



Llywodraeth Cymru
Welsh Government

Sustainable Farming Scheme

Outline Proposals for 2025



This document will form the basis of our next phase of Co-design where we will be seeking the views of farmers and wider rural stakeholders.

For more information on Co-design and how you can get involved please see:

[Co-design for a Sustainable Farming Scheme for Wales | GOV.WALES](#)

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

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Foreword

I am delighted to be publishing our Sustainable Farming Scheme proposals.

In my role, I've been fortunate to meet with farmers from all over the country and I can say without doubt Wales has some of the best farmers in the world. I know you are facing many challenges, from climate change to new trade deals and increasing input costs brought about by the conflict in Ukraine whilst, at the same time, facing some uncertainty around our proposals to replace the Basic Payment Scheme with the Sustainable Farming Scheme.

I previously announced we would continue with the Basic Payment Scheme until at least the end of 2023 to provide some much-needed stability and certainty to the sector. One of my intentions for publishing the outline of the Scheme now, is to help you plan for the future.

This is not going to be without its challenges. We simply must respond to the climate and nature emergencies if we are to ensure we have a sustainable and resilient agriculture sector for future generations. These emergencies represent the biggest threat to global food security, but we equally need Welsh farmers to continue to produce high quality food and maintain high production standards. The Scheme has been designed to support what you do best – sustainable farming, producing food in harmony with the environment.

This 'Welsh Way' of farming - integrated within our rural communities, in tune with our landscape and making careful use of the resources freely available from nature – is also the best way to lower costs to help make farms more profitable. This is what we call Sustainable Land Management and is what we believe is best for our farms, our environment and our nation. I will introduce an Agriculture Bill to the Senedd later this year which will establish Sustainable Land Management as the framework for future farm support, but the focus of this publication is to present what it means for you – the Welsh farmer.

The Scheme demonstrates the Government's commitment to support you to take action to help lower your carbon footprint and deliver for nature whilst at the same time continuing to produce food sustainably. Farming is vital for Wales and agriculture plays a key role in supporting the Welsh language to thrive in our rural communities. I believe with the support we will provide through the Scheme we can help you to prosper in uncertain times.

The Scheme has been designed with your input and I want to thank everyone who has given their time to work with us so far. Whether it was one of the thousands of farmers who responded to our three consultations, those who worked with us through our first phase of Co-design or those who have kindly showed me around their farms.

You told me you wanted the Scheme to be open and accessible to active farmers who meet good environmental and animal health and welfare standards. You also told me you want the Scheme to support you to help lower emissions, store carbon, manage your soil and care for your animals. I hope you can see we've listened to your views and insights in designing the Scheme.

I know there will be some disappointment we are still not able to share details on the payment rates attached to the Scheme as it is hugely important in helping you understand how the Scheme will affect your business. I want to reassure you payments will be linked to the actions which an active farmer carries out and we will support the continuation of sustainable farming practices with payment for both maintenance and creation.

This is not the final Scheme. I will consult on our final proposals next year. In the meantime, I am asking again for your help to test our proposals through our second phase of Co-design. You know what works on your farm and we want you to work with us so we can learn from your knowledge and experience. With your support, we can ensure the Scheme works for Welsh farmers, our rural communities, and the nation as a whole.

Thank you.

A handwritten signature in black ink that reads "Lesley Griffiths".

Lesley Griffiths MS

Minister for Rural Affairs and North Wales
and Trefnydd

CHAPTER 1

Executive Summary

This document sets out more detail on proposals for the Sustainable Farming Scheme (the Scheme). The Scheme will be the main source of future Government support for farmers in Wales. In this document, we will outline how farmers will be rewarded for actions taken to respond to the climate and nature emergencies, alongside the sustainable production of food.

As we work through the proposed scheme, we will demonstrate how the Scheme meets the objectives of Sustainable Land Management (SLM), the Welsh Governments guiding principle for future agricultural policy.

This document forms the next step in our commitment to engage and seek feedback on our proposals. The proposals outlined here form the basis of our next phase of Co-design which will be launched in the Summer 2022.

Chapter 1: Introduction

We outline the objectives of SLM. SLM outcomes provide the purpose for all future farm support and will be introduced in the Agriculture Bill.

SLM underpins all future farm support including the Scheme. We demonstrate this by reminding farmers of the principles of the Scheme and how they meet SLM objectives. These principles have, and continue, to inform our thinking. We present how these principles have evolved and provide a future framework for the Scheme.

Finally in this chapter, we briefly summarise feedback from previous consultations and highlight some of the learning we have taken away, informing this latest proposal.

Chapter 2: Scheme Structure

In this chapter, we present the proposed structure of the Scheme. It has three distinct layers, each supporting the farmer to achieve SLM outcomes, rewarding farmers who choose to do more. The first, a Universal layer of actions applicable to all farmers. The second and third are Optional and Collaborative layers which involve more complex, targeted actions or actions which need to be delivered collectively.

We also outline how the Scheme is underpinned by the legislative framework (existing Cross Compliance or National Minimum Standards).

Chapter 3: Scheme Framework

We present the proposed range of actions to be included in the Scheme. The actions are presented within the layers of the scheme (Universal, Optional or Collaborative) with details on the benefits they aim to deliver.

We have presented the actions this way to generate feedback in Co-design, specifically on whether the actions are in the correct scheme layer.

Here we also discuss the type and range of support we will offer to farmers to perform these actions through Farming Connect.

The actions are presented under the characteristics which shape the Scheme. The focus of each action includes the context of why they are important in supporting the delivery of SLM outcomes.

The actions presented in this document represent current policy thinking and are not an exhaustive list of actions, or a complete picture of each layer. What these actions provide is a basis for further input and engagement for Co-design.

Chapter 4: Scheme Process

We introduce proposals on the process, walking the farmer through what they will do if they wish to enter and be part of the Scheme.

Whilst this section discusses payment rates, we are not able to outline potential payment rates in this publication. Payment rates are being informed by our modelling and economic analysis which is still being undertaken.

Chapter 5: Scheme Transition

In this final chapter, we introduce our transition plans. These plans detail how we get from where we are today, through to launching the scheme. We recognise that this is a big change for farmers, and we want to ensure that we have the correct processes, support and engagement in place to enable farmers to maximise the opportunities the Scheme offers.

Here, we introduce our current plans for Prepare and Pilot Projects.

We also outline the plans for our second phase of co-design, providing farmers with the detail on how they can sign up and feedback on the proposals outlined in this document.

CHAPTER 2

Introduction

In *Sustainable Farming and Our Land* (2019) and the *Agriculture (Wales) White Paper* (2020) we set out how the principles of Sustainable Land Management will provide the long-term framework for future agricultural policy and support. This holistic approach will ensure the economic, environmental, and social outcomes from land management practice can be delivered for the long-term benefit of the nation. The *Agriculture (Wales) Bill*, which will be introduced in the Senedd later this year, will ensure Welsh Ministers have the powers necessary to continue supporting farmers in Wales for adopting practices that contribute to Sustainable Land Management.

This document sets out our proposals for the Sustainable Farming Scheme. The Scheme will be the main source of future Government support for farmers in Wales. We want to support farmers to produce food in a sustainable manner, building on the high standards already in place. We explain how the Scheme will support farmers to undertake actions which contribute to the objectives of Sustainable Land Management, rewarding them for the work they do to lower their carbon footprint and improve the environment, alongside the production of food.

Our climate is better suited than many other parts of the world to producing sustainable and high quality red meat. Alongside the support provided directly to farmers the Welsh Government is developing a Community Food Strategy to encourage the production and supply of locally-sourced food in Wales.

2.1 Sustainable Land Management Objectives

The Scheme has been designed to support farmers to deliver on the following Sustainable Land Management objectives to:

- produce food 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, promoting public access and engagement with them.

These objectives must be delivered together, sometimes on the same land. The Scheme will do this by taking a 'land sharing' approach. This means delivering environmental and social outcomes through the adoption of sustainable farming practices. We believe Wales is well suited to this type of farming and the Scheme will support farmers - both financially and with knowledge transfer and advice – to adopt these practices.

2.2 Sustainable Land Management Outcomes

The Scheme sets out a range of actions farmers can undertake. However, it is important we make a clear connection between these actions and the outcomes they are seeking to deliver.

These are:



Clean air

Air which has limited pollution (human made particles and harmful gases) including fine particulate matter, ammonia and non-methane volatile organic compounds.



Clean water

The water environment (including inland water) is sustainably managed to support healthy communities, flourishing businesses and biodiversity.



Enhanced access and engagement

People are more easily able to enjoy the countryside for health and wellbeing benefits.



High animal health and welfare

Animals are healthy, productive and have a good quality of life.



Maximise carbon storage

Creating new and enhancing existing carbon stocks on farms.



Mitigate flood and drought risk

Farms prepare for periods of low or high rainfall, reducing the risks to the farm and communities from flooding, drought and coastal erosion.



Protected natural landscapes and historic environment

Conserve and enhance natural beauty, cultural heritage and the historic environment.



Reduced greenhouse gas emissions

Farms reduce their greenhouse gas emissions, through making efficient use of fuel and energy, minimising external inputs and having productive livestock and crops.



Resilient ecosystems

Maintaining and enhancing the resilience of ecosystems delivering benefits for biodiversity, species and habitats.



Resource efficient

Taking a circular approach by keeping resources and materials in use for us as long as possible and avoiding waste.

2.3 Scheme design

In our first consultation, we set out five key principles to guide the design of the Scheme. We have made some amendments to these principles as our plans have evolved and based on the feedback we have received, but they have remained largely unchanged, providing a consistent guide throughout the Scheme's design.

2.3.1 We must keep farmers on the land

One of the aims of the Scheme is to keep farmers farming, ensuring land continues to be managed by those who know it best, whilst also supporting them to adapt and prosper. The Scheme will do this by supporting active farmers and by taking a land sharing approach to the delivery of environmental and social outcomes through the adoption of sustainable farming practices. Keeping farmers on the land will also support our rural communities, creating and reinforcing social networks and helping bring cohesion and resilience to communities. It will also conserve and enhance our cultural heritage, supporting the continued use of the Welsh language in our farming communities.



2.3.2 Food production is vital for our nation

The Scheme will help deliver against our ambition for Welsh farmers to be world leaders in sustainable farming, meeting our global obligations without offshoring food production to countries with lower standards.

Farming is on the front line of climate change impacts. The Scheme is designed to help protect and enhance our food security by supporting farmers to adapt to climate change and extreme weather events, like drought and flooding.

2.3.3 We should help build a prosperous and resilient agriculture industry

We recognise the delivery of environmental and social outcomes depends on farm businesses being economically sustainable. The Scheme will therefore support farm businesses to become more resilient, enabling them to compete in a competitive and changing world whilst operating within the natural capacity of their land. The Scheme will include a baseline payment for undertaking certain actions to provide farmers with much needed stability. Many of the Scheme's actions are also designed to help farmers become more efficient by adopting an approach which makes the best use of their resources.

2.3.4 Future support should maximise all SLM outcomes

The Scheme will provide support targeted at outcomes in a way that delivers them together, minimising trade-offs. The Scheme actions are designed to support farmers to produce food in a way which maximises their contribution to achieving each of these outcomes.

2.3.5 All farmers should be able to access the Scheme

It is important the Scheme works for all types of farms. The Scheme is designed so all farm types can access it, including tenants and those with rights to common land. It will be open and accessible to farmers who meet good environmental and animal health and welfare standards.

We will continue to test these principles with farmers and stakeholders in our second phase of Co-design.

2.4 Feedback from previous consultations

In *Sustainable Farming and Our Land (SFaOL)*, we asked for views on our proposals for a new Sustainable Farming Scheme. Overall, there was broad support for the sentiments and direction of the proposals. This feedback¹, published in May 2020, offered useful views that helped inform the next stage of Scheme design. In particular:

- Some respondents suggested introducing stepped approaches that have simple routes into the Scheme, making sure it is accessible to all. This allows all farms to engage and make sure the broad range of SLM outcomes are widely supported.
- Respondents felt the Scheme needed to be flexible so it can be tailored to fit specific strengths of each farm or area.
- It needs to be clear to farmers how the Scheme's actions support the delivery of SLM, including through producing food.
- There was support for minimal bureaucracy with simplification, wherever possible, and a central theme.

This was also reflected in the feedback we subsequently received from Co-design², which was completed in October 2020. For example:

- It is clear that participants very much preferred any future Scheme to be a true partnership, as opposed to a prescriptive Scheme.
- Providing a clear mandatory / Optional Actions list with a full rationale of benefits would help farmers consider what fits best with their farming systems.
- Start small and build on success, over time the benefits may encourage those with only minimal involvement to offer more.

¹ www.gov.wales/sites/default/files/consultations/2020-05/sustainable-farms-summary-of-responses_1.pdf

² www.gov.wales/sustainable-farming-scheme-co-design-future-farming

2.5 Sustainable Farming Scheme

We have revised our proposals based on this feedback to make sure the Scheme works for Welsh farmers. This document presents these proposals in significantly more detail than has been shared previously. This includes outlining the structure of the Scheme, details on proposed actions, what we are asking farmers to do, and the process through which farmers can apply.

Alongside the Scheme design, a range of economic analyses is being carried out on our proposals to understand the impact on different types of farm. This work will continue to inform the design of the Scheme.

A final decision on the Scheme will not be made until we have consulted on our detailed proposals and the economic analysis has been presented in 2023.

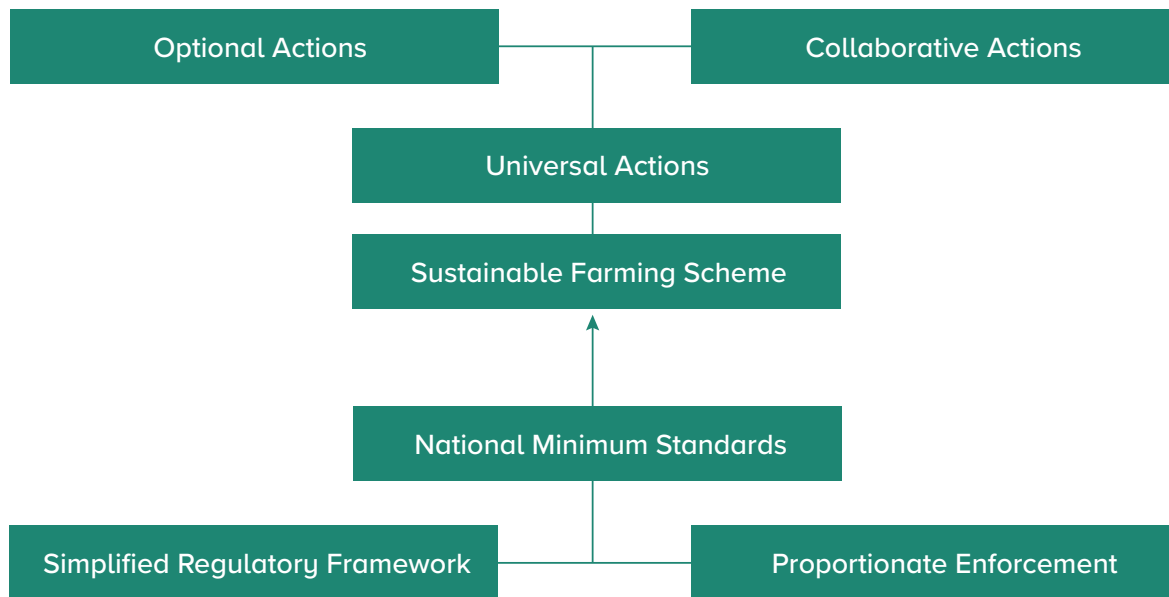


CHAPTER 3

The Sustainable Farming Scheme structure

This chapter sets out the structure of the Sustainable Farming Scheme. It introduces the Universal, Optional and Collaborative layers of the Scheme.

Scheme Structure



3.1 National Minimum Standards

In the *Agriculture (Wales) White Paper*, we set out our proposals to bring together agricultural legislation into a set of National Minimum Standards, clarifying and consolidating agricultural regulations into one piece of legislation. We proposed these Standards would initially be based on the existing legislation which underpins Cross Compliance requirements. This would maintain the existing legal requirements we already have in place.

We want to make it easier for farmers to understand what they must do to comply with the law through the introduction of National Minimum Standards. We also believe enforcement should be proportionate to the severity of the offence and avoid the criminalisation of farmers for less serious offences. However, we recognise these proposals are complex and must be thought through carefully. The Scheme will be underpinned by these Standards, and we will work closely with stakeholders to ensure that National Minimum Standards are implemented in time for the Scheme's introduction.

3.2 Scheme Structure

There are three layers in the Scheme.

Universal Actions

All Universal Actions have to be carried out by farmers who join the Scheme. These actions will help farms become more sustainable. They should be within reach of most farmers and can be integrated into current farming practice.

We want to offer as much flexibility as we can for farmers to carry out the Universal Actions in a way which works best for their farm and achieves the outcomes at the same time as being clear on what farmers need to do to receive payment. We recognise some farms may not be able to deliver the full range of Universal Actions from the outset (for example, because of their farm type, topography, or land management contracts). Exemptions may therefore be in place, but our starting position is that farms in the Scheme should undertake all Universal Actions.

A baseline payment will be made to farmers for undertaking the Universal Actions. Advice and guidance will also be made available to support farmers. How the payment will be calculated is still being developed and will form part of the final scheme consultation.

These Actions provide the building blocks to enable the farmer to go on and do more by choosing additional actions and receiving additional payments.

Optional Actions

Actions which may be targeted to specific land or landscape feature issues which a farmer may choose to deliver. Many farmers will already be carrying out some of these actions.

Farmers will be able to choose which actions they undertake in this layer and receive payment for delivery (in addition to the payment for undertaking the Universal Actions). Farmers will have more flexibility about which of these they want to do and how.

Farmers will be supported to understand the options they have to choose from and the income they can generate, through the decision-making process (presented in Chapter 4).

Collaborative Actions

These are carried out in a coordinated way by multiple farmers or land managers, at a landscape, catchment or national scale. We want to focus collaborative actions on elements of the Scheme where they can deliver greater benefits than the sum of individual parts or where a number of different people are needed to achieve a specific outcome. These lend themselves to collaboration, ensuring value for money is achieved over and above the support provided to individual farmers.

Some examples may include collaborating to:

- create interconnected habitats across landscapes, maximising environmental outcomes at a landscape scale through tailored collective actions
- develop supply chain opportunities through establishing producer organisations or co-operatives, collectively securing investment for infrastructure, or creating a unified brand for marketing and promotion
- sharing knowledge and innovation through engaging farmers, academia and / or other organisations in research and development or via sharing of practices.

Wherever possible, collaborative actions will build on and add value to the actions farmers are already performing individually as part of the Scheme. However, we may place greater emphasis on those actions which are required to be, or achieve greater benefit if, delivered together.

Collaborative actions will often require farmers, land managers, and potentially other individuals who are not part of the Scheme to be involved in joint projects. But these projects will require at least two farmers to be part of the Scheme in order to form a collaboration. It is likely they will also need a third-party organisation, facilitator, or support structure to bring together different farmers, land managers and individuals to enable successful delivery.

Level/Layers	Description	Payment and support
1. National Minimum Standards	Legal requirements, applicable to all farms.	No payment Advice and guidance Future civil sanctions with the potential for Scheme penalties
2. Universal	All Universal Actions have to be carried out by farmers who join the Scheme. These actions help farms become more sustainable and are the building blocks for them to do more. All applicable actions must be delivered to enter the scheme.	Baseline Payment Capital Payments Technical Support Access to tools Advice and guidance
3. Optional	These higher-level actions build on those at the base level but may be more complex to deliver and need to be more tailored to each farm or specific areas.	Revenue and/or Capital Payments Technical Support Access to tools Advice and guidance
4. Collaboration	Aimed at more specific priorities, which need more flexibility in how they are delivered and need a combination of actions to deliver the most benefits. These need the greatest input from the farmer.	Revenue and/or Capital Payments Technical Support Advice and guidance

CHAPTER 4

The Sustainable Farming Scheme Framework

The Scheme will support sustainable farming practices. We want to work in partnership with farmers by paying them for carrying out actions which deliver outcomes. These outcomes deliver benefits to the farm business as well as to the environment, animal health and welfare and wider society (in line with our Sustainable Land Management objectives). This chapter sets out what these actions are.

Given that there is evidence that these actions will deliver the SLM outcomes, farmers will be paid for them as long as they are consistently carrying them out. These actions are already being carried out on many farms across Wales and are designed to help farmers make the best use of their resources and to work well within their environment. In many cases, consistently undertaking the action may also help the farm business reduce its costs.

The Scheme is designed so all farm types can access it, including tenants, and every farm should have the opportunity to choose how they undertake the actions. Farmers will be responsible for making sure they have management control, and any landowner's permission, if it is needed.

This is an outline of the Scheme. We want to explore these actions with farmers so we can make sure the Scheme works on the ground. We may therefore change some of the actions based on the feedback we receive through our second phase of Co-design, and we may include additional actions in the future. Although the detail set out here is provisional, we hope it gives farmers a good understanding of the Scheme's requirements and the actions they will need to, or choose to, take up to receive payment from 2025 onwards.

4.1 Scheme Characteristics

The actions in the Scheme are set out under five characteristics. These show the variety of ways we want to support our farmers to help them deliver a wide range of outcomes alongside the sustainable production of food:

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.

4.2 Farming Connect

We will offer support through training and farmer-to-farmer knowledge sharing and innovation. This will be provided through a new Farming Connect programme including a redesigned advisory service to ensure that the advice provided to farmers meets future needs.

We will learn from and adapt the current Farming Connect model to ensure farmers can be confident they will receive the advice, guidance and support they need to transition and deliver the actions in the Scheme.

Taking on board the findings of the recent evaluation of Farming Connect, future support will offer advice and guidance on how farmers can access the Scheme; support through the entry process; and guidance on performing the actions required. It will also showcase to farmers the benefits of being in the Scheme and the opportunities it provides.

Farming Connect will also include a Continuing Professional Development (CPD) Programme. This will ensure farmers are supported through their learning and development journey. Training courses are likely to be available either in person, as webinars or via e-learning to provide flexibility to the farmer on when and where they can access CPD opportunities.

Training opportunities will also be extended to practical, on-farm training and knowledge transfer sessions run by Demonstration Network Farms. These will continue to be used for trialling and showcasing activities and practices. Farm-based learning and peer to peer support has received positive feedback from farmers and is associated with disseminating good practice. We are therefore keen to see it continued.

Farming Connect will also manage a Research, Development, and Innovation Programme. This will integrate academics within farmer centred research projects to stay abreast with the latest technology and innovation in farming. Farming Connect will ensure any academic findings are translated in a user-friendly way, similar to the current Knowledge Exchange Hub, whilst also providing an extensive research database.

Farming Connect will offer and signpost farmers to trusted quality assured advisors, contractors, and farmer mentors to further extend the advice, guidance, and technical expertise available. We will explore the opportunities for promotional and marketing material to be made available to farmers in the Scheme to access industry branding and promotional content.

Our commitment to farmers is to give them all the tools they need, through the Scheme and Farming Connect, to support them to be world leaders in sustainable food production. We will use our Co-design programme to develop our proposals for Farming Connect with the aim of ensuring we procure a support system which best supports our farmers and is cost effective for the industry.

4.3 Proposed Actions

Key:

(U) Universal Action	(C) Collaborative Action
(O) Optional Action	(FC) Farming Connect Support

4.3.1 Resilient and productive farms

We will work with farmers to help them adapt to changes in the environment or market. We will provide support to help farmers improve the resilience of their farm businesses. This in turn provides opportunities for the wider rural economy and reliable long-term employment where skills and experience are valued.

Manage an optimising farm performance through measuring and monitoring



We want the agriculture industry to be prosperous and resilient. Having sustainable farm businesses is fundamental to the success of the industry and the Scheme.

There are always areas any business, including farms, can improve. This is because many factors affecting farm performance are within the farmer's control. By regularly measuring their performance, farms can compare themselves against their own past performance and the performance of others in the industry. By doing this, and identifying where improvements can be made, businesses can lower their costs and become more sustainable by making better use of their resources.

We believe encouraging farmers to adopt basic benchmarking using simple Key Performance Indicators (KPIs) could lead to a step change in farm performance, increasing a farms' ability to adapt to change and improve their impact on the environment. For example, having healthier animals, making the best use of grass, being less reliant on inputs and making better use of on-farm nutrients will save farms money and benefit soils and water.

We want to help all farmers in the Scheme understand how their farm is performing, both financially and sustainably. To do this, we will adopt one set of Key Performance Indicators (KPIs) for each farming sector along with wider KPIs for the whole industry. This will make it clear what farmers need to measure and will allow them to compare results with others within their sector. Our proposed KPIs are intended to focus on business, production and environmental factors and use data which is familiar and more easily accessible to farmers. Through Co-design we will explore how well these KPIs suit the different types of Welsh farms and farming systems.

This is not about judging or criticising farmers but about giving them more information so they can be more financially and environmentally sustainable. A Universal Action which requires all farms to undertake a self-assessment once a year against a minimum of the sector and industry KPIs (two per sector or three in total) will:

- give farmers a starting point to understand how their business is performing, allowing them to drill down further if they want to and go on to improve their performance
- allow farmers to understand and evidence if the changes they're making on the ground have really had a positive impact (or not)
- enable farmers to make more sustainable decisions and lower their carbon footprint, linking to other Scheme actions like animal health improvements or making better use of grass
- begin to collect data to promote and champion the sustainability of their business and wider Welsh farming
- set a useful starting point which will allow farmers to go on and do more.

(U) All farmers will complete a self-assessment once a year against a minimum of the sector and industry KPIs (two per sector or three in total, whichever is higher).

(FC) Farming Connect will offer support to help farmers to:

- collect the data needed to complete the self-assessment
- make improvements, based on the results of their self-assessment
- carry out benchmarking to delve deeper into how their farm's performance and sustainability can be improved.



Diversify, differentiate, specialise for added value



The Scheme will offer support to farm businesses to diversify into additional sustainable farming practices. This will help them become more resilient to the changes brought about by climate change and the markets.

Red meat and dairy are the predominant farming sectors in Wales. Diversifying into alternative agricultural sectors, like new/different livestock or crops (where possible), or developing existing produce to meet niche markets will open opportunities to maintain or increase farm income and for further rural employment. For example, the horticulture sector in Wales takes up a small area of agricultural land and contains a relatively small number of businesses. There is potential for us to grow more of the vegetables we eat here in Wales and the Scheme will support this with investment targeted at expanding and developing skills in this sector.

Farmers will be signposted to support and guidance to allow them to explore and plan alternative enterprises to bring a diverse income stream to complement their farm business. We will also help farm businesses respond to market opportunities they have identified. This may include supporting them:

- through market insight, to understand market opportunities and the routes to them (either directly or through supply chain opportunities)
- to add value to livestock products where there is market demand
- to expand the production of speciality or niche produce
- develop direct sales opportunities e.g. farm shops or catering outlets
- to develop new and sustainably expand existing horticulture businesses through new technology and techniques
- to sustainably produce and sell timber
- to deliver training and promotion of farming practices and rural crafts
- to open facilities for the benefit of the community and local businesses.

Diversifying the food and products we produce, for example growing new and alternative crops suited to the future climate, and tapping into greater consumer demand for sustainability will help:

- farmers build new/alternative markets and add value
- support local food, keeping value in communities
- build a more diverse food system which is more resilient to climate change.

This will complement our Community Food Strategy which will encourage the production and supply of locally sourced food as part of our effort to create a greener Wales with strong communities.

(O) Farmers will be supported to grow crops which lower the amount of feed they buy in.

(O) We will offer support to start-up horticultural businesses or new horticultural enterprises within established farm businesses.

(O) We will offer support for innovation projects which trial new techniques and technologies at a practical level focusing on sustainability, market diversification and increased farm resilience.

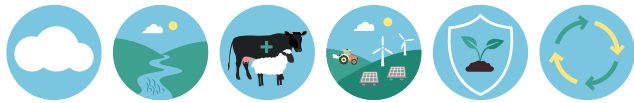
(C) Collaborative support will be available to help farmers work together to sell more directly to the consumer and add value.

(FC) Farming Connect will:

- offer insight into market opportunities, routes to market through direct sales or the supply chain
- promote and help farmers tap into diversification opportunities
- help farmers work together to source feed as locally as possible
- deliver improvements to skills and knowledge, including for horticulture businesses, focusing on growth and sustainability
- offer business support and technical advice to the horticulture sector, helping it improve efficiency and minimise environmental impacts of crop production
- include an action learning programme to allow like-minded individuals from horticulture businesses to work together at a local level.



Minimise the risk of catching and spreading disease



We will support farmers to take a proactive approach to disease prevention and control using the principle “*prevention is better than cure*”. We will set biosecurity standards and support farmers to achieve them.

Biosecurity means the steps taken to make sure diseases do not come onto a farm and do not spread from it. It is about lowering the chances for a disease to spread. It is an important part of managing risk and keeping animals, crops, and people safe. Diseases can enter a farm from:

- new or returning stock
- contact with neighbouring animals
- wildlife and other animals
- the environment
- feed, muck, and slurry
- vehicles, equipment, and people.

Introducing diseases could have serious and long-term financial effects on a farm’s profitability. Some diseases can be passed from animals to humans and so good biosecurity also helps protect those who live and work on the farm. Good biosecurity should lead to:

- better use of medicines, with a shift away from those used to treat problems (antibiotics) to those mainly used to prevent them (vaccines) and careful use of anthelmintics
- less risk of disease spreading
- more productive animals and crops
- better animal welfare
- safer farms and food.

Bringing animals onto a farm carries the risk of introducing disease. Even animals which appear to be healthy can be a source of new infection. Knowing the disease history of an animal and the herd/flock it comes from, can help farmers manage the risk from introducing new animals. Ideally, animals should be sourced from herds or flocks which can show they are disease free (or are a low risk) and have recently tested negative for particular diseases before they move. It is also best practice to separate incoming animals in an appropriate isolation facility and to check them daily for any signs of illness. This isolation period is also a good opportunity to test and/or vaccinate the animals. We will explore with farmers how the scheme can help them get the information they need to make informed, risk-based purchases.

(U) All farms need to have the necessary biosecurity measures in place. These are:

- wash stations and disinfectant is available for people to clean their clothing, equipment and vehicles as they enter/exit the farm and any livestock areas
- all enclosed land boundaries are secure to stop stock from straying
- there is a dedicated secure store for deadstock, which can be cleaned and disinfected. It is away from livestock, feed and water
- feed stores are secure to keep out wildlife and vermin
- there is a pest control/management programme in place, which includes the responsible use of biocides.

(O) Farmers will be rewarded for having a 3 metre wide fence and hedge along the farm boundary (where appropriate) to prevent neighbouring stock coming into contact.

(O) All incoming animals are isolated for at least six days before mixing with existing stock.

(C) We will work with the industry to explore how the Scheme could introduce a procedure that demonstrates animals which come on to the farm from other units are safe, minimising the risk of introducing disease.

(FC) Farming Connect will offer farmers advice on how to limit the spread of disease to their farms.

4.3.2 Reduce, reuse and recycle inputs, nutrients and waste

We will help farms use minimal inputs and make the best use of their resources to have fewer losses to the environment, improving air and water quality and making them more efficient and profitable.

Make best use of artificial fertiliser through nutrient management and soil testing



Soil is a hugely important natural resource, and we want all farmers to understand the best way to manage it to have a positive impact on their business and the environment. As much as 80% of the nutrients applied to the land are lost to the air or to water because of issues such as soil compaction, over-application, and soil pH level. By improving soil health and making best use of nutrients, farmers can:

- save money
- 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 their carbon footprint by storing more carbon in soils.

By testing their soils and following a nutrient accounting process farmers will have the information needed to make informed decisions. These decisions may include choosing from the Scheme's wider list of Optional Actions which will help them improve their soil structure (for example, minimum tillage) or to make the best use of their muck and fertiliser (precision application).

Basic nutrient accounting and soil testing will be a Universal Action. This will give every farmer an understanding of their soil and the demands of their crops. Soil testing will be carried out using a dual approach of farmer and professional testing.

Professional soil testing will take place across the farm at the beginning and end of a contract period. It will help validate the farmer led testing and evidence what was achieved through the actions to improve soil condition. It will also inform the farm's Nutrient Balance and Nitrogen Use Efficiency KPIs.

We want to explore with farmers the best way to support them to perform these actions as part of our co-design phase. This will include how best to access the expertise needed for soil testing, how to produce a simple and easily updateable nutrient account and how we support farmers to use technology to access real-world data to make better informed decisions on the best time to spread muck and fertiliser. We also want to hear what else farmers think would be useful for the test to cover (either farmer-led and/or professional), against the cost and practicalities of testing.

(U) Carry out professional and farmer soil testing at Scheme entry and in time for contract renewal to include a combination of:

- Nitrogen (N), Potassium (P), Phosphorous (K), Carbon and pH
- a biological measure e.g. eDNA, respiration counting 'proxy' species (earthworms)
- a physical assessment e.g. infiltration rate, bulk density or Visual Evaluation of Soil Structure (VESS).

(U) Submit nutrient accounts and evidence covering N, P, K ,C and pH.

(O) Optional Actions which impact a farm's nutrient use and soil condition can be found throughout this document, including actions to:

- supplement applied nitrogen with nitrogen fixing plants (establishing mixed swards, planning rotations, cover cropping)
- establish leys and crops with varied rooting profiles (establishing mixed swards, crop rotations, cover cropping)
- improve soil biology (diverse planting, graze and rest practices, minimum or no till, use of anthelmintic plants to reduce wormer usage, habitat management)

(C) Support for farmers to work together in a catchment to improve water quality.

(FC) Farming Connect will provide support for:

- soil sampling
- technical advice to interpret results and use it to benefit their farm and the environment
- farmer-led learning on soil health.



Prioritising the use of manure and fertility building



Planting the same crop in the same field every year will mean it will continually draw the same nutrients out of the soil. A crop rotation is where different crops are used to improve soil health, return nutrients to the soil and reduce pests and weeds building up.

This may be as simple as giving the land a break from one crop or using a specific crop for building and maintaining soil fertility and structure (known as green manure). Crop rotation is a very effective way of keeping soil fertile and controlling crop pests. It also helps farms become more resilient by being less reliant on one farming enterprise. Depending on the crop used, it can also benefit biodiversity, the landscape, water quality and the farm's carbon footprint. Crop rotations can also help farmers become less reliant on pesticides and bagged fertilisers.

The Scheme will support mixed arable rotations which promote cropping diversity. The most suitable rotation will vary from farm to farm, depending on:

- soil type and conditions
- the varieties grown
- pest control
- nutrient availability
- benefits to the environment
- harvesting, storage and marketing.

A simple rotation could involve two or three crops and a complex rotation might include a dozen or more. We will work with the farmer to reward them for using a crop rotation which is designed to suit their individual farm conditions and its market, but which follows these basic principles:

- shallow rooting crops following deep rooted crops
- high root mass crops following low root mass crops
- weed susceptible crops following weed suppressing crops
- nitrogen fixing crops following nitrogen demanding crops.

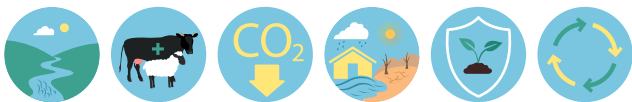
(O) Farmers will be rewarded for using a crop rotation which follows the basic principles and offers benefits to soil health and the wider environment. The crop rotation must:

- have a balance between fertility-building and exploitative crops
- include legumes to fix nitrogen for following crops
- have crops with a mix of differing root systems
- make sure plants with similar pest and disease susceptibilities are separated by an appropriate amount of time.

(FC) Farming Connect will:

- offer advice and support to farmers on the benefits of different crops as well as how to establish and manage them as part of a rotation
- help farmers work together so livestock and muck can be used to help build fertility, including on arable farms
- Offer training and advice on prioritising fertility building through green manures, legumes and livestock manure.

Best use of supplements, antibiotics and medicines



The animal health improvement cycle is a Universal Action (see relevant section). As part of this process, farmers will be encouraged to work towards making best use of antibiotics and anthelmintics. To do this, we will support farmers to gain the skills and knowledge needed to implement it successfully.

Farmers can save money and help improve beneficial insect populations, like dung beetles, through sustainable worming control. Sustainable worming control involves faecal egg counting and using worm treatment only when it is necessary, which also helps stop anthelmintic resistance in animals. This does not mean farmers have to stop worming livestock altogether as part of the Scheme.

(FC) Farming Connect will provide:

- support for faecal egg counting and performance monitoring to only treat those animals that need worming as well as testing when resistance is suspected and making sure animals get the correct dose by weighing them and correctly calibrating dosing equipment
- advice and guidance on using less toxic pesticides.

Minimise use of pesticides and herbicides through integrated pest management



Integrated Pest Management (IPM) is a whole farm approach for managing crop pests, diseases or weeds in a way that minimises the use of chemicals. IPM emphasises the growth of a healthy crop with the least possible disruption to the wider ecosystem by encouraging the most appropriate form of control from the use of best technology and non-chemical methods as well as targeted chemical use when required. This should involve minimising pest, weed and disease risks by taking a “*prevention is better than cure*” approach. This 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.

IPM approaches that result in lower pesticide use will benefit the farmer’s finances, the wider environment and human health. IPM is not a single action but a series of pest management evaluations, decisions and controls. We will work with farmers to support them to understand what practices will make the biggest difference to reducing pest, weed and disease burdens.

(U) Farmers will be supported to:

- collect, record and report data on Plant Protection Products use
- complete an IPM assessment.

(FC) Farming Connect will provide training and advice for IPM to help farmers evaluate what has worked on their farm and where to make improvements.



Make best use of grassland through alternative approaches to grazing, introducing multispecies leys and mixed grazing



Not only is grass the cheapest feed for livestock but good grassland management can lead to improved animal performance, animal health and soil health. There are several actions that can generate greater value from existing grasslands:

Graze and rest (also known as rotational, paddock, mob, precision, and cell grazing) involves moving stock between pastures on a regular basis to allow it time to recover and then graze it again only once the ideal stage has been reached. Giving grass a period of rest allows it to rejuvenate more quickly for the next grazing period. This leads to higher grass yield, and, with the right stocking rate, more grass being utilised. Other benefits include:

- it can lower the need for bought in feed, fertiliser, and pesticides, as well as extend the grazing season, cutting costs as well as the farm's carbon footprint
- it improves soil health through plant roots growing bigger and muck being spread by animals more evenly across the field
- better drought resistance as deeper-rooting plants are able to access water deeper in the soil
- with the right management, it can help lower dependence on wormers.

By growing more grass and utilising it better it can also allow farmers to use less productive areas of their farm to undertake other Scheme actions to create habitat for wildlife and/or incorporate more trees into the farming system.

Multi-species swards (also known as diverse swards and herbal leys) are swards with a diverse range of different grass, legume, and herb species. Multi-species leys have a wide range of plant types and, with the right management, are high yielding and can provide more trace elements, minerals and medicinal components to benefit livestock. This increased diversity offers many benefits, for example:

- legumes fix nitrogen, lowering the need for bought in fertiliser
- deeper roots make them more tolerant to drought and help sequester carbon
- different rooting systems improve soil health, structure and drainage.

Using **mixed grazing** can also help improve grassland management, livestock production and offer benefits to wildlife (this is covered under 'mixed farming'). The different way animals graze means grazing them together, at the same time or one after the other, can:

- improve grass usage
- improve animal growth rates
- lower parasite burdens (particularly for sheep)
- support more species of birds and insects.

(O) Use a graze and rest approach, for at least five months of the year by:

- dividing fields to allow the regular movement livestock
- grazing grass for short periods (giving grass a rest period before grazing again) (dictated by the grass growth).

(O) Establish and/or maintain a mixed sward of grasses, legumes and herbs (or native wildflowers). There will be two options available:

1. the sward contains at least five species of grass, three species of legumes and three species of herbs or wildflowers
2. the sward contains at least three species of grass, two species of legumes and two species of herbs or wildflowers.

(O) Capital support to help farmers have the right infrastructure for graze and rest and/or to expand into other agricultural enterprises which enhance pasture management and livestock production.

(FC) Farming Connect will offer support to make sure farmers have the knowledge and skills to adopt this approach. It will also advise farmers on the benefits of mixed grazing.

Lowering the environmental impact of ammonia emissions



Poor air quality is one of the biggest risks to the environment and to public health. Nitrogen is lost to the air as ammonia from manures and from spreading fertiliser. Ammonia builds up in the atmosphere and then falls on to the land, interfering with ecosystems and making it impossible for some species to survive. In low concentrations, ammonia is not harmful to human health. However, it can react with other pollutants to make Particulate Matter, which can get deep into lungs causing health problems like asthma.

Ammonia lost to the air is also nitrogen lost for plant growth so reducing nitrogen loss brings real benefits to the farm business as well as to the environment and public health. Many of the actions which lower ammonia emissions can also help lower the farm's carbon footprint. Integrating more trees into the farming system can also improve air quality by capturing ammonia emissions from livestock housing and slurry stores or buffering communities and sensitive sites such as ancient woodlands (this is covered under 'Create new and manage existing agro-forestry and woodland').

(O) Optional Actions to lower emissions include the following adaptations:

1. housing e.g. frequent slurry scraping and drying poultry manure
2. slurry storage e.g. covering slurry stores and acidifying slurry
3. precision slurry spreading e.g. trailing shoe and injection

Target areas for these actions will include farms near sites where pollution is an issue such as sensitive habitats.

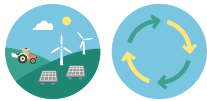
(C) Support for collaborative approaches which allow farmers to work together to deliver actions to lower ammonia emissions. They may be targeted to where they will have the most benefit to ecosystems. This will include local co-ordination between farmers and other landowners to develop Shared Nitrogen Action Plans with the aim of restoring habitats and maximising local economic benefits.

(FC) Farming Connect will give farmers advice on how they can lower ammonia emissions. To aid this we are interested in developing a farmer-friendly toolkit to help farmers understand which options for lowering the risk to air pollution will work best on their farm.

4.3.3 Reduce on farm emissions and maximise carbon sequestration

We will help farms become more efficient, lower their greenhouse gas emissions and enhance existing carbon stocks through sequestration. We will also help farms make use of renewable energy and produce food with a low carbon footprint.

Adopting energy efficiency practices and producing renewable energy on-farm



Greenhouse gas emissions are released from farms when using energy and fuel (for example, using diesel in machines and natural gas to heat buildings). We will help farms to lower these emissions to become net zero. This can be done through using low energy technologies, changes in management practices (for example, using minimum tillage) and generating renewable energy. These also help the farm become more efficient, using less resources and saving money.

A carbon assessment will be part of the Sustainability Review (see Chapter 4). This will help farms understand where improvements can be made to become less reliant on fossil fuels. There are many different things farmers can do and they will be supported to take an approach which works best for them. This will include support for:

- energy efficient equipment and machinery
- energy management and auditing
- fuel storage
- precision farming
- smart technology.

Farming Connect will support farmers to make changes in management practice, the use of new technologies and to take up opportunities to produce renewable energy.

(O) There will be capital support available for farmers to take up various energy efficient actions to decarbonise their machinery use and farming practices, based on the carbon assessment in the Sustainability Review.

(FC) Farming Connect will advise farmers on how they can save energy used in farm buildings, machinery and equipment. It will also offer advice on how to generate renewable energy to supply the farm as well as how farmers can access funding for larger projects to export energy to the National Grid or to be used by local communities.

Efficient animals: Animal Health Improvement Cycle (AHIC)



The animal health improvement cycle is a pro-active process for improving how disease is prevented and controlled on a farm. The health situation on every farm is different and it is very difficult for the Scheme to set out a list of actions to suit every circumstance. Instead, we will reward farmers for carrying out actions identified by farmers working closely with their vet, based on the performance of their animals. The same AHIC process will be universal for every farm, but the specific actions carried out will be bespoke for each farm.

Farmers will do a self-assessment once a year against a minimum of the sector and industry KPIs. This data will help the farmer and their vet agree the actions together by:

- reviewing the health and performance of the livestock
- identifying the main areas for improvement linked to animal health and welfare
- setting targets for improvement and carrying out a manageable number (usually two to five) of measurable actions to meet the targets
- regularly reviewing the actions taken and, if necessary, altering them until the improvement is reached (depending on the health problem, this could take weeks to years), leading to continuous improvement.

By taking this approach we can be less prescriptive, allowing farmers to decide the best solution for their farm, and help the vet become more actively involved in the farm's decisions on livestock health. The AHIC complements and informs the farm's biosecurity to minimise the risk of disease coming in and improve the health of the animals. The farm should see a continuous level of improvement with the ultimate aim of limiting health problems, so they are controlled mainly through prevention. This should lead to:

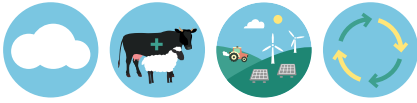
- more productive animals
- better financial performance of the livestock enterprise and increased profitability
- better animal welfare
- better use of medicines, with a shift away from those used to treat problems (antibiotics) to those mainly used to prevent them (e.g. vaccines)
- safer food
- fewer negative impacts on the environment, including carbon footprint
- positive wellbeing for livestock keepers
- vets being more involved in preventive care rather than treatment.

(U) Farmers will need to:

- carry out actions, identified by working closely with their vet, through the Animal Health Improvement Cycle
- calculate and report the average amount of antibiotics used on the farm.



Efficient animals: Genetic improvement (Advisory support)



Since livestock were first domesticated, farmers have selectively bred for desirable traits. Genetic improvement has resulted in a dramatic improvement in the efficiency of livestock species. With effective recording schemes, it offers a powerful tool which will benefit all breeds, including at risk native breeds. By using genetics to improve an animal's potential, along with using the right breed for the right location and good management, farmers will get better performing animals.

To get the best use of genetic improvement it needs to be used alongside or as part of a:

- Breeding strategy. This identifies which traits need to be improved, based on the performance of the flock/herd, to make the farm more profitable.
- Production system that's best suited to the farm and the market requirements. This includes using breeds which are well suited to the climate and terrain.
- Proactively improving animal health.

Making use of genetics, alongside good animal health and grass utilisation, means farmers will get the most efficient animals which are able to make the best use of the grass grown, helping them to:

- lower the age at first calving of beef and dairy cows, without compromising health and welfare
- increase the number of healthy lactations for dairy cows
- lower the age to slaughter of cattle and fat lambs.

(FC) Farming Connect will support farmers to make use of genetics to improve an animal's potential. Farmers will also be able to access information which highlights the benefits of using breeds suited to their environment and location.

Restore semi-natural peatland



Peat is made up of layers of dead plant material building up over thousands of years. The naturally waterlogged conditions of healthy peatlands means that the plant material does not rot down and the carbon content of the dead plant material is locked up. Peat continues to build as sphagnum mosses continually grow, die, and are compressed by ever more layers growing on top. Healthy peatlands continue to lock up atmospheric carbon, and thriving populations of sphagnum mosses absorb water, reducing downstream flood risk.

Many peatlands are in a damaged state through drainage, fire or unsustainable grazing. Drained peatlands are characterised by drainage ditches or peat ‘hags’ which means the water table has dropped and the deep peat layers are exposed to the air and release carbon that has been locked up for millennia. Modified peatlands where mosses have been replaced by agricultural grasses, molinia or bracken can no longer regulate flows to reduce flood risk, and where bare peat has been exposed, eroding sediment can cause challenges for drinking water supplies.

Restoring peatlands is a priority action to slow down, and mitigate some of the impacts of climate change. Depending on the specific site, restoration might involve reversing artificial drainage, reintroducing peatland vegetation, and establishing sustainable livestock grazing levels.

Peatlands only make up about 4% of Wales’ land area and need a very specific set of conditions to form and stay in a healthy status. They are also vulnerable to damage through inappropriate management, including:

- clearing out existing ditches
- applying any insecticides, fungicides or molluscicides
- applying lime or any other substance to alter the soil acidity
- cutting or topping vegetation except to control injurious weed species
- burning vegetation or other materials (except where it is part of an agreed restoration/enhancement plan)
- rolling or harrowing
- supplementary feeding
- planting trees
- carrying out any earth moving activities (except where it is part of an agreed restoration/enhancement plan)
- using for vehicle activities
- constructing tracks, roads, yards, hard-standings or any new structures storing materials or machinery.

(U) Where peatland exists, farmers will need to manage it appropriately.

(O) Farms will have the opportunity to take up actions which restore and manage peatland (characterised by raised and blanket bogs, wet heaths, mires and fen vegetation types). These include actions such as grip and ditch blocking, installation of leaky dams, peat hag re-profiling and vegetation establishment though we recognise that peat restorations can take many years.

(C) Support for projects to restore and manage peatland shared by multiple farmers.

(FC) Farming Connect will offer advice and guidance on managing and restoring peatland.



Create new and manage existing agro-forestry and woodland



We have set a target to create 43,000ha of new woodland by 2030 to help mitigate climate change. Farmers will play a significant role in helping us achieve this. Although this may sound like an approach which will require a major shift in farm management, we want to support farmers to plant more hedges, shelter belts and trees in field corners as well as establishing woodland at field scale on land which has low agricultural and habitat value.

Before planting more trees, there are many benefits of bringing existing trees and farm woodlands into management. Importantly, this means farmers will be paid to manage existing hedgerows and woodland.

We will work with farmers to integrate more trees into their farming system and manage existing woodland to benefit the farm, environment, and wider society – this will include:

- supporting farmers to protect our irreplaceable ancient woodland, which are important for biodiversity and our heritage
- improving air quality by capturing ammonia emissions from livestock housing and slurry stores or buffering sensitive sites such as ancient woodlands from ammonia
- enhancing and protecting biodiversity by creating and linking up habitats
- improving animal welfare by offering shade and shelter for livestock and biosecurity by thickening farm boundaries with wider hedges and tree planting
- lowering the risk of flooding by slowing the flow of water
- improving water quality by breaking up surface run-off, improving soil stability and lowering nutrient pollution
- offering recreation opportunities by allowing the public to access them.

Farms could also benefit in other ways, for example by growing timber to sequester carbon and create new sources of income.

We will also support farmers create new hedgerows and manage their hedgerows in line with the hedgerow management cycle³. This includes trimming to a slightly higher and wider point each trim, which keeps the hedge healthy for a much longer time. The goal of the hedgerow management cycle is to create a thick, dense hedgerow. These offer the most benefits to farmers and for nature.

³ www.ptes.org/hedgerow/managing-hedgerows-top-tips/

We will work with farmers to make the most of these benefits to establish the right tree in the right place in a way which works best for their farm. This includes helping farmers choose where is best to plant trees as well as which species to plant based on how well it sequesters carbon, improves biodiversity and any other outcomes they want to achieve. We are planning to do this through a woodland plan for creation and management. Depending on the complexity, some farmers may feel they can complete this plan on their own with some advice and guidance. For others, we will offer more direct support to help them design their plan to get the most benefits and compliment the sustainable production of food.

We want to design the Scheme to have flexibility, especially so tenants and those with common rights are not at a disadvantage. We will explore this further in our second phase of Co-design and technical working groups.

(U) Farmers will:

- have at least 10% tree cover on their farm. This should be managed in line with the UK Forestry Standard
- manage new and existing hedgerows in line with the hedgerow management cycle.

(O) Manage existing trees and woodland, including ancient woodland, in line with the UK Forestry Standard (beyond the 10% Universal Action).

(O) Farmers wishing to plant more trees than the minimum 10% coverage can receive further support to plant more individual trees, hedges, groups of trees, shelter belts and riparian strips.

(O) We will support farmers to increase the width of hedgerows on boundaries between farms to 3 metres (unless they're separated by woodlands, roads, walls etc).

(C) Support for projects to manage and create joined up woodlands at a scale larger than the individual farm to benefit the farm, environment and wider society.

4.3.4 Protect and enhance the farm ecosystem

We will support farms to work well with their ecosystems, using nature-based solutions for healthy living soils and rich farm and nature diversity.

Protect soils from erosion and degradation



Soil is a fundamental natural resource on which we all depend. Keeping soil healthy is important for us to produce food now and in the future. A healthy soil also stores carbon and helps protect us from flood and droughts. Soil can be negatively impacted by erosion, compaction, and a loss of organic matter. This can have a big impact on our ability to produce food through the loss of productive capacity. It also leads to carbon being released into the atmosphere and the soil lost from the farm can pollute watercourses.

Soils (particularly arable soils) are at risk of erosion from water, wind and cultivation. Livestock can also cause erosion by poaching or compacting the soil. Farmers can protect and regenerate soil, including improving its micro-biology, by:

- keeping it covered so it is not exposed to the wind and rain (some cover crops also have the benefit of creating habitat for pollinators)
- lowering the risk of compaction and poaching from machines and livestock
- improving soil structure and soil organic matter.

(U) To protect soil from erosion, farmers will need to establish a multi-species cover crop on all land which is uncropped over winter.

(O) Farmers will have the option to choose actions which focus on establishing crops by using minimum tillage or no tillage cultivation methods.

(FC) Farming Connect will offer advice and support on using dedicated farm tracks and driving lanes to lower the damage caused by compaction as well as how to improve soil health.

Rich on-farm diversity: Mixed farming



Mixed farming (cattle, sheep, and poultry) especially in the hill and mountain areas can help improve grassland management, livestock production and offer benefits to wildlife. The different way animals graze means grazing them together at the same time or one after the other can:

- improve grass usage
- improve animal growth rates
- lower the worm burdens (particularly for sheep)
- support more species of birds and butterflies
- better control invasive grasses like molinia.

(FC) Farming Connect will offer farmers advice on the benefits of mixed farming and stacking enterprises. It will offer advice on introducing mixed farming and the market opportunities from doing so.



Rich on-farm diversity: Preserving native breeds



The UK has over 160 different native breeds of livestock (cattle, sheep, pigs, goats, equines, and poultry). These are the breeds which, for centuries, have kept us fed and clothed. As well as being an important part of our cultural heritage, our native breeds are adapted to thrive in our landscapes and climate. Many breeds flourish on the marginal, unimproved land which makes up large parts of Wales. They also tend to be hardier and well suited to the low-intensity grass-based approach. Many native breeds are also vital for habitat management and biodiversity through their complementary grazing habits.

For these reasons, our native breeds are a valuable genetic resource which need to be conserved. They may also hold important traits and losing them may mean we are less well equipped to deal with the challenges we will face in the future. This is why we see livestock genetic diversity as an important part of biodiversity, which helps support resilient ecosystems.

The Scheme will promote and support native breeds of livestock and equines to maximise the economic, environmental and social benefits these breeds provide in Wales.

(O) Farmers will have the option of taking up a UK native breeds risk option as a supplement to other Optional Actions. These must be registered pedigree animals from a native breed, as defined on the UK approved list of native breeds at risk.

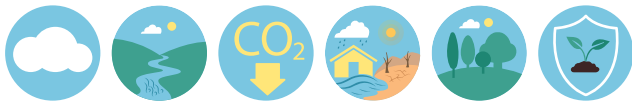
(C) Collaborative support will be available for farmers to consistently produce from native breeds, including selling more directly to customers and for working together to promote genetic health. There will also be collaborative support available for farmers to come together and use native breeds to develop and maintain natural habitats and increase biodiversity.

(FC) Farming Connect will promote the benefits of using rare and native breeds.

Manage habitats and species

The actions supporting the management of habitat and species have been split into three sections to reflect semi-natural habitat, improved land and designated sites. The requirement for 10% of land can be split across these three areas. The actions which will need to be undertaken will vary dependant on the habitat and its condition. A Habitat Baseline Review will be undertaken to establish the presence of specific habitat types, their extent and condition. This review will prioritise the habitat and actions which a farmer needs to undertake.

Manage habitats and species: Habitat maintenance and creation



Environmental pressures are causing global biodiversity declines at rates not previously seen in human history. One in six species are at risk of extinction in Wales. Nature plays an essential role in our ability to produce food, with resilient habitats delivering benefits like natural flood management, carbon dioxide removal and helping to purify air and water. In Wales, although positive steps have been made and some notable species are recovering, the loss of biodiversity continues.

The Scheme provides one of the greatest opportunities in our generation to support favourable management for biodiversity. By doing so farmers will contribute to our target for 30% of land to be protected for nature by 2030.

We will support habitat restoration, management and creation by supporting farmers to manage at least 10% of their land as semi-natural habitat. This will be informed by the Habitat Baseline Review (see Chapter 4). This will show the existence, type, extent and condition of semi-natural habitats on the farm and set out what land is semi-natural habitat and of this, what is:

- priority habitats
- other good quality habitat with the potential to be maintained or enhanced by taking up Scheme actions
- poorer quality habitat with potential to be enhanced through the Scheme.

Existing semi-natural habitats must be maintained in line with EIA related regulations, this includes any semi-natural habitat not contributing to the 10% you enter into the Scheme. There will be Optional Actions to support habitat above the 10% threshold and this will generate additional payment.

Where there is insufficient semi-natural habitat available, farmers will need to select actions to create permanent or temporary habitat features on other agricultural land to reach the 10% threshold.

(U) Farmers will need to actively manage at least 10% of their land to maintain and enhance semi-natural habitats. Where there is insufficient semi-natural habitat available, farmers will need to select actions to create permanent or temporary habitat features on other agricultural land.

(O) Managing or enhancing habitats above the 10% minimum including more bespoke site specific actions.

(C) The Scheme will support collaboration to create interconnected habitats across landscapes through joining up habitat land, taking into account any local or national species recovery priorities.

(FC) Farming Connect will offer advice on establishing and managing habitats.



Manage habitats and species: Benefiting habitat on improved land



Farmers in Wales have responded to market and policies to produce safe and high-quality food for the people of Wales and further afield. The way some farmland is managed has led to a decline in biodiversity. As well as being important in its own right, biodiversity affects our ability to produce food and respond to the climate emergency. The Scheme will support farmers to farm in a way that produces food and restores biodiversity at the same time.

Over decades our landscapes have changed from diverse mosaics of mixed farming and semi-natural habitats towards more large-scale crop monocultures. These lower complexity landscapes mean fewer flowering plants available for pollinators like bees and butterflies and fewer and less connected habitats needed for a wide range of species. In-field wildlife corridors, flower-rich margins and beetle banks offer huge benefits to pollinators as well as habitat for other wildlife to move through the landscape. These can also help protect hedgerows and watercourses.

The needs of biodiversity do not need to come at the expense of food production. For example, by targeting improvements at the least productive areas of the farm, farmers can benefit biodiversity whilst still producing food, and enhanced biodiversity can have positive effects on yield.

We will work with farmers so at least 10% of the farmed area is managed as habitat for biodiversity benefits. Where there is insufficient semi-natural habitat available, farmers will need to select actions to create permanent or temporary habitat features on other agricultural land. These options could include, but are not restricted to:

- fallow crop margins
- unfertilised/unsprayed cereal headlands
- skylark plots (fallow plots within a winter cereal crop)
- fixed rough grass margin on arable land and rotational rough grass margin on arable land
- flower-rich margins
- beetle banks
- wet features
- traditional wildflower-rich hay meadow management.

(U) Farmers will need to actively manage at least 10% of their land to maintain and enhance semi-natural habitats. Where there is insufficient semi-natural habitat available, farmers will need to select actions to create permanent or temporary habitat features on other agricultural land.

(O) Managing or enhancing habitats above the 10% minimum including more bespoke site specific actions.

(C) The Scheme will support collaboration to create interconnected habitats across landscapes through joining up habitat land, taking in to account any local or national species recovery priorities.

(FC) Farming Connect will offer advice on establishing and managing habitats.



Manage habitats and species: Designated sites



The protected designated sites network is crucial for biodiversity and is an important part of the farmed landscape. Wales' Sites of Special Scientific Interest, Special Protection Areas and Special Areas of Conservation include the very best examples of our precious natural environment. As well as playing a vital role in biodiversity conservation, protected sites offer many ecosystem services. These include:

- storing carbon in their carbon-rich soils
- regulating the flow of water
- helping purify air and water
- they are used and appreciated by people, supporting recreation and tourism and contributing to people's sense of place
- they are managed to produce food, as well as timber, with some land well suited for rare livestock breeds
- protecting plant species which could be used as crops in future
- they are a resource for research and education.

Around 80% of designated sites are in an unfavourable condition, or the condition is unknown, and the majority are not under an active management agreement. We are aiming for all protected sites to be under positive management within the first term of the Scheme.

Any farmer entering the Scheme with full and sole control over designated land where there is no current active management agreement in place (e.g. a Section 15/16 Management Agreement), will have a management plan drawn up and agreed between the farmer, NRW and any other relevant party. Where an existing management agreement is already in place, it can continue to be used as appropriate to satisfy the Scheme requirement.

Appropriate management of a designated site can be counted towards the 10% minimum of the farm required to be managed as habitat. If the designated site comprises more than 10% of the farm, the extra land can be included in Optional Actions to generate additional payment.

Where a funded Section 15/16 Management Agreement is running alongside the Scheme, payment adjustments may be needed to avoid double funding.

Where a designated feature runs through different farms, for example river corridors, funding will be available to take collaborative actions. This is also the case for common land where there are multiple right holding graziers, which will need collaborative management to deliver the desired outcomes across the landscape.

(U) Have a fully developed and agreed management plan in place ready for implementation for protected sites under the farmer's sole control.

(C) Support for collaborative management of protected sites to deliver SLM outcomes.

(FC) Farming Connect will offer advice on establishing and managing habitats.

Water is protected from pollution: Lowering the risk of diffuse pollution



We need to make sure our water is managed sustainably so our rivers, groundwater and coastal waters continue to give us the benefits we need in the future. Diffuse pollution is when pollutants such as nutrients, pesticides, bacteria, chemicals and sediments are lost from farmland into watercourses.

The Water Resources (Control of Agricultural Pollution) (Wales) Regulations apply to all farms and came into force on 1 April 2021, with transitional periods for some measures up to 1 August 2024. The Regulations aim to reduce losses of pollutants from farms to the environment by setting rules for certain farming practices as well as setting standards for silage making, storage of silage effluent and for slurry storage systems. The Scheme will support actions above regulation and help farmers build on this by taking a personalised approach to lowering the risk of pollution on their farm. We'll use maps which show farmers the most likely routes from the source to the water and help them take actions which works best for the environment and their farm. This could include:

- making farm infrastructure improvements for clean and dirty water separation as well as for slurry and manure storage
- using real-world data from local weather sensors, which measure soil temperature, leaf moisture and soil moisture, to help make informed decisions on the best time to spread muck and fertiliser
- establishing a buffer strip alongside watercourses
- hydrological mapping to inform targeted manure and nutrient management
- limiting stock access to watercourses
- taking up Scheme actions to improve soil structure, such as using multi-species leys
- planting trees to intercept overland water flow and pollutants before they reach watercourses.

(O) Farmers will be supported to develop a bespoke approach to lower the risk from diffuse pollution. This will vary from farm-to-farm but will include choosing Optional Actions based on risk mapping data.

(C) There will be support for collaborative action to improve water quality in catchments. We want to explore how the Scheme could bring together a wider group of farmers, land owners, interested parties and water companies to ensure actions undertaken on farm are part of a wider package dealing with all sources of water pollution.

(FC) Farming Connect will offer advice and support to help farmers reduce pollution including training and on-farm events.

Water is protected from pollution: Protected watercourse banks



Riparian buffer areas alongside watercourses comprising trees, shrubs and grassland can help:

- protect the bank from being damaged or eroded
- absorb and filter nutrients to lower diffuse pollution
- offer habitats for wildlife
- regulate the temperature of the water, protecting the finely balanced ecosystem in the water environment
- enhance river-side access
- reduce animal diseases spreading
- reduce risk and impact of flooding (alongside other coordinated action)

We will support farmers to establish a riparian area around controlled waters. This area can vary in size but must be at least 6 metres wide. It can include introducing a mix of grasses, shrubs and trees into the area, depending on what works best for the farmer and the outcomes they are trying to deliver. This area can count towards the minimum areas required for tree cover and habitat.

(O) Farmers will be supported to establish a buffer strip alongside watercourses. This must be at least 6 metres wide and can include a mix of grasses, shrubs and trees.

Conserve and retain water: Ponds and scrapes



Farmland ponds and temporary scrapes (shallow pools which dry out most summers) are important habitat for wetland wildlife in the agricultural landscape. Healthy networks of ponds, at different stages of their lifecycles, allow species to breed, feed and move around farmland habitats. They can support a variety of fish, amphibians, insects and rare plants.

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 a permanent pond will but, by regularly drying out, fish are not able to establish in them. This means amphibians and aquatic insects (such as water beetles) can often thrive as they are unable to compete with fish. As well as biodiversity benefits, these ponds and scrapes also:

- play a valuable role in intercepting water to help with natural flood management
- help remove pollutants from surface waters, including sediment, phosphorus and nitrogen
- absorb carbon.

We will support farmers to manage their existing ponds and create new ones. Farmers will have to create/restore and maintain at least two water features no less than 0.01ha (100m²) and up to 0.1ha (1,000m²) in total of the enclosed area (ponds) or open water (scrapes). Where a farm is larger than 80ha the minimum total area will be 0.2ha (2,000m²). This does not include features where the main function is water storage, for example irrigation ponds, storage reservoirs, and hydro tanks.



(U) Farms will have to restore and manage existing permanent wildlife ponds and/or create a number of temporary ponds (scrapes).

(O) Farmers wishing to do more will be rewarded for introducing additional ponds and scrapes where it is appropriate to do so.

Conserve and retain water: Water harvesting and storage



More extreme weather caused by climate change may mean farmers will have less access to a stable supply of water in the near future. The Met Office forecasts suggest summers will be hotter and drier with wetter and warmer winters. Helping farmers use water efficiently will help protect this vital natural resource as well as offering benefits to the farm business.

We will help farmers capture rainwater from roofs around the farmyard over winter and store it for use to lower the pressure on freshwater resources. This will also ensure less water enters slurry storage or ends up as dirty water entering watercourses. Keeping clean and dirty water separate means less slurry to be spread which saves time, effort and money as well as helping lower the risk of water pollution.

We will support farmers to do this by:

- offering support and guidance for measuring how much water they use and, based on this, offer bespoke support on the opportunities for clean water recycling
- capital support will be available to support farmers install infrastructure and technology to capture and reuse water, including reservoirs to collect and store surplus water which can be used in dry periods as well as offering benefits for wildlife.

(O) Farmers will be supported to:

- create new reservoirs and irrigation ponds
- install water harvesting reuse equipment
- install clean and dirty water separation infrastructure.

(FC) Farming Connect will give farmers information on the benefits of clean/dirty water separation and clean water utilisation.

Natural flood management



Over 245,000 properties in Wales are at risk of flooding from rivers, the sea and surface water. As the climate changes, we can expect these risks to increase, with more frequent and severe floods which will mean more communities will be affected.

Natural Flood Management (NFM) aims to lower the flow of water through a catchment using a number of techniques which work with the features of the landscape to slow down or store water. Natural Flood Management is not the complete solution to flooding but can help to lower the risk and lessen the impact. As well as helping to slow the flow of flood water NFM can also benefit carbon storage as well as improvements to biodiversity and water quality. It can include a combination of:

- slowing the flow of water by planting floodplain or riverside woods or blocking grips on moorland
- storing water by using and maintaining ponds, ditches, embanked reservoirs, channels or using floodplains
- interrupting surface flows of water by planting buffer strips of grass or trees.

We will support farmers to take action which will help protect their farm from flooding and lower the impact it has. This includes:

- water harvesting (ponds)
- reducing soil compaction and erosion
- riparian buffer strips
- planting trees and hedges to intercept the flow of water.

These actions are already covered elsewhere because they offer wider benefits to the farm business and the environment. We will also support farmers and other landowners to take a catchment approach to build a collective network of coordinated actions which aims to lower the risk of flooding.

(O) Natural flood management actions such as water harvesting.

(C) Farmers will be encouraged to collaborate across a catchment to lower the risk of flooding. They will be rewarded for taking up actions collectively including practices such as introducing leaky barriers, offline storage areas or floodplain woodland.

4.3.5 Benefit people, animals and places

We will help farmers to proactively promote and improve their own wellbeing, as well as the wellbeing of their families, workforce, the wider community and their livestock. We will support farms to enhance the beauty of the natural environment and provide opportunities for people to interact with rural culture, landscapes and heritage.

Maintain and enhance the historic environment, heritage and beauty



Wales contains outstanding rural landscapes which have evolved largely as a result of human interaction with those landscapes and ecosystems over the last 10,000 years. They are places of natural beauty and a precious part of our heritage. As a result, our historic features on farmland are fundamental to our national character, cultural identity and economy.

Protected landscapes: Some landscapes are more precious and fragile than others and need to be protected so people can enjoy them both now and in the future. Around a quarter of Wales is designated as an Area of Outstanding Natural Beauty or a National Park. They contain some of the most beautiful, spectacular, and dramatic areas of countryside. These are landscapes of national importance with designation conferring the highest status for the conservation of landscape.

Historic environment: Farmers and other land managers are stewards of this important resource. The Scheme will support farmers to contribute positively to managing and enhancing the landscape and the historic environment, acknowledging the important role it has for people's sense of place, the rural economy and communities.

(U) Farms with historical environment features identified on their land will need to follow general guidance on how to manage them.

(O) Farmers will be supported for reporting on the condition of historic features and how they are managed. Where appropriate, they will be supported to repair or conserve a historic feature with professional guidance.

(O) Farmers will be supported 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.

(C) The Scheme will support landscape-based collaborative projects which enhance the historic environment and designated landscape across multiple farms.

(FC) Farming Connect will offer advice on protecting and enhancing the historic environment. As well as access to experts, the support will include farmer-to-farmer learning on best practice.

Enabling people to engage with and access the natural environment



Our countryside and coastlines are places of natural beauty. Landscapes are a precious part of our heritage with people's health and wellbeing improved by spending time in the natural environment. The outdoors offers opportunities for lots of different activities which, when carried out responsibly, can co-exist with farming. Outdoor recreation brings substantial benefits to Wales' economy and generates significant health benefits. We will support farmers in this important role by helping them to improve accessibility, to help people interact with rural culture, landscapes and heritage. This includes support for access to inland waters for recreation where appropriate.

(O) Farmers will be able to choose options which help people engage with and access the natural environment. This could include:

- upgrading footpaths to multi-use paths
- enhancing existing paths to make them more accessible
- establishing joined-up and new access routes and trails
- establishing new access
- hosting educational and care farm visits.

(C) We will support collaborative projects to improve access for local communities and support national priorities.

Livestock have a good quality of life



The way farm animals are cared for has a big impact on farm businesses, the environment and society as a whole. Welsh farms have high welfare standards, and we want to build on this by helping farmers make sure animals have a good quality of life.

We will recognise and reward high animal welfare standards which take into account the animal's physical welfare as well as their wellbeing. Animal welfare in this context means animals have a range of, and opportunities for, positive experiences which allow them to have a 'good life' rather than simply removing factors that have a negative impact on them or meeting animals' basic needs as set out in legislation and welfare codes of practice.

(O) Farmers will be supported to use a higher animal welfare standard. This could include adopting the Good Life Welfare approach (or a similar initiative).

Invest in people providing fair work and creating a valued workforce



We will support farms to empower their staff, investing time and money and meeting fair work standards. Fair work is where workers are fairly rewarded, heard and represented, secure and able to progress in a healthy, inclusive environment where rights are respected. It contributes to national growth and prosperity as well as tackling inequality, reducing poverty and promoting well-being. It helps us achieve a stronger, modernised, more inclusive economy and fits with our long-established cultural traditions of social solidarity and community cohesion.

For farm businesses it also offers a unique selling point to promote their ethical working practices. This is becoming increasingly important in consumers' buying decisions and so we will help Welsh farmers lead the way in promoting their good work practices.

(FC) Farming Connect will support farmers understand the benefits of investing in the people who work for them. This will include:

- raising awareness of the requirement to pay the Agricultural Minimum Wage
- highlighting the importance of the correct training for specific tasks
- promoting and raising awareness of employee rights considering the uniqueness of the agriculture sector
- highlighting the opportunities generated and benefits to business of continually improved people management through more productive and happier workers
- exploring market opportunities arising from promoting good working practices.

Be proficient to practice safely and efficiently



We will support farmers to constantly develop their skills and knowledge, so they have the skills and confidence to:

- adapt to changes in the market, climate and technologies
- carry out Scheme actions
- manage any risks and carry out their work safely.

People learn in different ways and what suits one farmer might not suit another. Farming Connect will offer farmer-led learning on everything covered by the Scheme in a variety of ways. This could include:

- training courses (online and in-person)
- demonstration farms
- mentors
- webinars
- discussion groups
- advice
- articles.

There will also be a specific focus on the support available for new starters and we will explore how we could use a more structured approach towards Continuing Professional Development (CPD). This will build on existing approaches such as Prosper from Pasture – a package of support, set at different levels, where applicants can either start at the beginning of their learning journey or in the middle depending on their existing level of knowledge.

We want to be able to recognise all the different learning farmers undertake, formal and informal, through Farming Connect and wider. We will explore taking an approach which sets a minimum number of hours or CPD points a year for farmers in our second phase of Co-design. For example, farmers could be rewarded for sharing knowledge with other farmers and becoming demonstration farms. We also want to explore if, in the long-term, we can take a similar approach for land-based contractors.

We hope being able to properly identify and manage risks, along with high levels of education and skills, farmers will be able to:

- improve their profitability
- positively manage their environmental performance
- improve animal health and welfare
- improve health and safety standards.

(U) Farmers will be required to complete a minimum level of learning, including on Health and Safety.

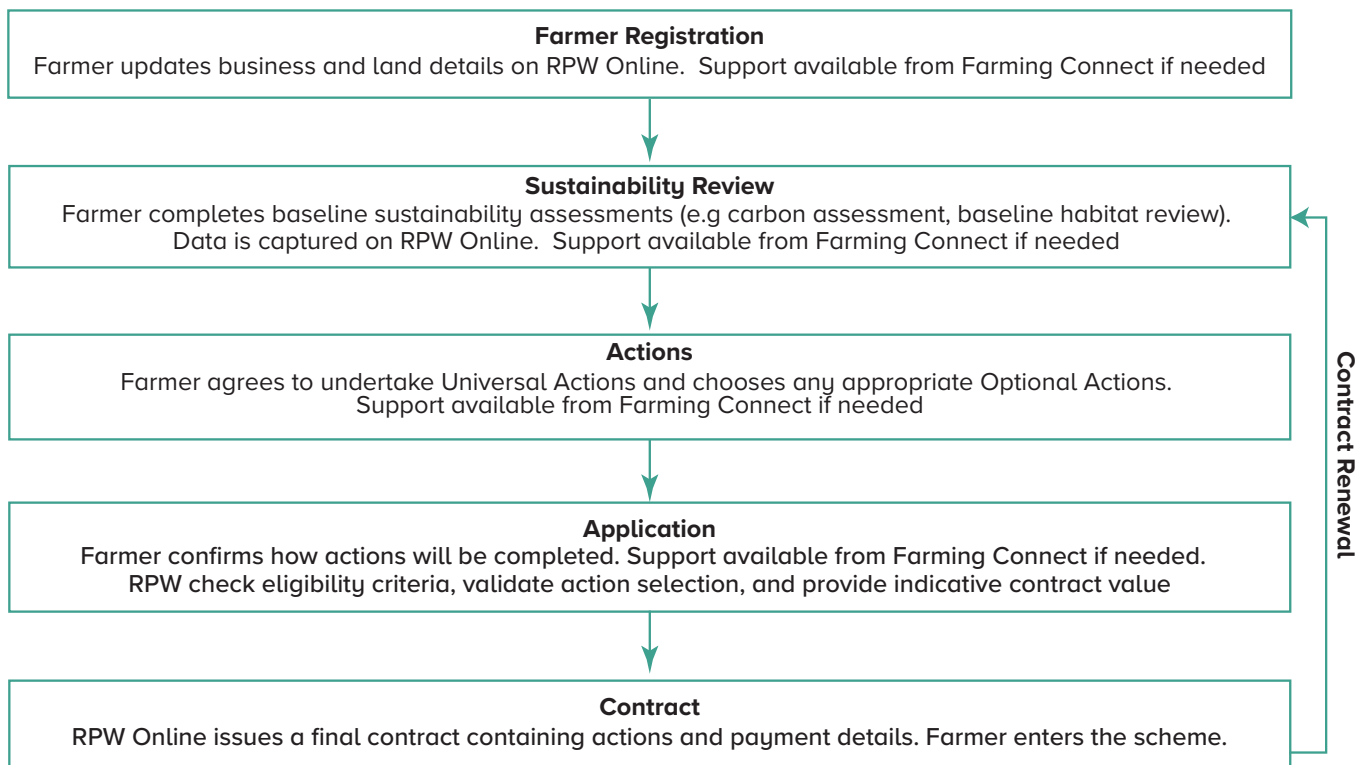
(O) Farmers wishing to do more will be supported for completing more complex or higher level CPD. They will also be rewarded for supporting transferring knowledge to other farmers.

CHAPTER 5

The Sustainable Farming Scheme Process

This chapter sets out the process, walking the farmer through what they will do if they wish to enter and be part of the Scheme.

Registration and contract preparation



5.1 Farmer Registration & Eligibility Criteria

Farmers wishing to complete the Sustainability Review and join the Scheme will register through RPW Online.

To be eligible for the Universal and Optional layers, we propose the following criteria will be applied:

- must be a farmer undertaking agricultural activities

- must be able to actively perform, at least the applicable Universal Actions throughout the duration of the contract
- the agricultural land must be in Wales
- must farm a minimum of 3 hectares of eligible agricultural land.

Farmers will need to maintain and reconfirm their eligibility periodically throughout the duration of their Scheme Contract.

There will be separate eligibility criteria for the Collaborative layer of the Scheme recognising this will often require farmers, land managers, and potentially others who are not part of the Scheme to be involved in joint projects. These projects will require at least two farmers to be part of the Scheme in order to form a collaboration.

Farming Connect will continue to be available to all farmers.

We want to explore the proposed eligibility criteria further as part of our second phase of Co-design to ensure we are not unfairly restricting entry to those farmers who could actively perform, at least, the applicable Universal Actions.

5.2 Sustainability Review

Each farm business will need to complete a Sustainability Review prior to entering the Scheme.

The Sustainability Review will provide a whole farm assessment of the economic, environmental and social aspects of the farm. It will be used as a baseline for entering the Scheme as well an ongoing tool for the farmer to review, compare and help maximise the performance of their farm in the future.

The Sustainability Review has been developed with the following design principles in mind with the intention of:

- **being of benefit to the farmer**, providing them with data to evidence their sustainable farming practices and enabling them to measure and compare their performance against themselves and with others. It should also identify areas for improvement and help evidence their good practice for branding and marketing purposes
- **only collecting the data 'needed'** with a clear idea on how it will be used for reporting on SLM outcomes; reporting on the Scheme; and reporting on actions
- **building on current systems and industry tools** where appropriate taking into account value for money and the need for it to be ready in time
- **being able to be completed with minimal support** and be proportionate for the size, type and complexity of the farm business
- **minimising bureaucracy for the farmer**, capturing information once and re-using it wherever possible. This includes pre-populating information within the Sustainability Review and re-using information the Welsh Government already holds to reduce the administration burden. Where possible, it should align with existing Farm Assurance Schemes and retailer requirements to give Welsh farmers a marketable advantage
- **aiding the farmer's understanding of Sustainable Land Management**
- **being digital as a default to minimise cost.**

Based on these principles, we propose the Sustainability Review will be made up of a series of modules. Together they will provide an overall picture of the farm's sustainability credentials. It is likely these modules will include:

- Basic farm and land information (similar to Single Application Form)
- Carbon Assessment
- Habitat Baseline Review.

A number of tools are already being used by farmers in Wales and we will work with farmers, industry and levy bodies, to check their appropriateness. We hope this will minimise the burden on farmers by using freely available, familiar tools, which are fit for purpose, and that collect information useful for the farmer to maximise their environmental and economic potential.

We will explore how we can make the Sustainability Review proportionate to the size and complexity of the farm business. Taking this approach, we hope the Sustainability Review can be self-completed, online, offering farmers support as required. There may be elements which require more expertise, for example the Habitat Baseline Review, and therefore we need to explore how we support farmers to perform these with sufficient accuracy. Many farms are already using these tools because, for instance, the retailers or processors they supply require them to do so. Other farmers may be unfamiliar with such tools. The level of support we offer to help farmers complete the Sustainability Review will therefore vary to respond to farmer's needs. This support could be offered virtually or in person.

The output of the Sustainability Review will provide the basis for the decision-making process and action selection (which is discussed in the next section).

Even if a farm chooses not to enter the Scheme, we believe the process of completing the Sustainability Review will be of benefit to a farm business. All farms in Wales will therefore be encouraged to complete the Sustainability Review.

The data captured as part of the Sustainability Review will be used by Welsh Government to provide collective data on the industry's sustainability credentials, providing the evidence to support promotional campaigns highlighting Wales' sustainable farming sector, as well as providing a baseline to enable the monitoring of progress with SLM outcomes. The data can also be used by the farmer to positively demonstrate to consumers and retailers the sustainability credentials of their farm.

The Sustainability Review will be repeated at the end of each contract period to understand progress and evidence achievements. This will also provide a new baseline for the next contract period.

We will be exploring the components of the Sustainability Review in more detail as part of the second phase of Co-design.

5.3 Action Selection

The findings from the Sustainability Review will inform the farmer's decision on which actions (Universal, Optional and/or Collaborative) are suitable and most appropriate for their farm and farming practices.

Whilst the Universal Actions are required to be completed, there will be some flexibility in how they can be met. For instance, farmers will be expected to ensure at least 10% of the farmed land includes management or creation of habitat, but farmers can choose to create in-field wildlife corridors, pollinator strips, beetle banks or carry out traditional hay meadow management in order to reach this target. It is within this section of the process that the farmer can consider these options to inform their decision.

At this stage, farmers will understand what payment and support they will receive from performing actions and the opportunities open to them, either through doing more and taking on additional Optional Actions, or for instance, through collaborating with others at a landscape scale.

The farmer can choose how many additional Optional Actions they wish to undertake, what technical and advisory support they need to help them perform any more complex or challenging actions, and what payment they will receive from doing so. The availability of Optional Actions will be dependent on budget and they may become available different times of the contract period.

We are exploring the potential for developing an online system which supports the farmer to understand these options. We are considering how we make this as simple and user friendly as possible. We are taking experience from other projects to understand the role of advisers and facilitators in supporting individual and collaborative decision making. We are also considering how we best integrate any technical support which is required to perform the on-farm actions.

We will build on the success of RPW Online and its geo-spatial applications, including the Single Application Form and Small Grant Schemes. It is hoped this will then show the opportunities available to the farmer both in terms of financial gains and environmental outcomes.

We plan to build a fully integrated system which also signposts farmers to further advice and support should they want it.

The process of Action Selection will consist of:

- reviewing the applicable Universal Actions for farm type, land type and landscape features
- identifying the actions each farm could deliver above the Universal layer
- considering what support the farmer needs to perform the actions
- signposting to additional technical support and expertise and/or financial assistance.

In previous consultations, we proposed farmers would need to develop a Sustainability Plan which would be agreed by the adviser and the farmer. We received feedback that this created an additional level of bureaucracy, requiring external input and would be potentially costly for a farmer to develop. We are therefore proposing that the farmer can choose to produce a plan based on the decisions they make. If they wish to seek advice they can, rather than it being a requirement.

5.4 The Contract

The contract will outline the Universal and Optional Actions the farmer has agreed to undertake and the payments the Welsh Government has agreed to provide in return. It will include the monitoring activity the farmer will be required to undertake and what evidence they will need to submit in order to receive payments.

It is our intention that contracts will be up to five years in length from the date the farmer joins the Scheme. Some amendments to the contract may be permitted to allow for unforeseen circumstances or to allow additional Optional Actions to be undertaken for those farmers wishing to do more, subject to the budget

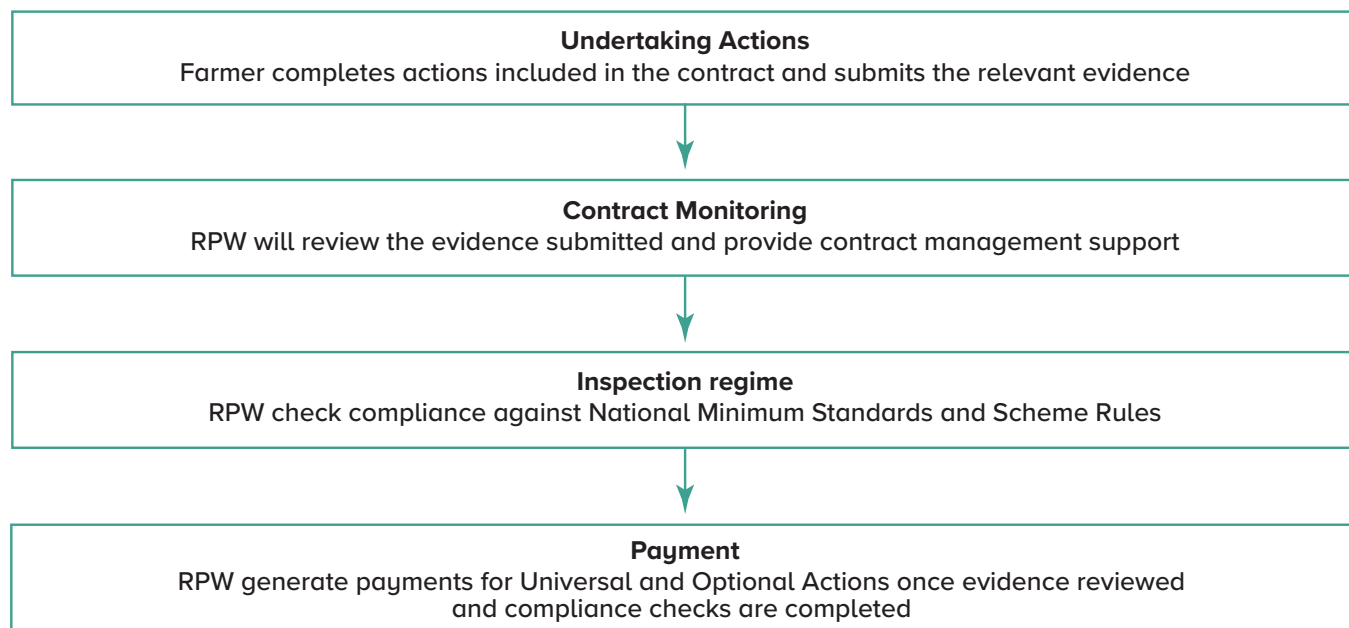
available. We will be exploring how to make this a fair and transparent process. The guidance on when and what will be permitted in any contract variations will be outlined in Scheme Rules.

The Scheme has been designed to operate as a five-year rolling programme with contracts reviewed and agreed at the start of each programme period to reflect external events or any changes in Scheme priorities.

We appreciate that tenancies can vary in length, and we will seek to allow flexibility for any tenancy that ends earlier during a contract period.

Collaborative Actions are likely to be covered separately due to their nature. We will be working through the detail of this as we continue to develop our proposals.

Contract Delivery



5.5 Scheme Rules

There will be a set of Scheme Rules which will outline how the Scheme will work. The farmer will enter into a contract with Welsh Government and will need to comply with these rules in order to receive payment and support. The rules will cover a broad range of areas (similar to the SAF handbook) that will require monitoring, checking and enforcement. These will include:

- setting out the eligibility criteria
- what happens when land is bought or sold during the contract period
- monitoring delivery of actions for compliance
- compliance with regulatory baseline together with the process for what happens in situations of non-compliance with either the NMS or the Scheme rules, including any penalties.
- contract period and change of contract arrangements
- which agricultural activities will be supported and what will be exempt.

5.6 Payment

Payment will incentivise and reward the farmer for the actions they undertake to deliver positive social, environmental, and economic outcomes.

This will help reward those farmers who are actively farming the land in a sustainable way and highlight the positive contributions they have made.

Payment rates will consider factors beyond a cost incurred and income foregone model, recognising the social value provided by the outcomes being delivered. This payment will give farmers a fair and stable income for the work they do alongside the sustainable production of food.

We are currently undertaking extensive modelling to help inform payment rates for the Scheme. To develop a baseline payment, we will need to take account of a range of factors including the outcomes delivered by the actions, cost to the farmer of undertaking them, plus any necessary incentive to encourage uptake.

We may vary the way payments are structured for Optional Actions, these could be in the form of capital grants or more specific action orientated revenue payments.

Consideration will also be given to capping payments to ensure that funding is distributed in a fair way.

The funding available in this layer of the Scheme will be dependent on the overall budget for future agricultural support, especially during the transition period (see Chapter 6).

Potential payment options will be presented in the consultation on the final Scheme in 2023 once we have considered the findings from the second phase of Co-design and the results of the modelling have been considered.

5.7 Monitoring and Checking

We will use different ways to monitor farms and check compliance. These will include:

- the use of self-monitoring, without the need for an adviser
- re-using data already being captured by farmers
- encouraging new technology, like mobile phone apps, which can lower the inspection burden for farmers
- satellite data and remote sensing.

We plan to share data we collect with both the farmer and wider industry (after anonymisation) where it adds value:

- the farmer will have access to a dashboard (an individual representation of relevant data) which shows on-farm performance and what they are delivering against the outcomes
- we will aggregate industry level data and present this to the farmer in an anonymised way so they can easily compare themselves to others
- we will make anonymised industry level data available to academia to guide agriculture science to help make farms more efficient and sustainable
- we will report annually about how the farms in the Scheme are progressing and use the evidence we have gathered to show how sustainable they are.

5.8 Inspection Regime

Inspections will be risk and evidence based to target those farms and activities that represent a higher risk, supported by some random selection auditing.

We will explore how farmers can use earned recognition, either through positive past performance, or through membership of farm assurance and certification Schemes (certified organic, FAWL, CHeCS etc.).

We do not want to penalise a farmer if they complied with the Scheme, but factors outside of their control impacted delivery. We will work with the farmer to overcome challenges, rectify unintended consequences, or adapt practices to better reflect the required action needed to deliver the outcomes.

5.9 Penalties

Whilst we will proactively support the farmer to avoid any potential breaches in the Scheme rules or compliance with the Scheme contract, we must ensure the Scheme is protected from fraudulent claims and reputational damage. This is necessary to ensure value for money for taxpayers and to protect those farmers in the Scheme from being associated with any negative practices which may damage their own brand or image.

For a failure to deliver the Scheme actions as laid out in the contract; we will give farmers advice and guidance on how to correct minor problems and allow them time to put right any actions following an inspection.

In circumstances where it is felt that financial penalties are required; penalties will be proportionate to the failure to deliver the Scheme actions, any potential damage caused, or a breach of the Scheme Rules. Some practices may contravene all of these.

Maintaining compliance with the eligibility criteria and the legislative framework will form part of the Scheme Rules. Non-compliance will be deemed a breach of the Scheme Rules and we reserve the right to issue a proportionate penalty.

As now, there will be an independent appeal process in place for farmers to challenge any decisions taken by Rural Payments Wales. The appeals process ensures that there are fair, simple, affordable and transparent procedures for raising concerns and reviewing decisions.

We will be developing a transition plan for how we move from the current model of cross compliance and BPS penalties to a new model which takes a more simplified and supportive approach to penalties.

5.10 Reporting and Evaluating of the Sustainable Farming Scheme

The information gathered as part of the monitoring will help us to determine how well the Scheme is working from an operational perspective. The information can then be used to improve the Scheme, in some cases adjusting the Scheme requirements, increasing the technical support available or reducing the administrative burden involved.

CHAPTER 6

The Sustainable Farming Scheme: Transition Plan

This chapter sets out current policy thinking on how we will support farmers in the period prior to, and following, the launch of the Scheme. We have separated these into our Prepare and Pilot Phase (2022–2024) and Transition Period (2025–2029). We will consult on these proposals in 2023.

6.1 Prepare and Pilot Phase (2022–2024)

We have already put measures in place to provide stability until the end of 2023 with the continuation of BPS and Glastir and, more recently, by announcing a framework of funding to support the rural economy and the transition to the Scheme over the next three financial years.

We want to use this time to prepare farmers to be in the best position to enter the Scheme, perform the Universal Actions and maximise the opportunities it presents. We also want to pilot elements of the Scheme, testing the feasibility of actions and informing the proposed process. It is also essential we use this time to continue to deliver a range of positive outcomes.

Preparing farmers

This publication is the first stage of our preparation phase. As part of preparing farmers, we want to understand your views and thoughts on the Scheme. This is why we are launching the second phase of Co-design at the same time.

There will be numerous ways to get involved in Co-design. Farmers will be given the opportunity to discuss Scheme actions in detail and suggest changes or improvements to ensure that they are practical and achievable. We will also be exploring a number of themes, like tenancy, to ensure we understand the potential impact of the Scheme proposals for farmers in specific situations.

Feedback gathered during Co-design will be used to help refine our proposals before we undertake a consultation of the final Scheme in 2023.

If you would like to get involved then please register your interest here – Co-design for a Sustainable Farming Scheme for Wales⁴.

Work is also underway to design a series of projects to support farmers' entry into the Scheme, providing them with the knowledge, skills, equipment and technology to maximise their ability to perform the Universal Actions. This will include a refocused Farming Connect service to build farmers readiness for the Scheme.

This will be available to all farmers, regardless of whether they ultimately decide to enter the Scheme, to continue to upskill and professionalise the sector.

This refocused programme will include technical and advisory support, farmer to farmer knowledge sharing and market insight. It will also provide bespoke elements focused on the characteristics and actions outlined in this document. These new elements will combine to deliver focused activity to increase farmers knowledge and capability in order to deliver SLM outcomes.

Piloting Processes

We want to test some elements of the Scheme with farmers as soon as possible. In particular, we will be running projects to explore the processes, methodologies and approaches presented in Chapter 4. This could include, for instance, how we support farmers to complete a Habitat Baseline Review. A pilot would enable us to gain an understanding of the best tools to use, the data collection requirements, the accuracy of the information collected, and the expertise required. A better understanding of all these elements will help us assess whether this provides farmers with the necessary information to inform future decisions (for example, ensuring habitat creation happens in the ‘right place’). The outputs of these pilots will enable us to refine and make changes to the Scheme where required.

Delivering Outcomes

There are many projects which are already working towards achieving our SLM outcomes. We will continue to run these projects during the Prepare and Pilot phase. These will include:

- woodland creation
- Natural Flood Management
- restoration of carbon-rich biodiverse habitats such as peatlands

- sustainably managing and restoring priority and semi natural habitats
- joining up open access across farmland and woodlands
- linking up historical and protected landscapes for people and communities to enjoy.

These projects, many of which support sustainable farming practices, will also help prepare farmers for entry to the Scheme.

6.2 Transition Period (2025–2029)

We have previously set out our key priorities for transition. It is essential we provide farmers with much needed stability and avoid any cliff edge in funding as we recognise the delivery of environmental and social outcomes depends on farm businesses being economically sustainable. We also want to encourage and incentivise farmers to enter the Scheme so we can start to deliver the SLM outcomes.

Providing Stability

Whilst we do not have budget certainty beyond the financial year 2024-25 and transition planning will be subject to future funding settlements, we will continue to support farmers throughout the transition period and as we phase out BPS. This will begin on 1 April 2025 and end on 31 March 2029.

This means no farmer will face a cliff edge in their funding support even if they choose not to participate in the Scheme. Farmers will receive a stability payment during these years.

Whilst allowing farmers time to adjust business models and practices, we want to encourage farmer participation in the Scheme during this transition period so we can increase delivery of the SLM outcomes. We will incentivise farmers to join the Scheme during the transition period. In addition we will ensure farmers joining the Scheme will receive at least the level of funding that they would have received had they chosen not to participate in the Scheme. This would apply for the whole of the transition period.

Future Consultation

In 2023, we will consult on our final proposals to introduce the Sustainable Farming Scheme. We will also consult on our detailed plans for the transition period including our approach to stability payments and how we intend to reduce these payments over the course of the transition period. We will also consult on our plans to incentivise farmers to join the Scheme.

Annex 1: A example of Universal and Optional Actions on a beef and sheep farm



The scheme will include a variety of Universal, Optional and Collaborative actions. An example of actions on a beef and sheep farm could include:

- 1 Improve biosecurity measures to reduce risks of spreading livestock disease.
- 2 Improve livestock performance by using the Animal Health Improvement Cycle.
- 3 Carry out soil testing to make best use of fertiliser and reduce run-off.
- 4 Create new, and manage existing habitats.
- 5 Complete an annual self-assessment to optimise farm business performance.
- 6 Create new, and managing existing woodlands, hedgerows and agro-forestry.
- 7 Manage historic environment features.
- 8 Manage or create ponds and scrapes to benefit wildlife, livestock and retain water.
- 9 Create opportunities for people to access and engage with the farmed environment.*
- 10 Install water harvesting equipment to conserve and retain water.*

*Optional Action

Annex 2: A example of Universal and Optional Actions on a dairy farm



The scheme will include a variety of Universal, Optional and Collaborative actions. An example of actions on a dairy farm could include:

- 1 Improve livestock performance by using the Animal Health Improvement Cycle.
- 2 Minimise pesticide use through Integrated Pest Management.
- 3 Use multispecies cover crops to reduce erosion of bare soils over winter.
- 4 Manage or create ponds and scrapes to benefit wildlife, livestock and retain water.
- 5 Complete a minimum level of learning such as Health and Safety.
- 6 Manage historic environment features.
- 7 Complete an annual self-assessment to optimise farm business performance.
- 8 Establish buffer strips alongside watercourses to reduce pollution risks.*
- 9 Reduce ammonia emissions through improved slurry storage and precision spreading.*
- 10 Improve grazing value through mixed leys or rotational grazing.*

*Optional Action

Annex 3: Universal Actions in the Outline SFS

Farmers will be expected to perform the Universal Actions to receive their baseline payment.

Resilient and Productive

Manage an optimising farm performance through measuring and monitoring.

- All farmers will be asked to complete a self-assessment once a year against a minimum of the sector and industry KPIs

Minimise the risk of catching and spreading diseases

- All farmers have the necessary biosecurity measures in place.

Reduce, reuse and recycle inputs, nutrients and waste

Make best use of artificial fertiliser through nutrient management and soil testing

- Carry out soil testing at Scheme entry and in time for contract renewal to include a combination of:
 - Nitrogen (N), Potassium (P), Phosphorous (K), Carbon and pH
 - a biological measure e.g. eDNA, respiration counting 'proxy' species (worms)
 - a physical assessment e.g. infiltration rate, bulk density or Visual Evaluation of Soil Structure (VESS).
- Submit nutrient accounts and evidence covering N, P, K, C and pH.

Minimise use of pesticides / herbicides through integrated pest management

- Collect and record data on Plant Protection Products use.
- Complete an IPM assessment.
- Take up the offer of bespoke support (where applicable).

Reduce on farm emissions and maximise carbon sequestration

Animal Health Improvement Cycle (AHIC)

- Carry out actions, identified by working closely with their vet, through the animal health improvement cycle.
- Calculate and report the average amount of antibiotics used on the farm.

Restore semi-natural peatland

- Where peatland exists, farmers will need to manage it appropriately.

Create new and manage existing agro-forestry and woodland

- Have at least 10% tree cover on their farm. This should be managed in line with the [UK Forestry Standard](#) (as part of this 10%).
- Manage new and existing hedgerows in line with the hedgerow management cycle.

Protect and enhance the farm ecosystem

Protect soils from erosion and degradation

- Have a multi-species cover crop on all land which is uncropped over winter.

Manage habitats and species: Habitat maintenance and creation

- Farmers will need to actively manage at least 10% of their land to maintain and enhance semi-natural habitats. Where there is insufficient semi-natural habitat available, farmers will need to select actions to create permanent or temporary habitat features on other agricultural land.

Conserve and retain water: Ponds and scrapes

- Farmers will have to restore and manage existing permanent wildlife ponds and/or create a number of temporary ponds (scrapes).

Benefit people, animals and place

Maintain and enhance the historic environment, heritage and beauty

- Farmers with historical environment assets identified on their land will need to follow general guidance on how to manage them.

Proficient to practice safely and effectively

- Farmers will be required to complete a minimum level of learning, including on Health and Safety.

