



Llywodraeth Cymru  
Welsh Government

# Sustainable Farming Scheme

## Keeping farmers farming: Consultation Response



## Introduction

This document is the Welsh Government's response to the feedback received to the consultation; *Sustainable Farming Scheme: Keeping farmers farming*. This consultation was the latest step in developing our future agricultural support for Wales, building from the framework developed by the previous Minister for Rural Affairs and North Wales, and Trefnydd, Lesley Griffiths MS.

We are grateful to everyone who responded to the consultation, attended our roadshows, and engaged with us at events or farm visits.

The Welsh Government has never before been able to involve so many farmers in the design of agricultural support policy. Through continually listening to farmers and other partners we have evolved these proposals significantly since we published *Brexit and Our Land* in 2018. We expect to be making further changes as a result of the valuable contribution you have made to this consultation.

Our ambition is for a vibrant and prosperous farming industry, and the ongoing sustainable production of food is at the core of our proposals. As part of this, we need to acknowledge the nature and climate emergency is the main risk to food production over the long term, and our natural ecosystems are the best defence we have in the adaptation and mitigation of climate change.

To respond to these challenges and protect your future capacity to produce food, the Sustainable Farming Scheme (SFS/Scheme) must reflect and deliver upon the Sustainable Land Management (SLM) objectives, established in the Agriculture (Wales) Act 2023. The SLM objectives are non-hierarchical, and must all be considered together.

The four SLM objectives are to:

- Produce food and other goods in a sustainable manner;
- Mitigate and adapt to climate change;
- Maintain and enhance the resilience of ecosystems and the benefits they provide;
- 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.

For Wales to be a world leader in sustainable agriculture, and to deliver against these SLM objectives, we want to work in partnership with Welsh farmers and other partners. We are aware of the level of concern around our latest proposals, and your wellbeing and our understanding of the impact on the industry and our wider communities is crucial. The details of the Scheme will be communicated clearly before it is introduced.

We have moved into the next phase, listening and responding to your views through key stakeholder engagement, to develop a Scheme which supports a resilient agricultural industry. This document does not therefore contain decisions on scheme design.

## Analysis of consultation responses and other feedback

The consultation received substantial engagement from farmers, stakeholders and the wider community, with a total of 12,108 responses received. This included responses to the online survey, campaigns by organisations, and letters or emails sent direct to the Welsh Government. The majority of responses came from farmers, either as a part of a campaign, or as individual responses submitted to the online survey.

An analysis of these responses has been conducted independently by Miller Research (UK) Ltd. Their report [www.gov.wales/sustainable-farming-scheme-consultation](http://www.gov.wales/sustainable-farming-scheme-consultation) provides a breakdown of those who responded and a detailed analysis of the consultation responses on a quantitative and qualitative basis. The report also discusses six key themes identified from the analysis of the consultation responses.

Welsh Government officials undertook a series of SFS Roadshows earlier this year. The feedback received at these events is consistent with the themes identified from the analysis of consultation responses. This feedback has been invaluable in providing early and first-hand experience of the issues faced by farmers when considering the proposals.

Annex 1 of this document contains the list of questions included in the consultation, along with a brief comment on our intentions and next steps.

As set out below, we are working closely with stakeholders on the next phase of Scheme design to address the specific challenges highlighted from the consultation whilst still realising the opportunities we want to achieve together. This response therefore focuses on the steps we are taking to respond to the feedback received, working in partnership with stakeholders, and does not set an expectation of the outcome in advance of these discussions concluding.

## Making progress through partnership

The Cabinet Secretary for Climate Change and Rural Affairs has stated that the Scheme will not be introduced until it is ready. We are committed to working with farmers, industry representatives and other key stakeholders to further consider the scheme design and its implementation. This will help us ensure the Scheme and its Actions are appropriate, accessible and provide an appropriate level of support. The structure of this engagement is set out below.

**Sustainable Farming Scheme Ministerial Roundtable:** The Ministerial Roundtable is chaired by the Cabinet Secretary and is made up of 18 senior stakeholders representing farmers and the food, nature, forestry and veterinary sectors, as well as the wider supply chains. The Roundtable provides direct support to the Cabinet Secretary, who will make all final decisions balancing all evidence and other considerations.

The first two meetings were held in June and they will continue to meet regularly to resolve the main concerns raised around the scheme design and its delivery. The Roundtable has already contributed to the structure of this consultation response.

The purpose and scope of the Roundtable is to review and consider the priorities for the Universal, Optional and Collaborative Layers of the SFS, along with Scheme Rules (including the minimum 10% requirements), eligibility criteria, and payment methodology. The Roundtable will review these aspects within the context of the SLM duty and will be informed by the analysis of the consultation responses.

The Roundtable will consider and feedback on an updated economic assessment, based on an 'in principle' scheme design, prior to a final decision taken by Welsh Ministers. This final decision will be taken in the context of the wider SLM duty and will draw on a range of considerations, which will include the views of the Roundtable (together with the evidence and information it considered, for example through the Carbon Sequestration Evidence Review Panel, detailed below).

The expertise of the Roundtable members will also contribute to collective actions to help the industry transition from the Basic Payment Scheme towards the final SFS.

The Roundtable does not operate in isolation. It is supported by a number of subgroups including an Officials Working Group and the Carbon Sequestration Evidence Review Panel.

**Officials Working Group:** The membership of this group is wider than the Ministerial Roundtable, including a diverse group of organisations with an interest in agriculture, food production, the environmental and other benefits which are delivered through sustainable farming practices.

The Group has been delegated the responsibility to review aspects of the Scheme design and to report back to the Roundtable, identify areas of agreement, areas requiring further work and points for escalation to resolve. This Group will be instrumental in providing much of the technical and day to day operational expertise to ensure the Scheme design is appropriate and deliverable.

This Group is already working with Welsh Government Officials to develop a work programme that ensures we maintain pace and focus on the key issues to resolve over the summer months.

**Carbon Sequestration Evidence Review Panel:** We have set up a Carbon Sequestration Evidence Review Panel to explore the evidence underpinning further or alternative actions to sequester carbon within the Universal Layer of the Scheme.

This Panel has already met in June and will be working through the Summer to undertake this work. They are identifying the potential Actions and the scale of opportunity for each Action to be undertaken across Wales. They will be examining the evidence base which may support the case for including the Action in the Scheme, which will include analysis with relevant subject matter experts.

The panel findings will be shared with the Ministerial Roundtable to consider the implications for Scheme design. Final decisions will be taken by Welsh Ministers.

The membership of the Roundtable and subgroups is set out in Annex 2.

We are extremely grateful for the effort and commitment which has already been demonstrated by all involved. The importance of this collaboration and its impact on the resilience of our farming industry and the wellbeing of our farmers is acutely recognised.

## Preparatory Phase

The Cabinet Secretary for Climate Change and Rural Affairs announced on 14 May 2024 his intention to introduce the Sustainable Farming Scheme and Transition Period from 2026 instead of 2025. This is to ensure we provide the necessary opportunity and time to fully engage on the development of the final Scheme.

We are therefore developing a Preparatory Phase of activity to maintain financial support, provide ongoing help and guidance on the benefits of sustainable farming, and to help us prepare for the introduction of the scheme from 2026. This phase will include:

- Continuation of the Basic Payment Scheme (BPS) for 2025.
- A data confirmation exercise which, with feedback from you, will provide an accurate picture of the habitat and tree cover across all farms in Wales.

- Ongoing Farming Connect activity to promote the benefits of knowledge transfer, focusing on farm activity which supports efficiencies and aligns to the outcomes and actions proposed and being developed for the SFS.
- Extending some of our existing rural investment schemes, such as the small grants schemes, to continue to support infrastructure changes.
- Promoting the benefits and opportunities of tree cover and woodland on farms, through Farming Connect and supporting grants.

Consideration is also being given for ongoing support for proactive habitat management and organic farming practices, as well as working at landscape scale, building on experiences of previous schemes. The details of BPS, including the budget ceiling for 2025, and other schemes available prior to 2026, will be published outside of this consultation document.

## Next steps

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

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

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

We will publish further details on the Preparatory Phase for 2025 in due course.

We intend for the SFS to commence in 2026, which will be preceded with a period of advice and support to help you understand the requirements of the Scheme and how these will support the resilience of your farm.

## Annex 1: Consultation questions from the Sustainable Farming Scheme: Keeping farmers farming consultation

The following table contains a breakdown of each question from the *Sustainable Farming Scheme: Keeping farmers farming* consultation, including a brief reference to the next steps we will be taking.

For convenience we have included a page reference to where you can find the specific question and analysis in the *Sustainable Farming Scheme: Keeping farmers farming – Summary of responses prepared by Miller Research* which has been published alongside this document.

	Question	Consultation analysis	Our next steps
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?	See page 22	<p>We are committed to delivering a scheme accessible to all farmers and farm types, to help prepare farmers for the economic, environment and social opportunities ahead.</p> <p>This includes removing the barrier of historically obtained entitlement to better support young and new entrants into the Scheme.</p> <p>We will continue to work with the Ministerial Roundtable to define the Scheme details.</p>
2	<p>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:</p> <p>a) What are your views on these requirements?</p> <p>b) What support might you need to achieve them?</p>	See page 28	<p>These proposals were designed to address the challenges of the climate and nature emergency and to mitigate the ongoing impacts to our future food producing capacity.</p> <p>We will continue to work with the Ministerial Roundtable, and specifically the Carbon Sequestration Evidence Review Panel, to review these proposals. No decisions will be taken, for example on the 10% Scheme Rules until this work has concluded.</p>

	Question	Consultation analysis	Our next steps
3	<p>Aside from the 10% woodland and habitat requirements, will the Universal Actions:</p> <p>a) Provide benefit for your farm business?</p> <p>b) Provide an achievable set of actions paid for through the Universal Baseline Payment?</p>	See page 41	<p>Our ambition is to design a scheme which supports improved resilience and prosperity of your business through an achievable set of actions.</p> <p>We will continue to work with the Ministerial Roundtable and Officials Group to define Scheme details, developing Actions which support the outcome we are all seeking i.e., a sustainable and resilient agricultural industry.</p>
4	<p>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?</p>	See page 52	<p>It is our intention to only collect data where it is needed and propose a Scheme primarily based on self-assessment and self-reporting.</p> <p>We will continue to work with the Ministerial Roundtable to define Scheme details and consider the overall impact of the Scheme requirements before a final decision is made.</p> <p>We will continue to use the RPW Online User Working Group to input and test the effectiveness of our administrative procedures and ensure they are efficient and user friendly.</p>
5	<p>The Stability Payment will provide additional support during the Transition Period. In your view, is this appropriate whilst the Optional and Collaborative Actions are being introduced?</p>	See page 57	<p>The Welsh Government is committed to a fair transition from the Basic Payment Scheme to the SFS Universal Layer.</p> <p>Our intention is to review the Stability Payment when considering the payment methodology with the Ministerial Roundtable.</p>

	Question	Consultation analysis	Our next steps
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?	See page 63	<p>The eligibility criteria were proposed to focus support on active farmers. The 10-month rule is intended to accommodate some flexibility to recognise land tenure arrangements, supporting farmers who are actively farming the land for the majority of the year.</p> <p>We will continue to work with the Ministerial Roundtable to ensure the eligibility criteria are accessible and appropriate to focus support for active farmers.</p>
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?	See page 68	<p>We believe it is imperative we have a uniformed carbon assessment across the agriculture industry to recognise current performance, whilst also identifying areas for improvements on farm and capturing the result of those improvements over time.</p> <p>We will continue to work with the Ministerial Roundtable and Officials Group to review and develop a preferred position.</p>
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?	See page 74	<p>We are conscious of the feedback relating to stress, anxiety, and your mental well-being, particularly around Scheme compliance and on-farm inspections.</p> <p>We will continue to work with the Ministerial Roundtable to develop a proportionate response to scheme controls, supporting a progressive approach where there are minimal on or off farm impacts, or which are genuinely unintentional. Financial penalties are still expected where there are significant or intentional breaches, including to the regulatory baseline.</p>



	Question	Consultation analysis	Our next steps
9	Adopting the Welsh Government appeals process will provide an effective and efficient mechanism. Is there any reason we should deviate from this?	See page 78	<p>The Independent Appeal Panel was introduced in 2002 due to the volume of appeals received against our interpretation of EC Regulations. A fair and transparent Appeals process is required which reflects the more proportionate operational approach we intend to take, for example with scheme breaches.</p> <p>We will continue to work with the Ministerial Roundtable and Officials Group to define an appropriate sanction model and appeals procedure.</p>
10	<p>We would like to know your views on the proposed approach to:</p> <p>a) the SFS universal baseline payment;</p> <p>b) the SFS stability payment.</p>	See page 83	<p>The proposed payment methodology for the SFS Universal Baseline Payment is designed to support you on a whole farm basis, to support the resilience of farm businesses.</p> <p>We will continue to work with the Ministerial Roundtable to define scheme details including the payment methodology and ensure the payment goes beyond income foregone and costs incurred, including an element to reflect the social value of the positive actions on farms in Wales as a result of sustainable food production.</p>
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?	See page 88	We will continue to work with the Ministerial Roundtable to explore the balance between schemes designed for all farmers and preferential support available for those in the SFS.

	Question	Consultation analysis	Our next steps
12	What actions and support within the Optional and Collaborative layers do you believe should be prioritised?	See page 92	It is our intention to work with the Ministerial Roundtable and Officials Group to bring forward a range of Optional and Collaborative Actions which reflect the priorities outlined by respondents to this consultation, as well as actions addressing priority government objectives.
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.	See page 95	Our intention is to support active farmers transitioning away from the BPS to SFS while avoiding a financial cliff edge to anyone who chooses to remain in BPS.  We are not intending to make changes to BPS 2025 and the budget ceiling will be announced in due course. Changes to BPS will be considered for 2026 with the introduction of SFS and the start of the Transition Period.
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.	See page 110	Secondary legislation is needed to establish: <ul style="list-style-type: none"> <li>• The control framework for all future schemes (such as the SFS) to support the understanding and delivery of those schemes, as required in section 10 and section 12 of the Agriculture (Wales) Act 2023.</li> <li>• Changes to BPS, and associated controls, during the transition period, for BPS claimants who choose not to join the SFS during the Transition Period.</li> </ul> We will ensure these proposals are clearly communicated prior to being introduced.

	Question	Consultation analysis	Our next steps
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.	See page 112	<p>The economic assessment that we published was an independent report, commissioned by us based on the Scheme Outline published in July 2022. It was not an assessment of the version of the Scheme that was consulted upon. We will carry out an updated economic analysis on the revised Scheme before Welsh Ministers make any final decisions.</p> <p>We will engage with the Ministerial Roundtable on the updated analysis and impact assessments, in advance of a Ministerial decision.</p>
16	We would like to know your views on which information and evidence should be used to monitor and evaluate the Scheme.	See page 115	<p>The final Scheme design will help to determine the information and evidence needed to monitor and evaluate the Scheme.</p> <p>We will work with the Ministerial Roundtable to develop proposals later in the year following development of the Scheme.</p>
17	<p>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.</p> <ul style="list-style-type: none"> <li>• Do you think that there are opportunities to promote any positive effects?</li> <li>• Do you think that there are opportunities to mitigate any adverse effects?</li> </ul>	See page 119	<p>Our ambition is to support rural communities and the Welsh language by designing a scheme which supports and keeps farmers farming in Wales.</p>

	Question	Consultation analysis	Our next steps
18	<p>In your opinion, could the SFS be formulated or changed so as to:</p> <p>a) have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English; or</p> <p>b) mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?</p>	See page 122	We will review the revised proposals for the Scheme to ensure they provide at least the same, if not more opportunities for use of the Welsh language.
19	Do you have any additional comments on any aspect of the consultation document?	See page 123	<p>We will consider all of the feedback from the consultation questions and continued engagement with farming stakeholders when developing the Scheme, with the Ministerial Roundtable and Officials Group.</p> <p>This includes specific areas highlighted as lacking in focus such as the approach to common land and Sites of Special Scientific Interest (SSSI).</p> <p>We will continue to work with stakeholders to ensure scheme related messaging is clear and consistent to improve access and understanding. We will explore additional information sharing tools to engage more widely.</p>

## Annex 2: Membership of stakeholder groups

Partner	Ministerial Roundtable	Carbon Sequestration Evidence Review Panel	Officials Working Group
Afonydd Cymru			✓
Agriculture and Horticulture Development Board	✓		✓
Animal Health and Welfare Framework Group	✓		✓
Central Association for Agricultural Valuers			✓
British Meat Processors Association	✓		
British Veterinary Association	✓		
Coed Cadw	✓*		✓
Coed Cymru			✓
Country Land and Business Association	✓	✓	✓
Confor	✓	✓	✓
DPJ Foundation	✓		
Dŵr Cymru Welsh Water			✓
Farmers Union of Wales	✓	✓	✓
Farming and Wildlife Advisory Group			✓
Game & Wildlife Conservation Trust			✓

Partner	Ministerial Roundtable	Carbon Sequestration Evidence Review Panel	Officials Working Group
Hybu Cig Cymru	✓	✓	✓
Independent farmer representative	✓	✓	
Independent veterinary representative			✓
National Farmers Union Cymru	✓	✓	✓
National Sheep Association			✓
National Trust			✓
Nature Friendly Farming Network	✓	✓	✓
Royal Society for the Protection of Birds			✓
Soil Association	✓*	✓*	✓
Sustainable Food Trust			✓
Tirweddau Cymru Landscapes Wales			✓
Tenant Farmer Association	✓		✓
Wales Environment Link			✓
Welsh Lamb and Beef Producers	✓		✓
Welsh Language Commissioner			✓
Welsh Local Government Association			✓

Partner	Ministerial Roundtable	Carbon Sequestration Evidence Review Panel	Officials Working Group
Wildlife Trusts Wales	√*		√
World Wild Fund for Nature			√
Wales Federation of Young Farmers Clubs	√		√
Wales Horticulture Alliance Group			√

\* Also representing Wales Environment Link (WEL).