance of the Basic Payment Scheme to the majority of farmers as a major component of farm business income is well known. On the basis of Welsh Government's proposed payment methodology for the Sustainable Farming Scheme and diminishing stability payment, NFU Cymru cannot support the proposed model of tapering for the BPS which is too rapid and allows insufficient time for businesses to adjust.

Regulations

Farmer confidence surveys undertaken by the union have repeatedly shown most farmers believe that regulation and legislation have a negative effect on their businesses. NFU Cymru wants to see a regulatory environment that encourages sustainable business growth and investment and believes rules should be designed in such a way that reflects how farm businesses operate in practice.

We note and understand that the content of secondary legislation is not being consulted upon as part of this consultation. It is highly concerning to us that Welsh Government's proposed approach to secondary legislation and scheme rules gives wide-ranging powers to Welsh Government to unilaterally alter scheme requirements and rules.

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Evidence

Good and effective policymaking relies on strong and robust evidence and analysis to inform and underpin it. Our reflections on the evidence and analysis undertaken thus far is that it focusses, in the main, on the environmental outcomes delivered via the scheme. There is need for the evidence and analysis to provide equal recognition and align with the SLM outcomes including food production, the role of farming in helping rural communities to thrive, the resilience of agricultural businesses, sustaining the Welsh language and landscape.

Throughout the consultation period NFU Cymru has engaged closely with supply chain partners, there is widespread concern at the impact the proposed SFS could have on the entire supply chain.

A policy is needed that protects jobs in farming and the supply chain and Welsh Government must commission socio-economic assessments to understand the impact on Welsh farming, rural communities and the wider supply chain of the withdrawal of the BPS together with the impact of SFS proposals. NFU Cymru is clear that no decisions on next steps can be undertaken until this economic assessment has been completed and considered in regular SFS meetings with the Minister and NFU Cymru leaders.

For the longer term, NFU Cymru would ask that Welsh Government commit to the establishment of a food, farming, rural business and supply chain impact assessment and modelling programme that provides the same level of detail and advice that the ERAMMP model provides for the environment.

Data Processing and Reporting

The requirements of a number of the Universal Actions including UA1, UA3, UA5 and UA16 mean that both the volume and level of detail are an order of magnitude greater than existing scheme requirements. Many farmers feel this is highly intrusive. The purpose for the data collection in many instances has been poorly explained and there is significant opposition to pass ownership of valuable data from farmers to government.

In the development of both the Agriculture (Wales) Act and the Sustainable Farming Scheme, NFU Cymru has emphasised that data should only be collected by Welsh Government if it is absolutely necessary and proportionate to the purposes for which the data is required. Further consideration must be given in relation to how the data will be used, the privacy of the data considering GDPR and Freedom of Information legislation, and the value of the data being provided by farmers in relation to Government needing this data to meet its statutory obligations.

In terms of information gathered to determine how well the scheme is working from an operational perspective, it is important that Welsh Government embeds this level of flexibility into the scheme design so lessons can be learned. External scrutiny in an advisory capacity is needed that is able to support delivery given that Senedd scrutiny will be largely retrospective.

This document is a summary of NFU Cymru's comprehensive response to the Welsh Government's Sustainable Farming Scheme consultation. The full response is available on the [NFU Cymru website](#).



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Full response submitted on Thursday 7 March
Visit the NFU Cymru website to read the full response