

## Appendix I - Rural Needs Impact Assessment (RNIA) Template

### SECTION 1 - Defining the activity subject to Section 1(1) of the Rural Needs Act (NI) 2016

#### 1A. Name of Public Authority.

Department of Agriculture, Environment and Rural Affairs (DAERA)

#### 1B. Please provide a short title which describes the activity being undertaken by the Public Authority that is subject to Section 1(1) of the Rural Needs Act (NI) 2016.

The Farm Sustainability Payment Scheme (Eligibility etc) Regulations (Northern Ireland) 2025. These regulations provide the legal powers to introduce the Farm Sustainability Payment (FSP) in 2026.

#### 1C. Please indicate which category the activity specified in Section 1B above relates to.

Developing a	Policy <input type="checkbox"/>	Strategy <input type="checkbox"/>	Plan <input type="checkbox"/>
Adopting a	Policy <input type="checkbox"/>	Strategy <input type="checkbox"/>	Plan <input type="checkbox"/>
Implementing a	Policy <input checked="" type="checkbox"/>	Strategy <input type="checkbox"/>	Plan <input type="checkbox"/>
Revising a	Policy <input type="checkbox"/>	Strategy <input type="checkbox"/>	Plan <input type="checkbox"/>
Designing a Public Service	<input type="checkbox"/>		
Delivering a Public Service	<input type="checkbox"/>		

#### 1D. Please provide the official title (if any) of the Policy, Strategy, Plan or Public Service document or initiative relating to the category indicated in Section 1C above.

The Farm Sustainability Payment Scheme (Eligibility etc) Regulations (Northern Ireland) 2025

#### 1E. Please provide details of the aims and/or objectives of the Policy, Strategy, Plan or Public Service.

The FSP will replace the current Farm Sustainability Transition Payment (FSTP) and will act as a balance between providing a safety net which will help a farm business withstand 'shocks' that are beyond its ability to manage effectively and encouraging farm businesses to become more environmentally sustainable, efficient and resilient. Further detail on the context and objectives of FSP is provided in 2B and 4A below.

**1F. What definition of 'rural' is the Public Authority using in respect of the Policy, Strategy, Plan or Public Service?**

Population Settlements of less than 5,000 (Default definition).

Other Definition (Provide details and the rationale below).

A definition of 'rural' is not applicable.

*Details of alternative definition of 'rural' used.*

N/A

*Rationale for using alternative definition of 'rural'.*

N/A

*Reasons why a definition of 'rural' is not applicable.*

N/A

## SECTION 2 - Understanding the impact of the Policy, Strategy, Plan or Public Service

### 2A. Is the Policy, Strategy, Plan or Public Service likely to impact on people in rural areas?

Yes  No  If the response is **NO** GO TO Section **2E**.

### 2B. Please explain how the Policy, Strategy, Plan or Public Service is likely to impact on people in rural areas.

The FSP (£250m in direct support to farm businesses in 2026/27) will replace the current Farm Sustainability Transition Payment and will act as a balance between providing a safety net which will help a farm business withstand 'shocks' that are beyond its ability to manage effectively and encouraging farm businesses to become more environmentally sustainable, efficient and resilient. FSP is expected to attract approximately 22,000 applications annually. The vast majority of these will be from applicants living in rural areas. It will therefore have a positive impact on people living in rural areas.

The Regulations introduce progressive capping of FSP payments phased in over a two year period for payments above £60,000 with capping levels increasing in stages based on the size of payments. This rationale for introducing progressive capping is because high support payments can encourage unwarranted risk taking and reduce the incentive to manage risk within the farm business. Therefore, a balance needs to be struck between providing a safety net which helps a farm business withstand those shocks that are beyond the ability of that business to manage risk effectively, and dampening the incentive to be efficient, competitive and to manage risk proactively.

The Regulations also introduce simplified land eligibility rules for the FSP compared to the land eligibility rules in place for the FSTP. The objective of the revised rules is to establish practical land eligibility rules for the FSP that complement the scheme's objectives, can be easily understood, and be robustly and efficiently enforced. To support the land eligibility rules and mitigate against any unintended consequences the Regulations amend the eligibility requirements for the FSP to state that only active farmers with management control of the eligible land parcel can activate entitlements on it.

The Regulations reset the two year entitlement confiscation rule for the FSP which means that no entitlements will be confiscated in 2026 for non-activation. In addition, the Regulations simplify FSP scheme penalties and establish the order in which penalties should be applied.

Applicants for the FSP will be required to meet the following conditionalities to receive their full FSP payment

- Participation in the **Soil Nutrient Health Scheme (SNHS)**.
- Participation in the **Bovine Genetics Project (BGP)**.

The changes will have no impact on the overall agricultural support budget available to the agriculture sector, (~£330m p.a.) with all available funding being used to fund schemes within the SAP.

### 2C. If the Policy, Strategy, Plan or Public Service is likely to impact on people in rural areas differently from people in urban areas, please explain how it is likely to impact on people in rural areas differently.

The Farm Sustainability Payment Scheme (Eligibility etc) Regulations (Northern Ireland) 2025 provide the powers to enable the introduction of FSP in 2026.

The changes being introduced by the regulations in respect of the FSP and the fact that FSP is an agricultural support payment means that the regulations will predominantly benefit people from rural areas rather than people from urban areas.

**2D. Please indicate which of the following rural policy areas the Policy, Strategy, Plan or Public Service is likely to primarily impact on.**

Rural Businesses	<input checked="" type="checkbox"/>
Rural Tourism	<input type="checkbox"/>
Rural Housing	<input type="checkbox"/>
Jobs or Employment in Rural Areas	<input type="checkbox"/>
Education or Training in Rural Areas	<input type="checkbox"/>
Broadband or Mobile Communications in Rural Areas	<input type="checkbox"/>
Transport Services or Infrastructure in Rural Areas	<input type="checkbox"/>
Health or Social Care Services in Rural Areas	<input type="checkbox"/>
Poverty in Rural Areas	<input type="checkbox"/>
Deprivation in Rural Areas	<input type="checkbox"/>
Rural Crime or Community Safety	<input type="checkbox"/>
Rural Development	<input type="checkbox"/>
Agri-Environment	<input type="checkbox"/>
Other (Please state)	<input type="text"/>

**If the response to Section 2A was YES GO TO Section 3A.**

**2E. Please explain why the Policy, Strategy, Plan or Public Service is NOT likely to impact on people in rural areas.**

N/A

## SECTION 3 - Identifying the Social and Economic Needs of Persons in Rural Areas

**3A. Has the Public Authority taken steps to identify the social and economic needs of people in rural areas that are relevant to the Policy, Strategy, Plan or Public Service?**

Yes  No  If the response is **NO** GO TO Section **3E**.

**3B. Please indicate which of the following methods or information sources were used by the Public Authority to identify the social and economic needs of people in rural areas.**

Consultation with Rural Stakeholders	<input checked="" type="checkbox"/>	Published Statistics	<input checked="" type="checkbox"/>
Consultation with Other Organisations	<input type="checkbox"/>	Research Papers	<input checked="" type="checkbox"/>
Surveys or Questionnaires	<input type="checkbox"/>	Other Publications	<input type="checkbox"/>
Other Methods or Information Sources (include details in Question 3C below).			<input type="checkbox"/>

**3C. Please provide details of the methods and information sources used to identify the social and economic needs of people in rural areas including relevant dates, names of organisations, titles of publications, website references, details of surveys or**

DAERA undertook an engagement exercise in 2018 with a broad range of stakeholders on future agricultural policy. Stakeholders' views were gathered on a draft future agricultural policy framework that would see policies developed on increased productivity, improved resilience, improved environmental sustainability and improved supply chain functionality within the agriculture industry. In total there were 1,277 responses, of which 67 were from organisations/representative groups and 1,210 were from individuals.

In addition, a consultation exercise was carried out on the Future Agricultural Policy Proposals for Northern Ireland between December 2021 and February 2022. The proposals for the FSP (known then as a Resilience Payment) were included in the consultation. A copy of the consultation document is at - [Future Agricultural Policy Proposals for Northern Ireland Consultation.pdf \(daera-ni.gov.uk\)](https://www.daera-ni.gov.uk/sites/default/files/2022-02/Future%20Agricultural%20Policy%20Proposals%20for%20Northern%20Ireland%20Consultation.pdf) and a summary of responses to the consultation exercise is at - [Summary of Responses.pdf \(daera-ni.gov.uk\)](https://www.daera-ni.gov.uk/sites/default/files/2022-02/Summary%20of%20Responses.pdf)

Statistical information has been used from the Equality Indicators for Northern Ireland Farmers <https://www.daera-ni.gov.uk/news/updateequality-section-75-indicators-farmers>.

The Agricultural Policy Stakeholder Group (APSG) has been established by DAERA to ensure that stakeholder views are understood and properly considered during the development of the Sustainable Agriculture Programme). A number of presentations have been made to this group to discuss FSP policy and the policy changes included in the Regulations covered by this Rural Needs Assessment (RNA). The stakeholder group includes representatives from agricultural and environmental organisations.

**3D. Please provide details of the social and economic needs of people in rural areas which have been identified by the Public Authority?**

Agricultural support payments are very important to the financial performance of farm businesses in Northern Ireland. For instance, in 2023/24, direct payments ranged from 5% of Net Farm Income on Pig farms, 71% on dairy farms, to 137% on Cattle and Sheep farms located in the lowland, and 253% on such farms located in Less Favoured Areas of NI. When measured across all farm types, average direct payments represented 93% of the value of average Farm Business Income, 50% of the value of average Cash Income and 122% of the value of average Net Farm Income for farms in Northern Ireland.

There is therefore a strong rationale for farm support, especially as many factors beyond the farm gate cause income/profit volatility. NI farms are very reliant on support, particularly direct income support. Ending all government support would seriously affect farm viability, undermine farm resilience and possibly result in significant exits from farming, with serious knock-on implications for the NI food processing sector (and food supply) in the short-medium term. 92% of respondents to the consultation on Future Agricultural Policy Proposals agreed that income support was needed in the form of a Resilience Payment (now renamed the FSP) to provide a safety net for farm businesses against sudden unforeseen shocks but set at a level that does not incentivise inactivity.

**If the response to Section 3A was YES GO TO Section 4A.**

**3E. Please explain why no steps were taken by the Public Authority to identify the social and economic needs of people in rural areas?**

N/A

## **SECTION 4 - Considering the Social and Economic Needs of Persons in Rural Areas**

### **4A. Please provide details of the issues considered in relation to the social and economic needs of people in rural areas.**

Agricultural support payments are very important to the financial performance of farm businesses. For instance, in 2023/24, direct payments ranged from 5% of Net Farm Income on Pig farms, 71% on dairy farms, to 137% on Cattle and Sheep farms located in the lowland, and 253% on such farms located in Less Favoured Areas of NI. When measured across all farm types, average direct payments represented 93% of the value of average Farm Business Income, 50% of the value of average Cash Income and 122% of the value of average Net Farm Income for farms in Northern Ireland.

Considering the heavy economic reliance of the agriculture sector on these payments there is a need for ongoing support. Agriculture provides NI with food, an essential basic commodity, but operates in a complex, high risk and volatile system, often with long production cycles. Agricultural support is essential to help sustain businesses through challenging and difficult times. However, support needs to balance building resilience, without overly dulling incentives for robust risk management, innovation and improved productivity.

Many factors beyond the farm gate cause income/profit volatility for NI farm businesses. NI farms are very reliant on support, particularly direct income support. Ending all government support would seriously affect farm viability, undermine farm resilience and possibly result in significant exits from farming, with serious knock-on implications for the NI food processing sector (and food supply) in the short-medium term. 92% of respondents to the consultation on Future Agricultural Policy Proposals agreed that income support was needed in the form of a Resilience Payment (now renamed the FSP) to provide a safety net for farm businesses against sudden unforeseen shocks set at a level that does not incentivise inactivity.

However, evidence suggests that a reliance on direct payments at the current level can act to slow agricultural productivity growth by masking technical inefficiency - reducing the drive to innovate and delaying structural adjustment. The current system falls short on delivering for the environment too. Perversely, high support payments of this nature can encourage unwarranted risk taking and reduce the incentive to manage risk within the farm business. Therefore, the new FSP will be set at a level that provides a safety net which helps a farm business withstand those shocks that are beyond the ability of the business to manage effectively but does not dampen the incentive to be efficient, competitive and to manage risk proactively.

The FSP will replace the current FSTP with effect from 1 January 2026. This RNIA focuses on the Regulations needed to give legal effect to FSP.

In preparation for the introduction of the FSP DAERA considered the specific responses received in respect of the policy proposals being introduced as part of the FSP contained in the consultation on Future Agricultural Support and issues raised by the APSG and where it was considered appropriate and in line with the policy intent of the FSP amended its policy approach in response to these comments.

The policy changes introduced by the Farm Sustainability Payment Scheme (Eligibility etc) Regulations (Northern Ireland) 2025 will have no impact on the overall agricultural support budget.

## SECTION 5 - Influencing the Policy, Strategy, Plan or Public Service

**5A. Has the development, adoption, implementation or revising of the Policy, Strategy or Plan, or the design or delivery of the Public Service, been influenced by the rural needs identified?**

Yes  No  If the response is **NO GO TO Section 5C.**

**5B. Please explain how the development, adoption, implementation or revising of the Policy, Strategy or Plan, or the design or delivery of the Public Service, has been influenced by the rural needs identified.**

Considering the heavy economic reliance of the agriculture sector on agricultural support payments there is a need for ongoing support. Agriculture provides NI with food, an essential basic commodity, but operates in a complex, high risk and volatile system, often with long production cycles. Agricultural support is essential to help sustain businesses through challenging and difficult times. However, support needs to balance building resilience, without overly dulling incentives for robust risk management, innovation and improved productivity.

Many factors beyond the farm gate cause income/profit volatility for NI farm businesses. NI farms are very reliant on support, particularly direct income support. Ending all government support would seriously affect farm viability, undermine farm resilience and possibly result in significant exits from farming, with serious knock-on implications for the NI food processing sector (and food supply) in the short-medium term. 92% of respondents to the consultation on Future Agricultural Policy Proposals agreed that income support was needed in the form of a Resilience Payment (now renamed the FSP) to provide a safety net for farm businesses against sudden unforeseen shocks set at a level that does not incentivise inactivity.

The FSP will act as a balance between providing a safety net which will help a farm business withstand 'shocks' that are beyond its ability to manage effectively and encouraging farm businesses to become more environmentally sustainable, efficient and resilient. The FSP is expected to attract approximately 22,000 applications annually. The vast majority of these will be from applicants living in rural areas. It will therefore have a positive impact on people living in rural areas.

**5C. Please explain why the development, adoption, implementation or revising of the Policy, Strategy or Plan, or the design or the delivery of the Public Service, has NOT been influenced by the rural needs identified.**

N/A

## SECTION 6 - Documenting and Recording

**6A. Please tick below to confirm that the RNIA Template will be retained by the Public Authority and relevant information on the Section 1 activity compiled in accordance with paragraph 6.7 of the guidance.**

I confirm that the RNIA Template will be retained and relevant information compiled.



<b>Rural Needs Impact Assessment undertaken by:</b>	Ken Laverty
<b>Position/Grade:</b>	Deputy Principal
<b>Division/Branch</b>	Farm Sustainability & Development Policy Branch
<b>Signature:</b>	Ken Laverty
<b>Date:</b>	24/9/25
<b>Rural Needs Impact Assessment approved by:</b>	George Moffett
<b>Position/Grade:</b>	Ag Insp Grade 6
<b>Division/Branch:</b>	Agricultural Policy Division
<b>Signature:</b>	<i>George Moffett</i>
<b>Date:</b>	26/9/25