

**Consultation
Response Form**

Your name: Bob Vaughan

Organisation (if applicable): Natural Resources Wales

email / telephone number:
robert.vaughan@cyfoethnaturiolcymru.gov.uk

Your address:
Cambria House,
29 Newport Rd,
Cardiff
CF24 0TP

Sustainable Farming and our Land: simplifying agricultural support

Summary of Questions:

1. BPS payment rates and annual allocation

Q1. Do you agree with the proposal for Welsh Ministers to set the BPS ceiling, in regards to Wales?

We would be supportive of Welsh Ministers setting the BPS ceiling in regard to Wales, if there was a guarantee that any funding released would be used to support the agriculture and forestry sectors in delivering against the Well-being of Future Generation goals including helping deliver sustainable management of natural resources.

Proposals around the Programme Monitoring Committee and potential opportunities to embed the 5 ways of working need to be considered within this context

Q2. Do you agree with the proposal to introduce additional measures allowing the Welsh Government greater flexibility to control any unspent BPS budget?

We would be supportive of Welsh Ministers having flexibility to control any unspent funding allocated to BPS with regard to Wales, if there was a guarantee that any funding released would be used to support the agriculture and forestry sectors in delivering against the Well-being of Future Generation goals including helping deliver sustainable management of natural resources.

Proposals around the Programme Monitoring Committee and potential opportunities to embed the 5 ways of working need to be considered within this context

2. Cross border single application rule (UK wide)

Q3. Do you agree with the proposal to remove cross border applications and only consider Welsh land for BPS claims in Wales, removing the need to wait for checks from other paying agencies?

We would be supportive of the proposed approach for cross border proposals, however consideration has to be given to the opportunities (such as simplifying the inspection process) and potential risks which would be associated with such changes that may require mitigation.

The minimum size rule requiring 5 eligible hectares could result in small areas of land in Wales being ineligible for payment. Due to this ineligibility land at the border may not be subject to cross compliance requirements which could have significant impacts where the border is a river.

Q4. Do you agree with the proposal for minimum claim size to remain unchanged and not to make any provision for farmers who currently rely on land in another part of the UK to achieve the minimum claim size area of 5 eligible hectares?

The minimum size rule requiring 5 eligible hectares could result in small areas of land in Wales being ineligible for payment. Due to this ineligibility, land at the border may not be subject to cross compliance requirements which could have significant impacts where the border is a river. However, under an acre- based approach, a reduction in minimum farm size will increase the risk of substantial administrative resources to deliver large numbers of small payments, in turn providing only limited benefits in terms of income support.

Mitigation against these risk needs to be a consideration in the decision around whether minimum claim size remains unchanged.

We consider that the definition of “active farmer” could be more important to gain clarity over the application of cross compliance than the establishment of a hectare limit on the minimum claim size area. This definition would need to be able to be implemented and enforced appropriately. With a numerical limit there may be ways in which the land is divided up/described allowing the rules to be transgressed.

3. Greening

Q5. Do you agree with the proposal to maintain greening practices through cross compliance?

Yes. We agree with the proposals to retain the environmental benefits through cross compliance;

Transferring Greening practises to Cross-compliance will simplify the system and strengthen the ability to enforce these measures, as penalties under cross-compliance could be much higher than at present under Greening.

Crop Diversification is discussed in response to Q.6.

Ecological Focus Areas have provided environmental benefits, even though over a very limited area of land. It would be a backward step to remove this requirement without providing alternative regulations. These practises should be retained through Cross-Compliance.

Environmentally Sensitive Permanent Grassland (ESPG) currently provides an additional incentive for landowners to abide by SSSI legislation. However, as SSSI legislation is already included within Cross-Compliance Regulations, ESGP is providing a second, and potentially unnecessary, mechanism. The presence of ESGP information on the annual SAF return, does act as a yearly reminder to landowners over their obligations on SSSI land. This benefit could be retained if all SSSI land (instead of ESGP land) was labelled on the SAF form. If the SSSI information replaced the ESGP data there would be a reduction in administrative burden from maintaining the ESGP system.

Q6. Do you agree with the proposal to remove the Crop Diversification rule from the Greening requirements?

Yes, we agree with the proposal to remove the Crop Diversification rule from the Greening requirement.

Published research across Europe shows that the environmental impacts of Crop Diversification are limited and that its contribution to enhancing the provision of public goods to the society is small (e.g. Solazzo et al., 2015; Gocht et al., 2016). This is particularly the case in Wales where Crop Diversification is required over a very low proportion of farmland. Removing the Diversification rule will allow farmers more flexibility with crop types to respond to weather and local conditions. This may help to facilitate the compliance and enforcement of the NVZ regulations.

However, the concept of crop diversification to enhance farm resilience is sound and should perhaps be promoted by knowledge transfer mechanisms rather than regulation. Opportunities for growing a range of crops for the benefit of bees (nectar/pollen), birds (seed crops), cover crops to reduce soil erosion etc, need to be promoted.

4. Young Farmer Scheme

Q7. Do you believe we should close the Young Farmers Scheme to new applications from 2021?

The need for a resilient Wales as part of the Well-being of future generations means that it is essential to help support and encourage young farmers into agricultural businesses. It is unclear whether the top up on basic payment is the small incentive that tips the balance which results in implementation of succession/transition in business ownership.

Younger people tend to be more innovative, with those within existing businesses well placed to assist with the re-adjustments likely to be necessary in the near future, provided they receive the right kind of support. In addition, significant barriers remain to be overcome before a young entrant can establish a successful agricultural enterprise. An emphasis on income support will result in an uneven trajectory of development. Some farmers may choose to use such payments in order to improve their competitive position through adopting sustainable practices. At the same time, other farmers may opt to use income support in order to underpin existing practice, regardless of whether such management is sustainable in the longer term.

Q8. Other than the option to close the Young Farmers Scheme to new applications from 2021, are there further options which could be considered?

The advantage of providing support in the form of skills improvements, mentoring, capital grants and co-operative ventures is that these kinds of mechanisms are more likely to result in the kinds of innovative businesses now required.

NRW believes that the provision of training, advice and financial support to young farmers must be underpinned by a reciprocal commitment to sustainable land management practice. In many cases, the most vulnerable time from a management of natural resource perspective is when a change of business ownership takes place and completely new management practices are adopted.

5. Late supporting documentation rules for BPS

Q9. Do you agree with the proposal to extend the BPS supporting document submission date to 31 December?

We do not agree with the proposal to extend the BPS supporting documentation submission date to 31 December.

The BPS supporting documentation plays a role in checks for cross compliance. Potential delays in the submission of supporting documentation will have implications for cross compliance inspections and enforcement of the regulations. A deadline of 31 December has the potential to make it impossible to deliver this role during a scheme year as key information may not be available for inspection.

Q10. Do you agree with the proposal to keep the SAF deadline and late claim penalties unchanged?

We agree with the proposal to keep the application deadline unchanged. However, we do not have any comment on whether late claim penalties should remain the same.

6. National Reserve

Q11. Do you agree with expanding the national reserve categories to include additional land acquired?

We agree with expanding the national reserve categories to include additional land acquired as this will result in all land associated with a business in Wales being subject to cross compliance.

Q12. Are there any other categories or proposals which you believe should be taken into consideration for National Reserve?

7. Inspection Rates

Q13. Do you agree with this proposed reduction in BPS inspection rates?

NRW recognises that consistently applied regulation by NRW and other organisations assessing compliance with standards underpins sustainable management of natural resources. However, NRW's Regulatory Principles dictate a proportionate approach to enforcement and a risk-based approach to compliance monitoring. The current inspection regime and rates associated with the Basic Payment Scheme does not necessary deliver against NRW regulatory principles. This is partly due to the breadth of the other policy areas driving selection and the randomised component of selection meaning that a risk based approach for our competency is diluted.

If the current content and coverage of Cross Compliance is to remain the same (e.g. it is not inclusive of the draft water regulations) then to facilitate delivery against outcomes, it would be more advantageous for NRW to take a more targeted approach to inspections by reducing inspection rates for Basic payment.

8. Over-declaration of land

Q14. Do you agree with the proposal to remove the "yellow card" restriction?

NRW supports the proposal to remove the "yellow card". Simplification and ensuring penalties awarded are justified against severity of breach is clearer to the claimants.

9. BPS Payment window for un-validated claims

Q15. Do you agree with the proposal to introduce an advance and balance payment model and the removal the requirement for claims to be fully validated before an early advance payment?

NRW supports the proposal to introduce an advance and balance payment model and the removal of the requirement for claims to be fully validated before an early advance payment on the proviso that the claimant history of previous years is compliant. Serial non-compliant claimants should not benefit from this proposal.

10. Active Farmer requirement

Q16. Do you agree with the proposal to remove the active farmer negative list requirement and retain the minimum levels of 'agricultural activity'?

NRW supports the proposal to remove the active farmer negative list requirements and retain the minimum levels of agricultural activity.

NRW recommends that any definition of active farmer (together with the associated requirements for a minimum level of agricultural activity) should not preclude agri-environment participants and the holders of SSSI management agreements from continuing to claim under Basic Payment Scheme. For instance, where management may result in livestock levels falling below the minimum level of agricultural activity.

11. Hemp

Q17. Do you agree with the proposal to remove land used for the cultivation & production of hemp from the list of eligible crop codes and no longer be eligible for BPS?

A licence from the Home Office is required to grow hemp in Wales. Hemp crops can provide sustainable fibre and cannabidiol oil (CBD oil). There is a growing and lucrative market for CBD oil from which Welsh farmers are currently excluded. The restricted status of hemp means that it can only be grown to harvest the seeds and stalks. Any flowers must be immediately destroyed and disposed of. These rules prevent hemp produced in the UK from being used in CBD products and limit the value of the crop. Instead of removing hemp from the list of eligible crops, there should be a review of the licencing conditions.

Domestic Rural Development Proposals;

1. Mission, objectives and priorities

Q18. Do you agree with replacing the European Union mission, objectives and priorities for rural development support with Welsh specific definitions for rural development?

We are pleased to see that Welsh Government remain committed to applying the four EU Environmental principles to help maintain environmental standards and inform the development of policy and legislation in Wales. The EU environmental principles currently apply to all administrations in the UK equally and are the legal framework for the development of policy and legislation by UK Government and the Welsh Government. Without a shared approach to a common overarching objective and environmental principles, the stated aim of a commitment to non-regression and enhancing environmental standards is likely to be more difficult to achieve.

The principles of Sustainable Management of Natural Resources are based on the Ecosystem Approach which is internationally recognised best practice. Support for rural development should contribute to the sustainable management of natural resources as set out in the Environment (Wales) Act (2016). However, limiting the Welsh specific definition of Rural Development definition in terms of the objectives of Sustainable Management of Natural Resources has implications for meeting the other Well-being Goals which are as fundamental, not only in delivery for future Generations, but also for delivering resilient ecosystems. Therefore, NRW believe that a Welsh specific definition should be broadened from the current proposed definition to be able to incorporate actions and measures to integrate delivery across the seven Well-being Goals with the Sustainable Management of Natural Resources central and embedded in all delivery.

The National Development Framework (NDF) reflects the Welsh Government's infrastructure priorities, including potentially green infrastructure priorities. These will improve the resilience of ecosystems as well as grey infrastructure and provide a framework for their strategic location and development. However, the effective delivery of certain forms of infrastructure, for example strategic green infrastructure which deliver nature-based solutions to environmental risks, may be better delivered through the Welsh Government's Rural Development Funding. In particular, if Welsh Government aspirations for climate change mitigation and increased woodland creation are to be achieved, it is essential that the NDF and the proposals in this consultation work together to protect existing woodland and increase woodland cover.

The consultation document does not explore the strategic aspects of the rural development plan delivery. The current European process requires ex-ante evaluations and development of a strategic plan. The current plan was set 2014 until 2020 and does not necessary place emphasis on the priorities set by Welsh Government when it declared the Climate Emergency. The need to develop a Wales specific Agricultural Bill and sustainable farming schemes means that there is likely to be a significant period of transition to future policies (compared to current Common Agricultural Policy and Rural Development Plan cycles). Therefore, a strategic action plan needs to be considered.

Although the consultation explores the helpful linkages between the Rural Development and the statutory framework put in place by the Environment (Wales) Act 2016. It does not consider the integration of the rural development plan and the Sustainable Management of Natural Resources delivery framework. Specifically, the Natural Resources Policy, the Area Statements and SoNaRR, are designed to operate in a close feedback loop that enables environmental policy in Wales to respond adaptively

to new and emerging drivers, as well as tune the enhanced delivery of environmental outcomes over successive years. Ensuring that strategic priorities are planned and that funding during the policy transition period and reflects current opportunities and risks identified in the second SoNaRR report would ensure that the schemes continue to remain relevant. This approach would also maximise the direction of travel as we move from EU derived policies to those bespoke to Wales.

2. Measures

Q19: Do you agree with the proposed amendments of the Measures?

The current measures stated in the document do not include measure 20 technical assistance. Welsh Government currently uses this measure to support the delivery of woodland creation and restoration. Not including this measure may also limit Welsh Governments flexibility in terms of transitioning to the new Welsh policies

NRW supports proposals to include cultural heritage into measures to promote investment in Physical Assets as well as Basic Services and Village Renewal. NRW 's experience of, for example HLF projects in the Designated Landscapes has shown that cultural heritage can provide a catalyst for rural development and investment. Overlooking the Wye (Wye Valley AONB) and Heather and Hillforts (Clwydian Range and Dee Valley AONB) are examples. Adding cultural heritage to these measures also supports our cultural wellbeing goal. The consideration of our mining heritage in cultural heritage could provide real benefit. This could enable safe public access to historic mining sites across Wales. A large proportion of these sites are situated on farmland where NRW are working with farmers to manage some of the risks associated with abandoned mines on their land.

Q20: Are there any further amendments or simplifications you would like to suggest for any Measure?

Yes

Inclusion of the Measure 20 - Technical Assistance.

Measure 1 : we would welcome the embedding of sustainable practise to support the delivery of sustainable management of natural resources into all knowledge transfer activities particularly around emerging pressures such as ammonia nutrient cycling services, soil management and soil farm data collection.

In the Forestry measures adding the cultural value of forests may also increase the recognition, noted in UKFS as well as in the range of historic assets managed on by NRW in the WGWE, of the contribution that forestry makes to Welsh culture. The recognition of the role of woodland management may also be useful.

3. Administrative arrangements

Q21. Do you agree with removing detailed regulations setting out requirements for the content and amendment of a future rural development programme?

The omission of the remaining annexes (EU) 1305/2013 with respect to the Thematic sub-programmes, ex ante conditionality for Rural Development and relevant measures to EU priorities should be dependent on the:

- **Inclusion of well-being goals and objectives as well as sustainable management of natural resources into the Welsh Specific definition of Rural Development, and**
- **Ensuring that strategic priorities are planned and that funding during the policy transition period reflects current opportunities and risks identified in the second SoNaRR report would ensure that the schemes continue to remain relevant.**

Q22. Do you agree with strengthening the Managing Authority's role?

It would be prudent to consider that Welsh Government continues to provide an opportunity for strategic oversight and scrutiny which is currently delivered by the Programme Monitoring Committee. This should be brought in-line with the ways of working legislated in the Well-being of Future Generations (2015) and the principles of the Environment (Wales) Act 2016.

4. European networking

Q23. Do you agree with removing regulatory requirements relating to networking?

Embedding the Well-being goals and objectives and ways of working as well as sustainable management of natural resources into the Welsh Specific definition of Rural Development and delivery would partly fill the void or removing the regulatory requirements relating to networking.

5. Monitoring & evaluation and reporting

Q24 Do you agree with integration and enhancement of monitoring and evaluation of support for rural development, using Welsh-specific objectives and indicators?

Given Wales's global position in implementing sustainability it makes sense to integrate the monitoring, evaluation and reporting of support for rural development with the Welsh Well-being goals and indeed the four aims of SMNR. Additionally, implementation of the scheme should be evaluated against its contribution to the relevant indicators within the suite of Wales' Well-being indicators.

Monitoring, evaluation and reporting has two functions – firstly in assessing implementation of the scheme – uptake, financial etc. But more importantly the evaluation of its success in terms of change including environmental. A holistic monitoring scheme with appropriate evaluation should be developed which includes environmental data already collected for other purposes by public bodies or others combined with targeted environmental monitoring to complete the picture.

Therefore, NRW would agree with the caveat that the Welsh-specific objectives and indicators would need to be able to be mapped onto the UN Sustainable Development Goals (SDGs) in the way outlined in the Wales supplementary report to the UK Voluntary Review of the SDGs, and recognising the close relationship between reducing the environmental impact of production and consumption and our environmental footprint in Wales and beyond, meeting the Wellbeing Goals of delivering a prosperous and globally responsible country.

Our aim is for Wales to use no more than its fair share of global resources in order for our economy to operate within the regenerative capacity of the Earth's ecosystems and make a positive contribution to global wellbeing. This is relevant to the 'A Prosperous Wales' and the 'A Globally responsible Wales' Goals and SDG12.



Source: https://gov.wales/sites/default/files/publications/2019-07/supplementary-report-to-the-uk-review-of-progress-towards-the-sustainable-development-goals-2030_0.pdf

Q25. Do you agree the Welsh Government should report annually on the implementation of its rural development programme?

NRW would support routine and regular reporting and integrating the reporting of sustainable development in rural areas with the reporting of sustainable development in urban, suburban and coastal areas. The frequency of this reporting should be proportionate, and we hold no view whether it should be annual. In fact, annual report for all parameters is not necessarily appropriate. Changes in the environment are rarely rapid and a frequent reporting regime can raise expectations that change should be apparent between reports.

Additional Questions:

Q26. We would like to know your views on the effects that the suggested proposals to the Basic Payment Scheme and Domestic Rural Development Scheme would have on the Welsh language, specifically on opportunities for people to use Welsh and on treating the Welsh language no less favourably than English.

What effects do you think there would be? How could positive effects be increased, or negative effects be mitigated?

Welsh Language Standards (March 2016) need to be applied with consistency across all sectors and organisations involved with Rural Development implementation in Wales

Q27. Please also explain how you believe the proposed options could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.

Q28. We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them:

Farmers annually apply for BPS and are paid for the hectareage of eligible grazing land. Single Application rules are complex for woodland management and creation. For example, a farmer can claim BPS for woodland creation schemes only if the land was eligible for the Single Payment Scheme in 2008.

In 2015, new rules were introduced by the Welsh Government which stated that areas with clusters of three or more trees creating a canopy of more than 100sq m were ineligible for agricultural claims. Following this, there was considerable increase in alleged illegal felling cases reported to NRW where farmers had removed trees to increase their basic payment. Bad tree practice was also seen in terms of poor pruning along field edges and destruction of hedges. Trees were seen as threats to their income.

It was reported that the majority of land submitted for the Basic Payment scheme was reduced because of field trees. In England, field trees on farms were classified as special features and this rule did not apply.

There are Welsh Government policies which promote woodland management and tree planting on farms including the [Woodlands for Wales strategy](#) and a [Low Carbon Wales](#). Trees on farms deliver multiple ecosystem benefits including stock shelter, shade, soil

stability, habitat connectivity and carbon sequestration and it is important for Welsh Government to send out a clear message on their multiple benefits.

It is a contradiction between these strong messages on the importance of trees on farms and the rules within Basic Payment Scheme which excludes field trees and hedgerows from BPS area payments. Welsh Government need to review this rule to ensure that trees, hedgerows, parkland and veteran trees on farms are retained and managed as important features of the farm landscape in addition to sending a clear message of Welsh Government's intent around tree planting.

Within nitrate vulnerable zones, farmers have to limit the amount of nitrogen in livestock manure applied to the holding whether directly by an animal whilst grazing or by spreading, does not exceed 170kg multiplied by the area of the holding in hectares. Surface water, hard standings, buildings, roads and ungrazed woodlands are excluded from this calculation. Ungrazed woods are beneficial for the woodland ecosystem eg ground flora, woody shrubs, natural regeneration. However, as a result of this calculation, ungrazed woods are seen negatively by farmers because a higher area of ungrazed woods on a holding will reduce the number of livestock which that holding can retain.

Responses to consultations are likely to be made public, on the internet or in a report. If you would prefer your response to remain anonymous, please tick here: