

Explanatory Memorandum to The Agriculture Support Schemes (Eligibility, Enforcement and Appeals) (Wales) Regulations 2025

This Explanatory Memorandum has been prepared by Local Government, Housing, Climate Change and Rural Affairs Group and is laid before Senedd Cymru in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

Cabinet Secretary's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of The Agriculture Support Schemes (Eligibility, Enforcement and Appeals) (Wales) Regulations 2025. I am satisfied the benefits justify the likely costs.

Huw Irranca Davies MS

Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

4 November 2025

PART 1 – EXPLANATORY MEMORANDUM

1. Description

The Agriculture (Wales) Act 2023 ('the Act') provides Welsh Ministers with powers enabling for the provision of support, via a scheme or otherwise, for or in connection with agriculture in Wales and ancillary activities that take place in Wales.

These Regulations will provide for the controls framework required to efficiently and effectively operate and administer agricultural support and are pursuant to sections 10(1) and 12(1) of the Act. They provide for the controls and enforcement framework required to support future support schemes, such as:

- Checking eligibility criteria is met.
- The consequences of where support has been provided without eligibility criteria having been met.
- Enforcing compliance with any conditions subject to which support is or has been provided.
- Monitoring the extent to which the purpose of support has been achieved.
- Investigating suspected offences in connection with applications for, or the provision of, support.
- The publication of specified information about the support that is or has been provided pursuant to Section 8 of the Act.

The Regulations will provide uniformity when the Welsh Government employs the control framework functions to effectively and efficiently operate and administer all future agricultural support schemes.

The Regulations provide powers enabling the controls and enforcement framework which supports the effective operation and administration of all support delivered in accordance with section 8 of the Act.

2. Matters of special interest to the Legislation, Justice and Constitution Committee

None.

3. Legislative background

The Agriculture (Wales) Act 2023 ("the Act") provides Welsh Ministers with powers to provide support to the agricultural sector, for or in connection with agriculture in Wales and ancillary activities that take place in Wales, pursuant to section 8 of that Act. It enables Welsh Ministers to establish and administer support (schemes or otherwise).

These Regulations are made pursuant to section 10(1) and 12(1) of the Act to enable the operational and administrative controls required to effectively deliver all future agricultural support established in accordance with section 8 of the Act.

Section 10(1) of the Act confers power on Welsh Ministers to make regulations about the publication of certain information (as specified in the regulations) about support which has been, or is being, supplied under section 8. The information that may be specified in the regulations may include information about the recipient of any support provided, the amount of support provided, and the purposes of any support provided.

Section 12(1) of the Act, provides Welsh Ministers with regulation making powers which may be exercised to make provision about checking whether eligibility criteria for support are met and the consequences where they are not; about enforcing compliance with conditions; about monitoring the extent to which the purposes of support have been achieved; about the investigation of suspected offences; and about appeals.

These powers are intended to ensure agricultural support financed by the Welsh Government is administered appropriately and both recipients and administrators of support under the power to provide support are subject to appropriate levels of scrutiny and accountability for issuing and receipt of public funds.

The requirements for these Regulations at sections 10(1) and 12(1) of the Act are complimentary and further support reporting functions contained within the Act. These Regulations are subject to the draft affirmative procedure.

The Regulations are laid before Senedd Cymru for approval by resolution, in accordance with section 50(6) of the 2023 Act.

4. Purpose and intended effect of the legislation

The purpose of these Regulations is to enable the operational and administrative controls and enforcement functions which will be used to effectively administer all agricultural support via a scheme or otherwise, for example including the functions of checking eligibility for support, the provision of inspections and enforcement mechanisms where, for instance, conditions under a scheme are being breached; and for the provision of an appeals process, among others. Additionally, they will provide valuable information in respect of the overarching support scheme level reporting framework pursuant to sections 13 and 14 contained within the Act.

The impact of the Regulations will only apply to those persons or businesses which apply for agricultural support established pursuant to section 8 of the Act and subject to the conditions as laid out at section 8(1) of the Act, the provision of support only applies to Welsh territory, therefore these Regulations follow this principle.

These Regulations are not specific to a particular support scheme and are to be applied to all future agricultural support established pursuant to section 8 of the Act, including the Sustainable Farming Scheme ('SFS'). It is important to note therefore, the detailed specifics of each support, scheme or otherwise, is to be provided within the specified scheme's guidance, for example, scheme specific eligibility criteria will be provided within a scheme's guidance documentation.

The Regulations are not restrictive to one type of support or delivery model, or delivery timeframe. It allows for various forms of support schemes and application processes, such as claims, applications, declaration and verification (akin to the existing and proposed Single Application Form ('SAF') process for SFS Universal Scheme), including support schemes administered using a competitive application process; to support allocated on a first-come-first-served basis. Each type of delivery model will be clearly explained within the respective scheme guidance.

4.1 Scheme Guidance

The Scheme Guidance will set out the requirements of each scheme and provide a clear set of instructions on what is required to be undertaken from both the applicant / agreement holder and the Welsh Government. The Scheme Guidance will set out the operational procedures to effectively manage and deliver the support scheme in question, including information relating to the Regulatory baseline requirements against a support scheme (where this is applicable), and the eligibility criteria applicable to the specified support scheme.

The SFS Regulatory Baseline is the existing legislative requirements which must be followed and underpin support through the SFS Universal Scheme.

All Scheme Guidance documentation will be publicly available via the Welsh Government website and will continue to act as a single reference point, providing continuous transparency across all future agricultural support.

The Scheme Guidance will comprise of any scheme specific information, including detailed requirements, such as the Universal Code and any Regulatory baseline requirements. It will also include information on guidance on the processes for application, verification, declaration, eligibility, payment rates, inspections, what constitutes a breach of the conditions of support and any subsequent penalties to be applied against an agreement holder, as well as what can / cannot be appealed, together with all other supporting and/or guidance documents which outline the relevant processes for applicants.

4.2 Checking eligibility for a support scheme

The Regulation places an obligation on Welsh Ministers to check that a person applying for support under a support scheme meets the eligibility criteria for that scheme.

The Regulation sets out that applications for support will be checked against published eligibility criteria associated with the support scheme.

To maintain transparency of scheme requirements, the eligibility criteria will be available within Scheme Guidance documentation.

Upon receipt of an application, the Welsh Government will undertake eligibility checks against an application.

An applicant refers to a person who completes and submits an application for support to the Welsh Government. Support is provided subject to the applicant meeting the eligibility criteria and any other requirements, including any scoring mechanism against which support may be provided subject to budgetary allocation within a specified period. This will be detailed in scheme guidance.

Due to the nature of the Welsh / English border, there are several farms which operate across both borders, i.e. with agricultural land in both Wales and England. Section 8(1) of the Act makes it clear, support can only be provided for or in connection with agriculture in Wales and ancillary activities that take place in Wales. Therefore, whilst there are cross border farms, irrespective of where the farm building is located, the support schemes are only able to provide support for actions / activities undertaken on Welsh land.

To effectively issue, manage and monitor all future agricultural support, applications will be received from potential applicants for support. In order for the Welsh Government to efficiently and appropriately consider whether the support should be provided, checks against scheme specific eligibility criteria will be undertaken. For example, under the SFS Universal Scheme, one of the eligibility criteria for support is eligible claimants (i.e. an agricultural business, which includes farmers, landowners, land managers, etc.) must have three hectares of eligible agricultural land in Wales or be able to demonstrate more than 550 standard labour hours. As part of the application and claim validation the Welsh Government will need to confirm that the applicant / agreement holder meets all scheme eligibility requirements.

4.3 Additional information to determine eligibility for a support scheme

To allow the Welsh Ministers to determine whether an applicant meets the eligibility criteria for a particular scheme, this Regulation enables the Welsh Ministers to request additional information from the applicant, which must be provided within any timescales as set out within the request for additional information.

For example, under the SFS this may include confirmation of land declared by the applicant, or confirmation of management of the land over a 10-month period such as is required under the SFS Universal Scheme, or proof of tenancy. In these cases, officials will contact the applicant, clearly requesting the additional information be supplied or confirmed. We will set a deadline for submitting the information; failure to provide the information on time may jeopardise the application and / or any payments and may result in a reduced payment or penalty.

For other support schemes this may result in an annulled application (for that year – though not preventing them from accessing other support schemes within the same or following years.

4.4 Defects in an application for a support scheme

This Regulation provides Welsh Ministers with the ability to notify an applicant, or in the case of the SFS Universal Scheme an agreement holder (noting they become agreement holders once submitting their applications and accepting the terms and conditions of the grant support) where an application (or claim for SFS Universal Scheme using the SAF process) is either incomplete or contains an obvious error. Where notice is issued, the Welsh Ministers must provide the applicant with an opportunity for an application to be corrected together with a deadline in which to rectify any errors.

Where there are straightforward errors of a clerical nature made within an application (such as SAF) or declaration, officials will, during the administrative checks, rectify the error, notifying the applicant of the amendment. Errors of this nature might include misspelling of names, addresses, or incorrect numerical entries where the same value is required multiple times throughout the application process or where entries on an application or claim are inconsistent with other entries or information already held by Welsh Government.

4.5 Consequences of incomplete or erroneous applications

This Regulation provides that the Welsh Ministers must refuse to award support to an applicant under a support scheme in certain circumstances, such as failing to meet the eligibility criteria, or failing to provide the requested additional information in support of an application. Or where there is reasonable ground to suspect an applicant has provided false or misleading information within their application for support.

In those cases where exceptional circumstances exist, the Welsh Ministers may decide to provide support, notwithstanding that one or more of the circumstances in regulation 6(1) are met.

In cases where the Welsh Ministers decide not to provide support, the applicant has the right to appeal under regulation 29.

Further details regarding Exceptional circumstances can be found in Scheme guidance and at section 4.22.

4.6 Payments under a support scheme

This Regulation describes how support under a support scheme may be made including details of when the Welsh Ministers should and should not make payments and what other details may be required to make those payments.

Payments will be made to an agreement holder via bank transfer, into a verified bank account, for example, following confirmation of the completion of actions per their agreement, or as in the case of payments made under the SFS Universal scheme, these may be advance payments where an agreement holder has committed to the completion of required actions which are still in progress, as well as those payments released when a claim has been validated against completed actions.

Following a request for payment, the Welsh Ministers may request for additional information or evidence in support of payments made under a support scheme from an agreement holder (this includes a claimant under the SFS Universal scheme). Where that request is made, it will include deadlines in which to supply the requested information. Failure to provide this information in time, may result in penalties being applied, and/or withholding payment. Where penalties may be applied will be detailed within the scheme guidance documentation.

Where an agreement holder has not been requested to provide additional information or evidence, they will be expected to submit any annual declarations (as per the SFS Universal scheme) or evidence of completed actions confirming compliance with the conditions of the support, in order for payments to be made in accordance with their support agreements.

Agreement holders are responsible for ensuring their bank details are valid and must inform the Welsh Government of any changes to their banking details to avoid any delay in payments being issued.

4.7 Checking and monitoring

This places requirements on agreement holders receiving support under a support scheme, to provide information or evidence to the Welsh Ministers which may be needed to, for example, check the agreement holder continues to meet the eligibility criteria and verify compliance with the scheme's conditions.

There is a direct link between monitoring of the support provided under a scheme established pursuant to section 8 of the Act and the reporting framework contained within the Act. Sections 13 and 14 of the Act provides two reporting requirements against the support issued. Section 13 relates to the Annual Reporting; this is an annual financial report on all support issued during the reporting period. Section 14 refers to the Impact Report, which is a comprehensive evaluation report of support issued over a five-year reporting period¹. To satisfy the reporting requirements all support issued will be monitored to capture the impact and effectiveness of that support, as well as to apply appropriate and effective fiscal management.

We will use the evidence submitted by applicants / agreement holders to monitor the impact of the support in providing an accurate reflection of the impacts of the support schemes across the agricultural sector in Wales and the relevance of the actions in delivering that support, together with their contribution to achieving the SLM objectives. This may include data collected through inspections, declarations or scheme administration and will be subject to compliance with data protection legislation and scheme privacy notices.

One method in which we may gather evidence in support of verifying completion of an action may be using remote technology. For example, the use of satellite technology, such as Earth Observation, or aerial photography via drone, or other type of air borne vehicle, or via remote sensing such as radar, for the purpose of determining whether an agreement holder has completed a specific action in

¹ The first Impact Reporting period covers 17 October 2023 to 31 December 2029.

accordance with their agreement of support. For instance, where a field is required to remain fallow for a specified period, we may with prior notice, utilise satellite technology to verify compliance with a scheme condition or compliance with eligibility criteria is being maintained.

We will include the type of information and evidence to be gathered within the Scheme Guidance.

4.8 Record keeping

Agreement holders are responsible for ensuring they maintain and retain appropriate record keeping in relation to their agricultural practice in accordance with the conditions of their support. They will need to provide Welsh Ministers with copies of those records when requested. This requirement is necessary to confirm their compliance with scheme requirements, such as evidencing the completion, or otherwise, of actions for which they receive support.

This may also include the retention of electronic records for example, receipts or bank statements evidencing any defrayed capital expenditure, where a support scheme has issued financial support against pre-agreed capital expenditure.

All agreement holders will be required to retain accurate records of information submitted as evidence they have complied with the undertakings on required actions. For example, under the SFS Universal scheme, agreement holders will be expected to retain their records for a minimum period of 5 years, unless there are legislative requirements which exceed this period.

An example requirement is, under Universal Action 1 of the SFS Universal Scheme will be to annually complete information on soil testing. This will mean agreement holders will be required to complete soil testing on at least 20% of eligible land per year, testing levels of Potassium (K), Phosphorous (P), Magnesium (M), pH, and Soil Organic Matter. All relevant land should be tested in a five-yearly cycle with results reported via the RPW Online platform.

In addition to scheme requirements, agreement holders may also be required to retain and maintain appropriate records against the SFS Regulatory Baseline requirements and /or existing legislative requirements, such as for livestock traceability. These records must meet the current regulatory requirements in terms of animal registration, identification, movement and numbers, etc. There are specific livestock requirements for the retention of records, for example, cattle² records must be held for up to 10 years from the end of the calendar year in which the last entry was made. Whereas sheep and goat³ requirements are only required to be retained for a period of three years after they move off the holding or are deceased.

² The Cattle Identification (Wales) Regulations 2007, as amended, provides the legal requirements for retaining cattle records.

³ The requirements for Sheep and Goats are made obligatory by The Sheep and Goat (Records, Identification and Movement) (Wales) Order 2015.

Where there are existing regulatory requirements for record retention (such as those identified above), these requirements are in addition to any scheme record retention requirements.

Agreement holders may also be required to make available their records during any inspections made under a support scheme or for the purposes of undertaking checks against regulatory compliance and / or support scheme compliance. This may include third parties undertaking inspections on our behalf, or in accordance with regulatory requirements, for example, this may include Natural Resources Wales completing regulatory inspections against CoAP regulations, among others.

As part of the Scheme guidance documentation (which includes scheme rules) and to ensure we maintain transparency all requirements associated with the provision of support will be detailed therein; we will publish a privacy notice outlining our record keeping requirements.

4.9 Change of circumstances

An agreement holder must notify the Welsh Ministers of any change in circumstances which might affect their entitlement to support, or the amount of support provided under a scheme, as well as having an impact upon their ability to deliver against a support schemes eligibility criteria and / or actions.

Changes in circumstances may be as a result of changes to the agreement holder for reasons such as retirement, incapacity or death.

Agreement holders are required to ensure they maintain accurate records of their holdings in accordance with the conditions of the support to ensure continued access to that support. Where an agreement holder makes any changes to their holding, such as selling / buying some or all of the land; this information needs to be notified to and recorded with the Welsh Government ensuring that any financial support payment made is made in accordance with the conditions of the support. In the case of any land transfers the Welsh Government must be informed within 30 days of the change. This is to avoid any dual claims on the same land within and across support schemes, including the agreement holder's ability to continue with the agreement to deliver against the conditions of support.

The Regulation further outlines steps Welsh Ministers may make in this regard, such as amending, removing or replacing a condition/s of the support temporarily or permanently, including a reduction in financial support awarded / issued, and dependent upon the change it could lead to a permanent reduction of the financial award, for example, for the sale of any land, typically against land-based support schemes.

Failure to notify the Welsh Government of any changes in circumstances may result in penalties applied to any payments.

Once the Welsh Government has considered the appropriate action to take against the change in circumstance, we will notify the agreement holder of the outcome of the decision. If the agreement holder is dissatisfied with that decision they will be able to appeal via the appeals process.

4.10 Transfer of agreements

For any notified and agreed change in circumstances which reflect a transfer of agreements, Welsh Ministers may consent to the transfer for all or part of an agreement to a transferee provided certain conditions are met.

However, if the original agreement holder (e.g. the seller of the land) is in breach of their obligations under their agreement, they will continue to be liable for any breaches or other matters in relation to the land up to the point of transfer.

Further details on the transfer of agreements will be provided within scheme guidance where appropriate for each support scheme, for example, under the SFS Universal Scheme, it will not be possible to transfer agreements, as agreement holders will be required to meet the scheme conditions on an annual basis.

4.11 Publication of data in relation to agreement holders

To maintain transparency and accountability on the use of public funds, the Welsh Government must publish specified information on relevant support awarded to agreement holders under relevant schemes, and only where the relevant support meets the threshold of £1,250 or above in that financial year.

Where there are agreement holders who are in receipt of support below the £1,250 threshold, their information will be anonymised, enabling Welsh Ministers to retain public scrutiny of support, where relevant.

This information will be publicly available via the Welsh Government website and will be held for a period of three years from the date of initial publication, and include such information as, the name of the agreement holder, which includes the first name and surnames (of a natural person), the trading title of the business (which includes natural names, as well as business names), the region in which the agreement holder is located in Wales and the first four digits of their postcode (this is to avoid any possible misuse of information), together with the total annual value of all support provided, as well as the nature and the description of the measures financed by the support. Any data published will be compliant with both UK GDPR and the Data Protection Act principles.

Publishing this information will not only provide for the transparency and accountability of public money to the sector but also support any auditing of the public purse for the purpose of safeguarding the Welsh Government's financial interests.

Where personal data is used, we will inform the data subjects / agreement holders of their rights under data protection legislation and the purposes for which

their data is being used, this may include for the purpose of processing of audits. Further details will be provided within scheme guidance and privacy notice.

Exemptions from the database, may only be applied in specific circumstances, for example, this may include any scheme, or part of a scheme established for the purposes of section 8(2)(g) of the Act - maintaining and enhancing the resilience of ecosystems, or section 8(2)(m) - achieving and promoting high standards of animal health and welfare, and where the publication of such information is likely to hinder the extent to which that purpose is achieved.

It is not the policy intent for this regulation to impose a requirement to publish data about the total amounts paid out under section 8 of the Act, power to provide support (whether through a scheme or otherwise) the Annual Report (section 13 of the Act) will provide this information. Instead, the data will only relate to individual support amounts.

4.12 Publication of aggregated data

This Regulation requires the publication of aggregated information on agreement holders where their individual payments do not exceed £1,250.

4.13 Virtual inspections

This Regulation enables persons authorised by the Welsh Ministers, such as Rural Inspectorate Wales ('RIW') Inspectors, among others, to carry out virtual inspections for specific purposes, including verifying that an agreement holder is complying with the conditions of their agreement, as well as monitoring the extent to which the purpose of support is achieved, reviewing or evaluating any of the activities carried out by the agreement holder, or verifying whether there has been a breach of these Regulations, or whether an offence has been committed under any other legislation in so far as it is relevant to the application, or request for, or receipt of support. For example, under the SFS Universal scheme, this includes ensuring compliance with the SFS Regulatory Baseline.

Effective monitoring of all the support issued is paramount in ensuring the Welsh Government complies with the legislative reporting requirements under the Act for Annual and Impact Reporting. Aligned with this, we will expect agreement holders to have completed actions in accordance with the conditions of their support and to provide the required evidence on time. This forms part of the cornerstone of scheme monitoring in relation to the completion of the actions and their contribution towards achieving the purposes for which support was issued.

In addition to agreement holders declaration of compliance with the conditions of support, this will be further corroborated via an inspections regime, whereby we, or an organisation on our behalf (Competent Control Authorities), such as Natural Resources Wales (NRW), will undertake a per cent number of inspections from the total number of agreement holders based on a randomised and risk selection process from a cross section of a schemes agreement holders (this includes

claimants under the SFS Universal scheme). The inspections may be completed either in-person (physical inspections) or virtually or mixture of both.

4.14 Physical inspections

This Regulation enables persons authorised by the Welsh Ministers to carry out physical inspections for the same purposes as listed under Regulation 14 Virtual Inspections.

Physical inspections are those inspections where an inspector physically visits land and/or premises of an agreement holder of support, to assess and determine whether the conditions for support are being or have been met; this may include Regulatory compliance.

We will undertake annual inspections to ensure that agreement holders of support have complied with / are complying with their obligations under relevant support schemes and those scheme rules continue to be met.

The Inspection process⁴ is administered by RIW through comprehensive IT systems and support scheme penalty matrices. RIW are responsible for conducting the inspection regime, alongside any other Competent Control Authorities or regulatory inspectors for example, those established by NRW under the Control of Agricultural Pollution (CoAP) regulations. Prior to an inspection taking place, we will contact the agreement holder to schedule a suitable date and time for inspection. If, however, the agreement holder does not permit or refuses the inspector to conduct an on-farm inspection, this regulation allows the inspectors to access the farm to undertake an inspection using the obstruction inspection process. This requires the inspector to notify the agreement holder in writing, with at least 48 hours notice of the powers to inspect and further engages the Regulation for Powers of Entry.

Whilst we will notify the agreement holder of a proposed inspection, if the agreement holder is not able to avail themselves for the inspection, we will work to find a suitably convenient time with the agreement holder to undertake the inspection. However, if they are actively preventing the inspection, this will engage the obstruction procedure, as stated above.

Permitted reasons for delaying an inspection are limited. One such example might be due to a personal circumstance, which the agreement holder could not have foreseen i.e. a funeral, hospitalisation or illness, or issues reflective of poor weather conditions may also be taken into account. Conversely, a failure to, or being able to, gather livestock should not result in a delay to the inspection, as the inspector visit can begin with a check of the farm / agreement holder's records.

⁴ To support the inspection process, the Welsh Government has historically provided a farmer friendly guide 'When the Inspector Calls', this will be updated and published on the Welsh Government website.

Details on any percent value of inspections will be provided within scheme guidance and may be subject to differing percent values for each support scheme. Where inspection results from the previous year indicate conformity or significant non-compliance, the percentage of inspections will be appropriately decreased or increased.

4.15 Powers of entry

This Regulation enables for an authorised person with powers of entry for the purposes of enforcing the Regulations against the powers to inspect for any of the purposes listed in regulation 17(1)(a) to (g).

This Regulation applies to reasonable suspicion of breaches against any condition for which support was given, or any breaches listed at Regulation 19, or reasonable suspicion of offences having been committed under any other legislation relevant to the support. Reasonable suspicion can be applied in circumstances where an agreement holder is refusing an inspector access to undertake an inspection.

In order to evoke this Regulation one of three conditions must be met:

- a) Entry to the land or premises has been refused, or reasonable grounds to suspect entry will be refused (this can include past refusals);
- b) Entry is required urgently; or
- c) The land or premises are unoccupied or the occupier is temporarily absent.

Where access is required to a private dwelling as part of the inspection regime, a warrant must be issued by a justice of peace, in so far as there is doubt that the agreement holder has met the conditions of the support or complied with the regulatory requirements.

Any authorised persons entering unoccupied premises, must leave them secured as they were before entry.

4.16 Powers of inspection

Regulation 17 provides powers of inspection for authorised persons to carry out actions such as inspect land or premises, mark any animal for identification purposes, inspect and copy documents or records.

During an inspection the agreement holder will be required to provide original versions of any paperwork, including for example animal passports, evidence of defrayment for capital expenditure, etc., including permitting the inspector to do the following (this is not an exhaustive list and is provided by way of example):

- a) Carry out any inquires, checks, examinations, measurements and tests.
- b) Take samples.

- c) Inspect all or part of the land whether it is farmed or is withdrawn from agricultural productions, or premises.
- d) Inspect any livestock, crops, machinery or equipment.
- e) Mark any animal or other thing for identification purposes.
- f) Take a photograph of, or record in digital form, anything on the land.
- g) Remove anything reasonably believed to be evidence of any non-compliance.

Full details of what will be inspected in line with the Regulation will be stated within Scheme Guidance for each scheme that employs the inspection process.

4.17 Assisting an authorised person

The Regulation allows authorised persons, when carrying out a virtual or physical inspection, to be accompanied by any such person they consider necessary. This aligns with the policy intent to ease the burden and impact on agreement holders with the number of inspections being requested against a farm, there may be opportunities for more than one inspector to undertake inspections simultaneously.

Whilst most inspections will be completed inhouse, there is a requirement for third party inspectors to undertake inspections on behalf of the Welsh Government.

Additionally, the agreement holder may be requested by an inspector or authorised person to collect, pen or secure any animal during an inspection.

4.18 Breach of regulations

Regulation 19 identifies the circumstances which amount to a breach of these Regulations.

An agreement holder or in some instances an applicant may breach the conditions of support by a number of means, such as failing to provide any evidence of completed actions as required condition of the support offered; a failure to provide any supporting documentation in support of a payment /claim being made; falsely providing information on the completion of actions against which support was offered; providing any false or misleading information at any time associated with the support offered; failure to notify the Welsh Government of any changes in circumstances, including assets and land; failing to enable inspections to be undertaken in accordance with the conditions of support, including any regulatory inspections from third parties or regulatory inspectors, or actively obstructing an inspection.

For clarity, under the SFS Universal scheme, an applicant for that support will become an agreement holder once they have completed and submitted the online Single Application Form ('SAF') thereby accepting the terms and conditions of the support.

For all other support, applicants remain as such until there are in receipt of and accept the grant offer letter from the Welsh Government, hence becoming agreement holders.

4.19 Investigating breaches and suspected offences

Regulation 20 makes provision for the Welsh Ministers to investigate breaches of these Regulations, and other offences where they are relevant to the receipt of support. Any investigation must be proportionate to the type of breach suspected.

Breaches may be identified from administrative checks or inspections, and agreement holders / applicants (where appropriate during the application stage where additional information is requested in support of their application) are notified in writing where breaches are found.

RIW and other CCA conduct inspections. Breaches are typically identified during an inspection of an applicant / agreement holder's land or premises. However, they may include any notification of a considered breach by a member of the public, or possible inconsistencies during administrative checks.

Where we have received information of a potential breach which was not within the inspection regime, we may inspect the holding to ascertain the validity of the notification.

Inspecting officers will inspect farm(s) and check, where appropriate, land, crops, livestock, on farm records and reported movements to BCMS for cattle or EID Cymru for sheep.

The inspector will need to check evidence which supports land claims, e.g. rental agreements for seasonal grazing. They may also have to undertake additional checks to evidence agricultural or ancillary activities are being carried out. These checks may also include checking of receipts and invoices.

Where it is considered a breach of the Regulations has occurred, where appropriate, we will inform the regulator of the breach and their duty to assess the breach and respond accordingly; ensuring that Welsh Government as operators of support schemes, are kept apprised of the situation and any determinations made by the regulators, such as NRW, Local Authorities, APHA, BCMS, etc.

Furthermore, where the breach may result in prosecution, we will work with all necessary parties to gather evidence in support of the breach as well as any steps the agreement holder / applicant may have taken to avoid or mitigate the risk of breaching the conditions of support.

To undertake an investigation, we will engage the inspection powers at regulations 14, 15, 16 and 17, to access the holding and undertake an inspection, whereby the agreement holder / applicant will be required to provide all necessary documentation and evidence to provide a complete picture of the breach. This may include photographic evidence to prove or disprove any non-compliance.

4.20 Investigations

Regulation 21 places a duty on Welsh Ministers to inform the agreement holder of the outcome of the investigation, allowing the person to make written representations.

Following an investigation of a breach of the conditions of support, an 'inspection findings letter' will be issued to the agreement holder explaining the effects of any breach found at inspection. This may reflect no changes to the claim value where no breach was found, or it may result in an advisory letter for lesser offences, moreover, outlining any remedial steps to be actioned by the agreement holder and a date by which they must respond, if they so choose.

Prior to making a determination, Welsh Ministers will need to consider any representations made by the agreement holder in response to the breach. During an inspection this will be captured within the Notification of the Non-Compliance (inspections finding letter) which will capture both the suspected breach and the agreement holders initial statement.

During an investigation, payments may be put on hold until the investigation has concluded. Where advanced payments have been made prior to an inspection, such as under the SFS Universal Scheme, it will be the final balance payments which may be held until the agreement holder has been informed of the outcome of the investigation together with any necessary repatriations.

At the end of the physical inspection the inspector will complete an inspection summary form which summarises the main findings of the inspection and provide details if a breach is found. Administrative checks following the inspection may also identify additional breaches.

During an inspection / investigation, the agreement holder will be requested to sign a form acknowledging the inspection has taken place and which clearly highlights the main findings of the inspection to the agreement holder. The findings may highlight that no breach was determined, or that a breach was determined.

Once all the administrative checks have been completed, the administration team will ensure that the details of the inspection are entered into the RPW IT computer database to allow validation of the claim.

If the agreement holder is not content with the outcome of the inspection, they are able to appeal the decision during the determination stage, which then engages the appeals process (see section 4.28 for appeals).

Once the appeals process is engaged, the Welsh Government will need to consider any further evidence provided in support of an agreement holder's claim that the breach is incorrect or unjust. Once the appeals process is complete, will we be able to conclude the investigation; providing a final decision to the agreement holder.

4.21 Determination on breach

Under Regulation 22, the Welsh Ministers must make a determination if satisfied that a breach of conditions has occurred or that Regulation 19 applies, and may make a further determination as to the seriousness of any breach, setting out appropriate steps, if any, that may be required in respect of the breach.

Breaches may be identified from administrative checks or inspections, and agreement holders will be notified in writing where breaches are found. Dependent upon the type of breach and the circumstances around the breach, other considerations will be made when determining the outcome.

In determining any breaches of conditions or regulations, they may be assessed against the severity, extent, duration and recurrence of the breach, including whether the breach was negligent or intentional. It will also factor any past conduct of the agreement holder and whether there are any recurring breaches of their agreement.

Penalties may be applied if there is a breach of the eligibility criteria or scheme conditions for the scheme. However, not all support schemes may want to apply penalties on scheme conditions, nor apply penalties against the Regulatory requirements of the sector.

Any restrictions imposed on accessing future support will be detailed within the scheme guidance.

The Welsh Government assesses breaches against verifiable standards relating to the scheme eligibility criteria. A penalty matrix⁵ is used to determine the level of penalty to be applied. For example, the verifiable standards and the penalty matrices for the SFS Universal scheme will be publicly available via the Welsh Government website.

⁵ [cross-compliance-payment-reduction-matrix-2017.pdf](#) This provides the penalty matrix used to reduce payments across both intentional and negligent breaches of the Regulatory Baseline. This provides an indication of the penalty matrix to be applied under the Universal Code and SFS Universal Actions, with the inclusion of more proportional penalties for certain breaches, such as advisory letters. An updated matrix will be provided when full SFS scheme guidance is published prior to the scheme commencing.

4.22 Action available to the Welsh Ministers following determination of a breach

Regulation 23 specifies the steps that may be taken by the Welsh Ministers where there has been a determination of a breach, including the withholding of support, including financial support, recovering support previously awarded and prohibiting a person from receiving support under any scheme, or issuing of an advisory letter, among others.

Where a breach of the conditions of support, or of the regulatory baseline has been reported and or uncovered during an investigation by an inspector (and / or one which is latter verified by the administration team), we will issue a notification letter to the agreement holder of the support of the decision regard the breach. This will provide information on the type, extent, and severity of the breach as well as any applicable penalties to be applied.

We have integrated issuing advisory letters as a first step (subject to the classification of the breach) as part of the penalty's matrix. This is as a means of supporting agreement holders to adjust to support under the Act and to follow through with our commitment for proportionality in applying penalties, this is a departure from our historical penalty regime, enabling a more proportionate approach, where appropriate.

An action taken against an agreement holder for Scheme or Regulatory Baseline breaches will be dependent upon the breach and its severity and will score against the appropriate penalty matrix, where a percentage reduction in payments may be applied.

Breaches may be for over declarations on area-based schemes, or against revenue-based support on capital expenditure support. Where is it determined that a breach of the conditions of support is validated, we will notify the agreement holder of the outcome of the breach and apply a penalty as defined within the penalty matrix. The Welsh Government has worked with the sector to develop a proportional penalty matrix which includes issuing advisory letters to undertake remedial work to rectify the breach in cases of minor non-compliance, where appropriate to do so.

Where an exceptional circumstance arises which is subsequently verified, any potential penalty or exclusion period will be waived, subject to the exceptional circumstance clause.

In circumstances, where an agreement holder fails to remedy any breaches for example, in those less severe circumstances or where they are repeated offenders, financial penalties may be applied. In cases of repeated breaches, we will also consider withholding further financial support under a support scheme, such as the SFS, until the breach or breaches have been rectified to bring them back to the required standard of either the Scheme or Regulatory Baseline.

There may be instances where, for example, several agreement holders have breached the exact condition, subsequently a review of the actions required

under a support scheme may be necessary. In these instances, we will notify the agreement holders of any changes to the conditions of the support and update the terms of the agreement. This may be either a temporary amendment or permanent, for example, if the breach is due to factors outside the control of the agreement holders such as weather patterns not suitable to support the period allocated for hedge trimming.

Where an agreement holder submits a fraudulent claim, this may exclude them from applying for and / or receiving support from any other support scheme over a specified period, e.g. up to two years and may also lead to a termination of their agreement.

4.23 Exceptional circumstances for a breach

This Regulation enables for the provision of exceptional circumstances to be applied in specific scenarios related to breaches of the conditions of support and in doing so, permits the Welsh Ministers to elect not to take any of the steps set out under Regulation 23 where exceptional circumstances apply.

For each support scheme, we will provide further detailed information on any exceptions on where they might apply to a particular support scheme, within Scheme Guidance. For example, this may include exceptions applicable to any late claims, any late submissions in respect of applications, not meeting scheme eligibility requirements in terms of land availability throughout the calendar year, or unable to comply with the SFS Regulatory Baseline obligations, etc.

Exceptional circumstances may apply where an agreement holder was prevented from fulfilling their obligations consistent with the conditions of support. It is those unusual circumstances, outside an agreement holder's control, the consequences of which, despite all due care, could not be avoided except at the cost of excessive sacrifice on their part.

Examples of where exceptional circumstances may apply will be provided within scheme guidance. In these specific cases, the agreement holder will retain their right to financial support in respect of the area at the time when the case of exceptional circumstance occurred, and penalties and/or recovery of previous payments made may not apply.

For example, where an agreement holder under the SFS Universal scheme is late submitting their annual SAF and the Welsh Government has been notified and have verified the exceptional circumstance, late claim penalties will not be applied to their payment.

4.24 Notification of the determination on the breach

Regulation 25 sets out the Welsh Ministers duty to notify agreement holders of any decision / determination made under Regulation 22 together with reasons for the decision and their right to appeal that decision under Regulation 29.

4.25 Further information on rectifying a breach

The Regulation enables Welsh Ministers to allow the agreement holder to rectify a breach pursuant to Regulation 23(d) and in doing so, Welsh Ministers must specify a period in which the breach must be rectified and may (appropriate to the breach) withhold support until satisfied the breach has been rectified.

For those regulatory breaches, the verifiable standards and Regulatory Baseline provide support for determining how a breach can or cannot be rectified and will need to be considered as part of the determination process, particularly as to whether a severe permanent breach can be rectified.

Where an agreement holder has not satisfactorily rectified the breach, the Welsh Ministers must make a new determination under Regulation 22(2), as to the seriousness and nature of the breach, among other considerations.

4.26 Further information on recovering support

This Regulation provides further information on some of the steps the Welsh Ministers may require to be taken under Regulation 23.

Where a breach has been applied to an agreement holder, one step available is to recover any payments already issued. For example, during an inspection it is discovered the agreement holder has not completed all required actions for which payment has been made. Subsequently, a determination has been made that the agreement holder must repay any monies owed to the Welsh Government, together with a percentage penalty applied. A penalty matrix, where applicable to a support scheme, will be published alongside the scheme guidance.

Where it is determined that recovery of financial support is required, we will notify the agreement holder of the value of the monies being recovered, together with a date in which they must ensure that full payment is made. Not all support will apply interest to debt, therefore it will be notified whether interest is to be applied, at what rate and over what period that interest may apply and if there is any outstanding debt how interest may be compounded on any outstanding balance, until cleared.

Additionally, where the agreement holder fails to repay the full amount and they are entitled to further support under a support scheme, payments may be withheld from other support schemes (established under the Act) until the debt / payment is cleared. Intercepting an agreement holder's payments does not apply to other Welsh Government payments, nor to any payments in respect of the TB Compensation scheme, based on the nature of the TB Compensation scheme payment.

Where applicable, debts can incur interest. Interest is measured using the Bank of England base rate plus 1%. Any payments made in respect of debts are firstly made towards clearing interest, followed by debt accrual.

4.27 Further information on prohibiting support

This Regulation provides for further information on steps available to Welsh Ministers under Regulation 23.

In certain circumstances where an agreement holder has persistently breached the Regulatory Baseline or the conditions of support over a period (typically over a number of years), it may be necessary to prohibit the agreement holder from accessing further financial support for a set period of time but not exceeding two years. This is only to be implemented for those most serious offences where the severity and impact is highest, or where an agreement holder has persistently breached the conditions of support.

The maximum two-year exclusion applies to all support issued pursuant to section 8 of the Act.

4.28 Appeals

This Regulation makes provision for appeals to the Welsh Ministers against certain decisions or determinations under these Regulations.

It establishes a two stage appeal process, where appeals may be made to the Welsh Ministers against a decision or determination made under Regulation 6(2) (determinations made in respect of exceptional circumstances of incomplete or erroneous applications), 10(3) (determinations made in respect of change in circumstances) or 25 (determinations made in respect of breaches) on any of the following reasons:

- the decision was based on an error of fact;
- the decision was wrong in law;
- there has been a material procedural error.

For the stage one appeal, the appellant must write to the Welsh Ministers, setting out the reasons for the appeal together with supporting evidence and be received by the Welsh Ministers within 60 days of the decision or determination being notified to the appellant.

The Regulation places a duty on the Welsh Ministers to inform the appellant of the outcome of the stage one appeal. If the appellant is not satisfied with the outcome, they are able to progress to stage two of the appeals process, ensuring they have done so within 60 days of the receipt of the stage one outcome.

The second stage includes an Independent Appeals Panel deliberation, including any fee to be applied to the Independent Appeals Panel. Scheme guidance will provide further information on the fees associated with oral or written hearings and further provides greater detail on the appeals process. Following the consideration of the independent panel, the Welsh Ministers will make a final determination on the appeal, notifying the appellant in writing of the determination together with the reasons of the decision.

5 Consultation

The Welsh Government has consulted extensively since 2017, from setting out its priorities to ensure Wales' future prosperity after the UK's exit from the European Union (EU) in our consultation 'Securing Wales' Future⁶. Following that consultation, the Welsh Government has consulted on a range of options for delivering SLM, farm support post EU exit and agriculture reform.

The policy objectives and the review of the farming industry in Brexit and our Land (BaOL)⁷ and Sustainable Farming and Our Land (SFaOL)⁸ looked at the challenges faced and opportunities for reform in securing the future of Welsh farming.

The Agriculture (Wales) White Paper⁹ built on these proposals and set out the direction for the Agriculture (Wales) Act 2023 ("the Act"), one of the most ambitious and significant reforms of the sector of our time, aiming to revolutionise our farming industry to achieve our vision of a sustainable, prosperous and greener Wales.

The detailed outcomes of these consultations are publicly available on the Welsh Government website, as well as documented within the Explanatory Memorandum of the Act at paragraphs 4.2 to 4.55¹⁰.

Alongside the introduction of the Act in August 2023, which enabled the provision of future support to the sector for or in connection with agriculture in Wales and ancillary activities that take place in Wales, the Welsh Government developed the Sustainable Farming Scheme (SFS), publishing and consulting the outline proposal of Sustainable Farming Scheme – Keeping Farmers Farming¹¹.

Sustainable Farming Scheme - Keeping Farmers Farming 2024

The Sustainable Farming Scheme – Keeping farmers farming consultation was the third formal consultation exercise held in relation to the SFS, setting out proposals, detailing:

- i. how farmers will be rewarded for actions that align with the Sustainable Land Management (SLM) Objectives set out in The Agriculture (Wales) Act 2023, producing food in a sustainable manner, responding to the climate and nature emergency, and conserving and enhancing the countryside and cultural resources.
- ii. the support that will be available to undertake these actions and meet the SLM objectives.

⁶ [Securing Wales' future | GOV.WALES](#)Support for Welsh farming after Brexit | GOV.WALES

⁷ [Support for Welsh farming after Brexit | GOV.WALES](#)

⁸ [Revised proposals for supporting Welsh farmers after Brexit | GOV.WALES](#)

⁹ [Agriculture \(Wales\) Bill | GOV.WALES](#)

¹⁰ Chapter 4 of the [Explanatory Memorandum](#) accompanying the Agriculture (Wales) Act 2023, provides an analysis of the consultations and their responses.

¹¹ [Sustainable Farming Scheme - Keeping farmers farming](#)

- iii. the Legislative requirements to support the operation and administration of support schemes, such as the SFS.

The twelve-week consultation ended on 7 March 2024.

An independent analysis and summary of responses to the consultation is available on the Welsh Government website.¹²

The consultation received substantial engagement from the public, with a total of 12,108 responses received - 3,757 responses from those identifying as individuals, 386 responses from those identifying as organisations, 7,885 responses submitted through seven campaigns and 80 responses received via email. 73% of individual responses were from the farming sector¹³.

A wide range of opinions were expressed in response to the consultation; both supportive and unsupportive of the proposals.

Opposition to the proposals was most strongly expressed in response to the proposed Universal Actions and changes to the Basic Payment Scheme (BPS) during the transition phase to the SFS. The opposition was prominent in responses from the farming sector. However, opposition was not universal, with those from the environmental and third sector more supportive of the proposals, along with a minority of farmers who welcomed measures to support actions aimed at greater environmental sustainability.

Overall, the consensus from the farming community to the consultation was unfavourable, resulting in widespread protest at the steps of the Senedd on 28 February 2024. The discontent derived from both the environmental requirements prescribed on farmers in Wales and the publication of the Potential economic effects of the Sustainable Farming Scheme Phase 4 Universal Actions Modelling Results report¹⁴, resulting in farmers predicting the proposed reforms would make the new farming support scheme unsustainable for their businesses.

Following analysis of all the consultation responses, on 14 May 2024¹⁵ the Cabinet Secretary for Climate Change and Rural Affairs announced a 12-month delay in the launch of the SFS with the purpose of reviewing proposals and increased engagement with the sector, associated bodies and unions. The aim, to develop practicable solutions to support farmers to continue farming, whilst also being cognisant of the environmental impact of the sector, ensuring the Welsh Government developed a Scheme which supports a sustainable and resilient agricultural industry in Wales.

Since the Ministerial Statement on 14 May 2024, and following extensive discussions with unions, representatives from the farming and environmental

¹² [Sustainable Farming Scheme: consultation analysis report](#)

¹³ 3,757 responses were received from those identifying as individuals with 3,294 responses in the standard format using the consultation response form and 463 submitted in the responses' own formats. 73% of the 3,294 'standard' responses were identified as coming from the farming sector.

¹⁴ [Potential economic effects of the Sustainable Farming Scheme Phase 4 Universal Actions Modelling Results](#)

¹⁵ [Written Statement: Future of Farming in Wales \(14 May 2024\) | GOV.WALES](#)

sector, there have been two further publications regarding the SFS. On 24 November 2024, the Welsh Government published the 'Sustainable Farming Scheme: proposed scheme outline (2024)'¹⁶, and on 15 July 2025 the final 'Sustainable Farming Scheme 2026: Scheme Description was published'¹⁷.

The regulatory requirements have been outlined in these consultations and SFS publications as a legal requirement enabling the operational and administrative controls, such as inspections and enforcement, of future agricultural support schemes.

The feedback from the consultations has informed the development of these Regulations to provide clarity in law and minimise bureaucracy, where applicable.

In addition, we have complied with the requirement to consult with the Information Commissioner under Article 36(4) of the UK GDPR, for the processing of information, as required for these Regulations.

6 Regulatory Impact Assessment (RIA)

The Agriculture Support Schemes (Eligibility, Enforcement and Appeals) (Wales) Regulations 2025, introduces the controls and enforcement framework for all agricultural support delivered under the Agriculture (Wales) Act 2023. The Regulation does not limit who is eligible for support, only that those eligible must meet the eligibility criteria and conditions of a support scheme to benefit from a scheme's offering, alongside ongoing controls and enforcement to support the operational delivery of support schemes. Therefore, a full RIA has been conducted.

¹⁶ [Sustainable Farming Scheme: proposed scheme outline \(2024\) \[HTML\] | GOV.WALES](#)

¹⁷ [Sustainable Farming Scheme 2026: scheme description \[HTML\] | GOV.WALES](#)

PART 2 – REGULATORY IMPACT ASSESSMENT ('RIA')

Purpose

The Agriculture (Wales) Act 2023 ("the Act") has powers enabling Welsh Ministers to provide support to the sector, for or in connection with agriculture in Wales and ancillary activities that take place in Wales, pursuant to section 8 of that Act. The Act provides a list of purposes for which support may be provided, that list is non-exhaustive.

To effectively operate and administer an agricultural support scheme, monitoring, controls and enforcement processes are required. In accordance with section 10 and section 12 of the Act, regulations are required in order fulfil these requirements to ensure that all future support established pursuant to section 8 of the Act are operated and administered effectively.

The requirements for the regulation powers at sections 10 and 12 of the Act are complementary and are subject to the draft affirmative procedure.

Section 10:

Section 10 of the Act confers power on the Welsh Ministers to make regulations about the publication of certain information (as specified in the regulations) about support which has been, or is being, supplied under section 8. The information that may be specified in the regulations may include information about:

- the recipient of any support provided,
- the amount of support provided, and
- the purposes of any support provided.

Section 12:

Section 12 of the Act, provides the Welsh Ministers with regulation making powers that may be exercised to make provision about:

- checking whether eligibility criteria for support are met;
- the consequences where support has been provided without eligibility criteria having been met;
- enforcing compliance with any conditions subject to which support is or has been provided;
- monitoring the extent to which the purpose of support has been achieved;
- the investigation of suspected offences in connection with applications for, or the provision of, support.

The Regulation may further include provision on:

- I. about the provision of information;
- II. conferring powers of entry;
- III. conferring powers of inspection, search and seizure;
- IV. about the process for determining whether eligibility criteria or conditions in respect of the provision of support are met;

- V. about record keeping;
- VI. about the recovery or making good of all or any part of financial support (with or without interest);
- VII. about withholding support, in whole or in part;
- VIII. about steps to be taken, by a person to whom support is or has been provided, to rectify any breach of a condition applicable to that support;
- IX. about monetary penalties (including penalties calculated by reference to the amount of financial support);
- X. for recovery of amounts due in respect of monetary penalties, including provision for interest, set-off and security for payment;
- XI. prohibiting a person from receiving support, or support of a specified description, for a specified period or until specified conditions are satisfied;
- XII. about appeals;
- XIII. conferring functions (including functions involving the exercise of a discretion) on a person.

These powers are intended to ensure that agricultural support financed by the Welsh Government is administered correctly, with the appropriate controls and enforcement mechanisms. Whilst also ensuring the recipients of that support are similarly subject to appropriate accountability in certifying that payments are made in accordance with the conditions of a support scheme. For example, where an agreement holder has failed to comply with their agreement, that appropriate steps are taken to rectify any failures, whether through issuing advisory notices and / or steps to be taken to remedy a breach of the conditions, and includes any appropriate financial penalty which may be applied.

Whilst the Regulations do not specify what penalties should be applied under a support scheme, they do allow for penalties to be applied where an agreement holder has breached (fail to meet) the conditions of their agreement.

The Regulations for the controls and enforcement framework will support all schemes currently in development, such as the Sustainable Farming Scheme (SFS) Universal, Optional and Collaborative schemes, including other future support yet to be developed. Subsequently, it is difficult to quantify and project the costs, benefits and risks associated with the introduction of the controls and enforcement framework, as they are the enabling functions for support schemes. Consequently, the costs, benefits and risks associated with the introduction of the Regulations is captured through the implementation of the SFS, the primary operational delivery mechanism for delivering support aligned with the SLM objectives. It is scheduled to launch in January 2026 and will be introduced in phases and evolve over time. This evolution is supported via the evaluation and reporting requirements established within the Act, such as the 5 yearly Impact Report¹⁸.

¹⁸ The Impact Report is a monitoring and evaluation report for ensuring robust scheme level assessment of actions and evaluation of the scheme as whole. Further information on the Impact Report is available at the Act Explanatory Memorandum paragraphs 3.159- 3.172 [agriculture-wales-act-2023-explanatory-memorandum.pdf](#)

MASP (Multi-annual Support Plan) (Section 11):

The Act includes a legal requirement to provide the agricultural sector with assurance and transparency that the Welsh Government has in place a plan or suite of activities of future support for the sector, which will be delivered pursuant to section 8 (power to provide support), this is the Multi-annual Support Plan (MASP).

The MASP provides a (minimum) 5 year forward plan of support schemes in operation or planned to become operational within the plan period, the first period commenced 1 January 2025 and covers the transitional period to 2029¹⁹.

Scheme Guidance

The Welsh Government will provide full scheme guidance aligned with the controls and enforcement framework regulation for support scheme(s) delivered under the Act. Scheme guidance is being prepared for the introduction of the SFS Universal ahead of the scheme launch on 1 January 2026. Further guidance will follow for both the SFS Optional and Collaborative support in due course.

Regulations tabled alongside The Agriculture Support Schemes (Eligibility, Enforcement and Appeals) (Wales) Regulations 2025

It is important to note, alongside the introduction of these Regulations, there are two further Regulations being introduced, The Basic Payment Scheme (Tapering Payment Entitlements and Closure) (Wales) Regulations 2025 and The Agriculture Subsidies and Grants Schemes (Appeals) (Wales) (Amendment) Regulations 2025.

For each of the above Regulations, RIA's have been completed on the impacts, costs and benefits therein. For example, the BPS Tapering Regulation has captured the costs associated with tapering BPS at various percentage values. The amending Appeals Regulation, contains details on the options for amending the appeals fee, together with the project effect of the fee. These changes will ensure there remains one appeals process applicable to all current and agriculture future support schemes.

7 Options

All agricultural support delivered in accordance with the Act will need to have in place a controls and enforcement framework which safeguards public funds issued for the purposes they were intended, whilst simultaneously providing a clear legal basis in which both the Welsh Government and recipients of agricultural support are required to adhere. It sets the lawful basis on which, for

¹⁹ [Multi-Annual Support Plan Agriculture](#) The First MASP is published on the Welsh Government website in accordance with the legislative requirements prescribed within section 11 of the 2023 Act, and includes support, operational and proposed, throughout the transition period.

example, inspections may be made (or enforced) on an agreement holder to ensure that they are compliant with the terms of their support agreement. It further sets out that where breaches are identified that these are investigated and the agreement holder has the right to reply to the suspected breach and appeal certain decisions made by Welsh Ministers.

The Regulation will in effect bridge the gap between what is currently presented within the Act and scheme rules, including but not limited to eligibility criteria, monitoring, compliance and enforcement, etc.

Three options were considered for this legislative requirement:

Option 1: (preferred) Generalised Regulation.

A generalised (non-scheme specific) approach is taken to the Regulation for the controls and enforcement processes which supports the operational delivery of support schemes established under power to provide support of the Act.

It will enable Welsh Ministers to set the legal basis on which support schemes are able to administer, monitor and enforce compliance.

The Regulations will apply to all agricultural support schemes without naming any specific support scheme, including the SFS, ensuring the Regulation captures the needs of both current and future agricultural support schemes established and proposed, for operation under section 8 of the Act.

All support schemes operating under the Act's section 8 powers, will use the same regulation power to operate and administer these Regulations functions. The Regulation will outline the conditions which for example, constitute a breach of an agreement and steps available to Welsh Ministers in relation to that breach, such as enabling an agreement holder to rectify the breach within specified timescales, and / or apply a penalty. The detailed specifics on possible penalties applied to those breaches will be outlined within Scheme Guidance (as noted above).

Option 2: Bespoke Regulation per Support Scheme.

The development of bespoke secondary legislation for each support scheme established pursuant to section 8 (power to provide support).

The advantages of this approach include secondary legislation which fully captures the requirements of each scheme and potentially reduces the level of detail required within a scheme's supporting documentation. However, the drawback is that for each support scheme a new Regulation will need to be prepared. This approach is overly burdensome and bureaucratic to account for the planned support schemes.

Option 3: Hybrid Regulation naming some Support Schemes.

A hybrid of options one and two, whereby using the generalised approach, but also naming some support schemes within the regulation power, such as, SFS, but not others (therefore enabling for a degree of future proofing).

The rationale for not progressing with this option is that outside of the SFS (universal, optional and collaborative) there were no other support schemes considered to be operationally ready to deliver support to the sector, for example, we know that the current SFS preparatory schemes will continue to operate under EU assimilated Law until the end of 2026/27 or their closure.

A disadvantage of naming support schemes may result in the need to amend the Regulations ensuring it is up to date, including removing any references to redundant scheme names which are no longer available to the sector.

8 Costs and benefits

The cost and benefits associated with the Regulation are attributable to the implementation, administration, and delivery of future support, such as the SFS. A detailed business case has been published on the SFS, including costs associated with implementing and operational delivery over the transition period to 2029/30. Further details are available on the SFS Full Business Case²⁰, which includes the economic, strategic, commercial, financial and management cases associated with the development and delivery of the SFS was published on 30 September 2025.

The Regulations are the enabling functions of the support, which will provide the controls framework for the operational delivery of the SFS, as the principle known support scheme to implement the regulations processes.

When considering the costs the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, was provided with the full evidence base²¹ to enable him to make his decision on the SFS against the current agricultural support regime. The full evidence base includes the Full Business Case (which estimated the costs and benefits of the SFS against the costs and benefits of the current support regime), a full integrated impact assessment and an economic assessment of the estimated effect on 15,555 fulltime and part time farm businesses, including the estimated costs and also the overall estimated impact on farm business income. Those costs have not been included within this RIA, but can be accessed online (see footnote 4 for link).

²⁰ [Sustainable Farming Scheme: full business case with annexes](#) The SFS Full Business Case was published on 30 September 2025, in advance of the SFS Universal scheme launch on 1 January 2026.

²¹ The full evidence base used to support the proposed SFS, includes the Full Business Case (with estimated costs and benefits of the SFS against the costs and benefits of the current agricultural support regime (BPS, RIS, etc), a full integrated impact assessment, and an economic assessment of the estimated effect on 15,555 full and part time farm businesses, also including the estimated costs and overall estimated impact on farm business income. [Sustainable Farming Scheme: business case | GOV.WALES](#)

There are no direct costs associated with the introduction of these Regulations, however, the support delivered pursuant to section 8 of the Act, will implement the processes contained within the Regulations as a key component of the administrative costs of operational delivery. Consequently, the project figures in the tables below have been taken from the SFS Business Case, as a means of demonstrating administrative costs in the design structure and implementation of the SFS.

The programme costs borne from the administration of the SFS support scheme are considered from a whole scheme approach. Fairness and equity is available for those eligible applicants who progress to agreement holders.

Table 1 provides an indicative summary of the budget for SFS. It is based on resource accounting and budgeting (RAB) principles and shows the resource costs over the Transition Period for the SFS.

In addition, Table 1 provides a cash flow statement showing how much is expected to be spent by the Welsh Government on:

- Administering the SFS and BPS (and RIS) over the Transition Period from 2026 to the end of 2029;
- Payments to farmers under the SFS and BPS as part of the tapering: the precise split between the two will depend on actual take-up of the SFS;
- Any other financial costs attributable to the SFS which are borne by the Welsh Government; and
- NRW's expected costs of establishing the SFS and then delivering it over the Transition Period.

Table 1 excludes the Departmental Running Costs (DRC) associated with delivery of the SFS. In practice, these future costs cannot be readily apportioned between support for SFS and other responsibilities. All the funding for the SFS is expected to be provided by the Welsh Government.

On the 30 September 2025, the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, announced that he has committed up to £238m to the SFS Universal Payment for the economic, environmental and social benefits resulting from the Scheme, and at least £102m towards supporting the Optional and Collaborative Layers in 2026²². The financial case of the SFS Full Business Case estimates the following split for the remaining £128m budget available for:

- Optional Actions and Collaborative Actions within the SFS including non-SFS support related to rural affairs (£102m);
- Other advice and support (£12.8m); and
- Programme administration costs related to the development, implementation, delivery and monitoring of funding programmes in Rural Affairs (£13.6m).

The proposed taper for those farmers who choose to remain in the BPS during

²² [Written Statement: Publication of Sustainable Farming Scheme \(SFS\) Business Case and Evidence Base \(30 September 2025\) | GOV.WALES](#)

the Transition Period will directly affect (increase) the budget available for the Optional and Collaborative Layers, assuming that the value of this taper will be retained for SFS. The full value of these BPS claims will be required for the SFS Universal Payment in the future, on the assumption that all farms will join the SFS.

Table 1: Projected annual expenditure on SFS (£m, current prices)

Cost element	2025-26	2026-27	2027-28	2028-29	2029-30
Administration ²³	34.0	43.7	34.4	35.2	36.2
Advice and Guidance ²⁴	24.9	31.3	31.4	31.5	31.6
Payments to farmers/landowners ²⁵	340.8	333.7	334.0	334.0	333.9

To ensure that the transition to the new agricultural support is ready for scheme launch, requires investment to the existing RPW's IT systems, used to administer support. The table 2 demonstrates the project costs over the transition period for investments required in IT to effectively operate and administer the controls and enforcement processes of support. The example provided in table 2 covers all elements of the SFS, as new support is developed there will be an increased need to continue to update and adapt the existing IT systems to accommodate new schemes – these are an unknown cost and have not been accounted for at the present time.

The expected investment in RPW's ICT systems will have balance sheet implications for the Welsh Government. Using the straight-line method of amortisation over five years (which is the current approach to treating ICT expenditure by RPW), the implications for the Welsh Government balance sheet are summarised in Table 2. This shows that RPW is expected to invest £60.1m between 2025-6 and 2029-30. The residual value of this investment will be £40.4m in 2029-30.

²³ Administrative expenditures have been converted to current prices using the Office for Budget Responsibility's latest estimate for the GDP deflator.

²⁴ Advice costs have been converted to current prices using the Office for Budget Responsibility's latest estimate for the GDP deflator.

²⁵ This reflects an assumed flat cash rollover based on the BPS & RIS budget allocation for 2025-26, minus the estimated programme and advisory costs.

Table 2: Projected impact on Welsh Government balance sheet (£m, current prices)

	2025-6	2026-7	2027-8	2028-9	2029- 30
Investment in IT	15.53	18.01	8.59	8.80	9.15
Cumulative investment in IT	15.53	33.54	42.13	50.93	60.08
Amortisation					
• 2025-6	3.11	3.11	3.11	3.11	3.11
• 2026-7		3.60	3.60	3.60	3.60
• 2027-8			1.72	1.72	1.72
• 2028-9				1.76	1.76
• 2029-30					1.83
Total amortisation	3.11	6.71	8.43	10.19	12.02
Total amortisation (cumulative)	3.11	9.81	18.24	28.42	40.44
Value of IT assets (net)	12.42	23.73	23.89	22.50	19.64

The costs listed in the above tables demonstrate the costs for administering the operational delivery of the SFS, together with the IT system costs for ensuring the supporting mechanisms are in place to enable the appropriate scheme functionality.

Consultation

The latest consultation in a series for the SFS was made in 2024²⁶. The proposed secondary legislation requirements were included within the consultation. Whilst responses were limited, we have considered the responses and tried where possible to reduce 'red-tape' and bureaucracy. To this end we have ensured that scheme level detail will be provided within the Scheme Guidance, enabling for the Regulations to be drafted more broadly to accommodate all future agricultural support.

Integrated Impact Assessment

Sections 1 and 8 of the IIA will be published, bilingually. The IIA includes several assessments ranging from the Children's Right Impact Assessment, to Equality Impact Assessment. Links to full assessments will be provided upon publication.

Welsh Consolidation Fund

This Regulation does not contain provisions charging expenditure to the Welsh Consolidation Fund.

²⁶ [Sustainable Farming Scheme - Keeping farmers farming](#) consultation closed on March 2024

Summary

Preferred Option 1 – Generalised Regulation

The preferred option provides for a simpler and streamlined option in comparison to options two and three.

A single Regulation requirement which captures all regulation powers pursuant to sections 10 and 12 of for support established and operational under section 8 of the Act. By not directly referencing each support scheme or otherwise, within the regulation provides for the longevity of the regulation and enables future support schemes to draw on the regulations and their supporting processes in the implementation and operation of the support (scheme or otherwise), with relative ease. The Regulation has been drafted to encompass what we know now and potential future schemes.

It enables for varying delivery methods, from farmers making annual declarations via the Single Application Form (SAF) familiar to most farmers through to applying for support and delivering a bespoke grant award.

The single set of Regulations will enable support schemes to administer, monitor and enforce compliance and also for the Welsh Government to maintain transparency with the sector on financial support issued.

All support schemes operating under the power to provide support provision will use the same regulation power. The detail of the scheme rules (which will not require regulations) will be within the schemes' guidance documentation.

It provides consistency and transparency to both applicants/ agreement holders and the sector in the uniformity of enforcement processes, for example, setting the boundaries against which breaches may be applied and enables for penalties to be allocated based on the support, which further supports a proportional approach to apply penalties as is evidenced by a revision of the penalties matrix which will be provided for the SFS.

The Regulations sets out that schemes will have eligibility conditions which applications will be checked against. The scheme guidance will provide the details on the eligibility conditions, and any other requirements appropriate to each support scheme.

Scheme guidance will include scheme rules which will set out the characteristics of eligibility conditions (hectarage, turnover, SME, or large scale, family farms or national / multi-national corporate owned farms, etc), as well as the process for administering a support scheme such as monitoring, inspections, appeals, etc.

In the case of scheme monitoring, the Regulations will set out that schemes may be monitored, and how the monitoring will be undertaken or captured, for example, through the use of satellite technology or remote sensing. Scheme rules would capture the purpose of the monitoring, the process and its use together with how data will be collected in supporting of monitoring the impacts

of a scheme, the frequency in which data will be collected, who will collect, and what will be done with the data.

The Regulations will therefore capture the next level of detail which the framework Act does not and then enables for all support schemes to use the regulation power and provide the greater detail within each schemes supporting documentation.

9 Competition Assessment

The Regulation sets the control framework for operational delivery of agricultural support schemes established under the Act. The provision of support is established in accordance with section 8 of the Act (for or in connection with agriculture in Wales and ancillary activities that take place in Wales).

The operational controls and enforcement framework will apply to those potential applicants / agreement holders who choose to access support / grant funding under a support scheme. Typically given the nature of the support to be available, it will principally result in farmers or agricultural businesses, including those businesses connected to agriculture and agri-supply chain that will be affected.

It will be for each future scheme established to determine whether there is an adverse or beneficial impact to competition. However, using the SFS as an example, as the scheme has limited eligibility criteria and is aimed at relatively open access to all, such as, for those farmers over a specified hectareage.

Dependent upon the support scheme, a more robust list of eligibility requirements might be detailed, nevertheless support schemes and their participants will always need to comply with the condition of ‘support for or in connection with agriculture in Wales and ancillary activities that take place in Wales.’

The appeals process will also apply to any scheme’s eligibility conditions and will therefore only apply to those agreement holders within support schemes.

These Regulations will apply equally to all applicants and / or agreement holders within a support scheme, and therefore they do not adversely impact competition.

Subsidy Control & World Trade Organisation (WTO) Requirements

Each support scheme will need to consider the implications of their support under both the Subsidy Control Act and WTO Requirements. For example, under the Subsidy Control Act 2022, the SFS is considered as a subsidy. Accordingly, Officials will be engaging with the Welsh Government Subsidy Control Unit to ensure sufficient subsidy cover is developed prior to the scheme going live.

Additionally, the SFS, as an agricultural support scheme, will need to be notified under the WTO Agreement on Agriculture. Officials are already engaging with

the UK Government on the potential classification of the scheme, which is likely to be 'green box' as defined under Annex 2 of the Agreement on Agriculture.

10 Post implementation review

The impacts / outcomes as well as the processes established within these Regulations will be regularly monitored through the reporting framework established under the Act. All agricultural support will need to adopt the controls and enforcement framework established within these Regulations to effectively operate and administer the support, whether through assessing and checking an applicant's eligibility to a support scheme, compliance with the inspection's regime and or continued compliance with the support scheme agreement and scheme rules, as well as separate monitoring to be undertaken for appeals.

The Act provides a structured monitoring, evaluation and reporting framework against both support schemes (such as the SFS) and Sustainable Land Management ('SLM'). There are two support scheme level mandatory reporting requirements established within the Act, an Annual Report and an Impact Report.

The Annual Report is required at the end of each financial year to prepare and publish the report on all financial and non-financial support provided during the reporting period, i.e. how much money has been spent, on what and to who. Further information on the extent of what may be included within the Annual Report can be found at paragraphs 3.154 and 3.155 of the Act's Explanatory Memorandum.²⁷

The Impact Report will provide quantitative and qualitative information on the impact of the support which has been delivered using the power to provide support, over a five-year period. This will be underpinned by a monitoring and evaluation strategy. It will look at the impact of each scheme in achieving the SLM objectives, whether the scheme(s) are fit for purpose and what may need to change to reflect the impact sought. Further information on the extent of what may be included within the Impact Report can be found at paragraphs 3.161 and 3.164 of the Act's Explanatory Memorandum.

In addition, the Welsh Ministers are also required to prepare a SLM report every five years, setting out their assessment of (a) the cumulative progress made, since the SLM duty came into force, towards achieving the SLM objectives through the exercise of the Welsh Ministers functions to which the duty applies and (b) the progress made, during the reporting period, towards achieving those objectives through the exercise of those functions. The Welsh Ministers are further required to publish a Statement of Indicators and Targets to provide transparency on the Welsh Governments approach to measuring progress towards achieving the SLM objectives. The SLM report must set out (amongst other things) progress made towards the indicators and targets.

²⁷ [agriculture-wales-act-2023-explanatory-memorandum.pdf](#)

The monitoring and reporting framework established in the Act seeks to ensure effective implementation and appropriate accountability and engagement with the Senedd, interest groups and others. The monitoring, evaluation and reporting provisions within the Act are important to assess policy effectiveness and to provide an important and developing evidence base for ongoing policy development.

The appeals are also subject to amendments under the Agricultural Subsidies and Grants Schemes (Appeals) (Amendment) (Wales) Regulations 2025 to amend the fee associated with the independent panel. This amendment will ensure there is one appeals process applied to all support. Subsequently, the legislation will be monitored annually for appeal volumes, outcomes, and refunds. An internal review will be conducted within 3 years to assess the effectiveness of the fee. For further information, see the amendments to the Agricultural Subsidies and Grants Schemes (Appeals) (Amendment) (Wales) Regulations 2025.