

Welsh Rural Policy Update



The Welsh government has [outlined](#) the steps it plans to take to introduce the Sustainable Farming Scheme which will replace the Basic Payment Scheme (BPS). BPS payments would continue up until 2023; during this time the new system of farm support would be developed and a Welsh Agriculture Bill passed to legislate for the introduction of the new scheme. Rural Affairs Minister Lesley Griffiths spoke of the ‘significant and important change’ on its way for the rural sector and promised to provide ‘a stable and sustainable future for the industry and rural communities in Wales’.

Funding support

The Welsh government's plans to extend the BPS until 2023 are dependent upon sufficient funding being provided by the UK government. A Welsh spokesperson clarified that continuing the scheme until 2023 meant that farmers could make a claim in 2023, with those eligible receiving their payment later that year.

Alongside this, the Welsh government has committed £66 million to extend Glastir advanced, commons and organics contracts by two years until December 2023. It has also committed an additional £7 million of funding to extend the Farming Connect programme through to March 2023. This programme provides business support, skills and knowledge to farmers across Wales.

A Welsh Agriculture Bill

The Welsh government opened its consultation on the Agriculture (Wales) White Paper in December 2020. For information on the White Paper see our [briefing note](#). The consultation closed at the end of March 2022 and built upon two prior consultations held in 2018 and 2019.

Following this the government has confirmed it will introduce an Agriculture (Wales) Bill this Senedd term to establish a new system of farm support, based on the principles of Sustainable Land Management (SLM), which will ‘maximise the protective power of nature through farming’. The Bill will provide the framework to support the transition from BPS to the delivery of new SLM schemes.

Key elements to be included within the Welsh Agriculture Bill:

- **Sustainable Land Management** – will be the future basis for Welsh government policy and support for agriculture. The government accepts that more detail is needed on what types of environmental outcomes and payment rates the Sustainable Farming Scheme (SFS) will support. Despite requests from farming unions, the Welsh government has said it is unlikely to provide a ‘stability payment’ as part of a future scheme, instead it wants to encourage farmers to have a range of income streams. The SFS will be a new income stream for the delivery of environmental outcomes. The Welsh government is using co-design to develop the SFS, and has already completed a first stage of co-design with 2,000 Welsh farmers.
- **Regulatory reform** – the Welsh government wants to reduce the regulatory burden on farmers, and make it easier for farmers to understand what they must do to comply with the law through the introduction of national minimum standards. The government believes enforcement should be proportionate to the severity of the offence and avoid the criminalisation of farmers for less serious offences.
- **Forestry and woodlands** – this Bill will support the step change that is needed in Wales to increase woodland creation in order to tackle the climate emergency. In future farmers will be offered support for woodland creation and management via the SFS. The government has created a working group to consider models to attract private investment in to woodland creation, for example through carbon markets. The Bill will also include powers to amend felling licences and Environmental Impact Assessment thresholds.
- **Collecting and sharing of data** – the Welsh government wants to support innovative methods of data collection and sharing to enable better farm performance monitoring.

Other aspects likely to feature in the Bill include powers to allow tenancy reform plans to be implemented and a ban on the use of snares and glue traps.

Timeline for the new Welsh support schemes

2022	A draft of the SFS will be published, the next phase of co-design will take place and a range of interventions will be launched to help prepare farmers for the launch of the SFS. The Welsh government will also launch a new scheme to fund woodland creation.
2023	The Welsh government will launch a final consultation on the SFS and its transitional plans to move away from BPS. Final BPS payments are due to be made.
2024	The Welsh government will launch an outreach programme to promote the SFS to farmers through a range of demonstration events, workshops and surgeries.
2025	The SFS will open in 2025, followed by a multi-year transition period to enable those farmers who receive payments through BPS* to transfer into the SFS.

*This wording contradicts with the statement that the BPS will end in 2023. This fact and the description of a multi-year transition period from 2025 could imply that direct payments will continue in some form after 2023 to allow a phased transfer into the SFS.

Agricultural tenancy reform

Following a consultation in 2019 on a range of options to reform agricultural tenancy law, the Welsh government has now published its [policy response](#). The proposals aimed to remove potential barriers preventing tenants and landlords adapting to change, improving productivity, enabling structural change and accessing future sustainable land management schemes.

Its policy response broadly mirrors the decisions made in England. Indeed the Agriculture Act 2020 has already given Welsh ministers powers to enact some of the changes such as removing the Commercial Unit Test in the Agricultural Holdings Act 1986 legislation (AHA) and enabling AHA tenants to refer certain requests for landlord's consent or a variation of tenancy terms to dispute resolution. The responses to the consultation also informed the development of the Agriculture (Wales) White Paper and discussions with stakeholders will continue regarding proposals that are not being taken forward at this stage.

Our analysis

It is encouraging to have an outline of how Wales' future support system will develop. However, there is currently a distinct lack of detail on what the SFS will actually be funding. In the initial consultation there was a clear emphasis on encouraging sustainable food production, however within the response there is little mention of food. Ms Griffiths confirmed that 'sustainable food production' will be 'rewarded in the way that we have set out in the sustainable farming scheme'. Using co-design to create the detail of the SFS echoes both Scotland and England's approach in ensuring future support schemes are realistic and speak to what farmers need.

The Welsh government has said it wishes to support the services farmers provide that are not rewarded by the market. This is potentially a moving goal post as private markets for ecosystem services continue to develop. Finally, there is a lack of clarity with regard to what support will be available to Welsh farmers in 2024, the year between the end of BPS and the start of the SFS. However, the Welsh government confirmed that ensuring there is no 'funding cliff edge' is a priority. Now that we have a timeline for policy development, it is a question of waiting to see the detail behind the future schemes.

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