

Consultation response to Sustainable Farming Scheme Keeping farmers farming

Executive Summary

About Natural Resources Wales

We are the primary environmental body for Wales. Our roles include advisor to Welsh Government, regulating industries and providing environmental licences, Statutory Nature Conservation Body for Wales, land manager for around seven percent of Wales, Category One emergency responder, statutory consultee (for planning applications and other statutory processes), and collaborator on environmental projects. We deliver our functions in an integrated way to achieve our overall purpose of helping Wales to achieve the Sustainable Management of Natural Resources and Wales's Well-being Goals.

We support the vision offered by Keeping farmers farming

NRW has been supporting WGs development of this final Sustainable Farming Scheme consultation and supports the overall vision set out in *Keeping farmers farming*. The proposals offer opportunities for environmental policy delivery across nearly all agricultural holdings in Wales and, with a reflective approach, will be adaptive, responsive, and more effective as the Scheme develops over time. There is welcome synergy between the Sustainable Land Management outcomes sought from the Scheme and those of our Corporate Plan. Our core purpose is to deliver the Sustainable Management of Natural Resources and we are pleased that the Scheme supports the SMNR principles. To ensure effective and integrated support to farmers entering the scheme and in light of pressures on public funding, we will work with WG to share our current service levels under existing schemes and regimes, establish the expectations of what more is required and agree how this will be resourced.

We support that at least 10% of each farm is managed as habitat

Alongside everyone in Wales, agriculture has a prominent role in addressing the recovery of nature, improving our resilience to climate change and minimising pollution and we are broadly reassured by the measures to support farmers to do so. We support the principle that farmers should be funded to deliver environmental goods and services – not at the expense of food – but as an integral part of the products delivered by farming. For other sectors like forestry, it is recognised that under the UK Forestry Standard a minimum of 15% of the forest management unit must be managed with conservation and the enhancement of biodiversity as a major objective.

We support an increase of on-farm tree cover however there are flexible and balanced ways to achieve this

Increasing tree cover across Wales is a cost-effective and nature-based solution that is a core part of the Climate Change Commission's mitigation strategy. Most farms will have some capacity to increase tree cover and this should be spatially targeted so that the scale and distribution of trees is appropriate to bring positive environmental enhancement for water quality, pollution prevention and biodiversity. New woodland could deliver farm income, new farm products and benefits for animal welfare and productivity as well as supporting farm carbon budgets. Getting the right mix of tree cover for the environment, farm productivity and farm business opportunities is vital.

The Scheme does not require that 20% of farms are taken out of production

Farm productivity is essential if farms are to be financially sustainable and NRW recognises that farming businesses are operating in a highly challenging context beyond the Sustainable Farming Scheme with increasing pressures from new regulations, inflation and the cost of inputs for energy and animal health and welfare. The Scheme does not require farms to spare 20% of their holding to meet the 10% of land managed as habitat and reach a minimum of 10% tree cover rules. The average farm already has 6 to 7% tree cover and in many cases that tree cover will count towards land managed as habitat. Land managed as habitat can continue to be grazed and managed for their productive potential alongside benefits for biodiversity. Landowners and managers will need additional information to understand the opportunity to increase tree cover on farms and how the Scheme will operate to support them to manage habitat for multiple benefits including productivity.

Designated Site management not just plans

Simple changes can be made in the Universal Layer to ensure that those with SSSI land will not be at a financial disadvantage to those outside SSSI. There must be a clear pathway of support for farmers to work with NRW to prepare plans, and to undertake management activity on the farm via the Optional and Collaborative Layers. There is more to do to limit the risk of a gap in funding to continue support for SSSI owners/occupiers already undertaking management. NRW is concerned that there is a risk that public funding will be allocated to produce a SSSI management plan, but that there will be little funding for the planned actions to be undertaken.

The importance of commons

It is significant that, by area, around 40% of commons in Wales are designated SSSI. The WG roadshow events demonstrated that both SSSI owners/occupiers and commons graziers need access to the new support scheme as soon as practicable for the continuation of positive land management actions. We welcome the proposals for the development of Commons Management Plans and grazing strategies to address each common's Sustainable Land Management priorities and outcomes. The Scheme must ensure that the management actions set out in a plan are then funded.

More prominence for action to improve water quality

There is potential to present action to improve water quality as a Universal Code for Water (similar to the Habitat Code), or to amend what can be paid for as a Universal Action for water covering water quality, quantity, efficiency of water use and riparian zone management. One of the most important measures to improve river health in Wales is to establish good riparian zone habitat and management and it should be included in some form as a Universal Action for water. As a minimum we recommend that priority is given to highly protected and designated water bodies with extension to all water bodies in future Scheme development. Riparian habitat establishment and maintenance is contained in the proposals, but requires greater prominence and understanding of how support will be given across the three Layers.

The Habitat Baseline Reviews are key to identify on-farm opportunities

The identification of opportunities to increase tree cover and for habitat management is reliant on assessments of ecological potential, feasibility and cost-effectiveness. These assessments require access to specialist support that complements the farm business plan and provides suitable and lasting benefit for the farm and for the environment. The HBR assessments are as much a communication tool as they are a critical gateway to

identify actions to be taken in exchange for payment across the Universal, Optional and Collaborative Layers.

SFS and the vision for rural investment

Whilst the legislative requirement for this particular Scheme is limited to the powers to provide support in connection with agriculture and ancillary activities, we consider it imperative that Welsh Government considers how to use the Scheme to accelerate investment from the private sector, with the aim of closing the nature and climate funding gap and providing a bridge for collaboration between sectors. A more creative funding plan, working with consumers and supply chains, would help deliver the Schemes true potential and value. Utilising green finance mechanisms to reward farmers to deliver public goods, could provide the longer-term stability and scale of investment that is required for transformative change and the promotion of regenerative food and farming systems.