

Farmers' Union of Wales' response to an Economy, Trade and Rural Affairs Committee inquiry into Farming Connect

5th February 2024

About the Farmers' Union of Wales

The Farmers' Union of Wales (FUW) was established in 1955 to exclusively represent the interests of farmers in Wales, and since 1978 has been formally recognised by the UK Government, and subsequently by the Welsh Government, as independently representing those interests.

The FUW's Vision is *thriving, sustainable, family farms in Wales*, while the Mission of the Union is *To advance and protect Wales' family farms, both nationally and individually*, in order to fulfil the Union's vision.

In addition to its Head Office, which has thirty full-time members of staff, the FUW Group has around 80 members of staff based in twelve regional offices around Wales providing a broad range of services for members.

The FUW is a democratic organisation, with policies being formulated following consultation with its twelve County Executive Committees and eleven Standing Committees.

General comments

Farming Connect has become a well known brand amongst farmers in Wales and has reached a wide audience since its inception.

The FUW maintains that business support through mechanisms such as Farming Connect should continue and form part of any future policy, and there is significant support for the provision of practical training including those courses which help farmers meet legal requirements i.e. the Control of Agricultural Pollution regulations.

Whilst Farming Connect is in theory open to all, there is a perception that some elements are limited to certain small groups to the extent that they are almost 'elitist', and farmers query the cost-benefit of providing certain opportunities or 'services' to very small numbers/percentages of eligible individuals compared with wider services that are accessible to all.

In addition, FUW members have previously reported difficulties with accessing various services through Farming Connect which could be improved in order to increase engagement with the thousands of farming businesses that are yet to benefit from such support.

One of the priorities under the 2014-2020 RDP was Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food

and forestry sectors. It is felt that little has been offered by Farming Connect to help farmers meet this objective.

Sustainable Farming Scheme

The proposals within the current Sustainable Farming Scheme (SFS) consultation represent a significant change for farmers in Wales. A far greater emphasis will be placed on mandatory Universal Actions which will require farmers to deliver on a range of outcomes, particularly in relation to the environment. The majority of farmers will have very little experience in online training, recording Key Performance Indicators (KPI) or soil testing.

The current and previous Farming Connect programmes have had very little focus on this area and we therefore envisage that it will take some time to set up a new programme and find the relevant expertise to provide a service that will provide the support needed for farmers to adapt to the SFS.

The Welsh Government's "*Potential economic effects of the Sustainable Farming Scheme*" paper suggests the SFS will result in a reduction in Standard Labour Requirements on farms equivalent to 2,564 jobs. It also suggests that the SFS would result in a devastating fall in what are already low average Welsh Farm Business Incomes of between £6,800 and £9,300. For lowland livestock farms, which had the lowest incomes in 2021-22, the modelling suggests this would mean a fall from an average family farm income of £26,500 to just over £20,000.

Due to these modelling figures, support to help the farming sector in Wales adapt and remain competitive will be even more critical in the immediate future and beyond following the impacts of Brexit, the Covid-19 pandemic and the conflict in Ukraine which have already resulted in financial pressures for farming businesses.

Support will be needed not only for the various options within the SFS but also farm business support, particularly in cases where livestock enterprises have to compensate for the loss of grazing land where farmers have to increase their habitat and woodland cover.

Uptake of the scheme is currently difficult to predict due to the lack of detail around payment rates.

It could be argued that many intensive agricultural businesses could not justify entering the scheme due to a combination of factors including the loss of grazing land, reduction in land value, reduction in land available for Nutrient Management Plan calculations and insufficient payment rates which don't properly compensate for the additional costs.

Across all scenarios in the "*Potential economic effects of the Sustainable Farming Scheme*" paper the percentage of farms that would have a lower SFS payment than the costs incurred by being in the SFS is between 17.3% and 25.7%.

Farms not entering the SFS due to these reasons will also see a significant drop in farm income due to the loss of the BPS.

For those farms that do enter the SFS it is likely that support will be needed across a range of areas, including:

- Business support due to loss of income/restructuring
- Diversification
- Understanding and managing the Universal Actions
- Habitat and woodland management
- IT support
- Record keeping support
- Legal support i.e. tenancy agreements

Some of these areas are included in the current programme, however, options within many areas of the proposed options within the SFS are not.

The SFS will be a profound change from the BPS and therefore the support needed from Farming Connect and the demand from farming businesses could be expected to be far higher than at present.

However, this will almost depend entirely on how many farming businesses decide to participate in the SFS, and in light of current budgetary pressures and recent cuts made to the Rural Affairs budget, the funding allocated to Farming Connect needs to be relative to the demands of such services.