

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 (Transitional Provisions) Regulations (Northern Ireland) 2025. These regulations provide transitional provisions for the introduction of the Farm Sustainability Transition Payment in 2025 and the full Farm Sustainability Payment in 2026 and also include provisions to enable the roll out of the Farm Support and Development Programme.

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 (Transitional Provisions) Regulations (Northern Ireland) 2025

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

FSTP will provide a basic safety net resilience payment for farm businesses but will be set at a level which does not blunt innovation or productivity. The Regulations give legal effect to FSTP and a number of additional policies to enable the continued roll out of the Farm Support and Development Programme. Further detail on the context and objectives of FSTP 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 Farm Sustainability Transition Payment (FSTP) will replace the current Basic Payment Scheme (BPS) in 2025 and will provide a vital safety net payment for farm businesses. It will also provide a transition from BPS to the introduction of the full Farm Sustainability Payment (FSP) in 2026. FSTP is expected to attract approximately 24,000 applications. 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.

To ensure FSP is directed towards those who are actively engaged in agricultural activity the Regulations legislate that businesses that did not meet specific agricultural production levels during a 2020 and 2021 historic reference period will not be eligible. It is anticipated that 1,926 businesses will be impacted by this policy. Those impacted by this change may be eligible to claim funding from other Farm Support and Development Programme schemes such as Farming with Nature. The Regulations establish 2025 as the final year for new applications to the Young Farmers' Payment (YFP) and the Regional Reserve (RR). The Regulations allow DAERA to determine the ceiling for each scheme year prior to the commencement of payments and provide DAERA with the powers to make additional payments to BPS, FSTP or FSP eligible farm businesses in a scheme year.

All of the above changes will have no impact on the overall agricultural support budget available to the agriculture sector, with all the funds released being used to fund schemes within the Farm Support and Development Programme.

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 (Transitional Provisions) Regulations (Northern Ireland) 2025 provide the powers to enable the continued roll out of Farm Support and Development Programme and in particular FSTP. The changes being introduced by this regulation in respect of the Farm Support and Development Programme and the fact that FSTP 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 Farm Sustainability Payment (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 \(daera-ni.gov.uk\)](#) and a summary of responses to the consultation exercise is at - [Summary of Responses.pdf \(daera-ni.gov.uk\)](#)

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>; Statistical review of NI agriculture 2020 <https://www.daerani.gov.uk/publications/statistical-review-ni-agriculture-2007-onward>.

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 DAERA Farm Support and Development Programme. A number of presentations have been made to this group to discuss FSTP policy and the policy changes relating to YFP and RR which are included in the Regulations covered by this Rural Needs Assessment. 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?

The agricultural support payments provided through the EU Common Agricultural Policy (CAP) have been integral to the financial performance of farm businesses. For instance, in 2022/23, direct payments ranged from 13% of Net Farm Income on Pig farms, 22% on dairy farms, to 181% on Cattle and Sheep farms located in the lowland, and 256% on such farms located in Less Favoured Areas of NI. When measured across all farm types, average direct payments represented 52% of the value of average Farm Business Income, 38% of the value of average Cash Income and 60% 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 Farm Sustainability Payment) 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.

The CAP agricultural support payments have been very important to the financial performance of farm businesses. For instance, in 2022/23, direct payments ranged from 13% of Net Farm Income on Pig farms, 22% on dairy farms, to 181% on Cattle and Sheep farms located in the lowland, and 256% on such farms located in Less Favoured Areas of NI. When measured across all farm types, average direct payments represented 52% of the value of average Farm Business Income, 38% of the value of average Cash Income and 60% 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 Northern Ireland 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 Farm Sustainability Payment) 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 Farm Sustainability Payment 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.

FSP will be introduced in 2026 but in advance of this DAERA intends to introduce the Farm Sustainability Transition Payment (FSTP) in 2025. FSTP will act as a transition from the current Basic Payment Scheme to the full Farm Sustainability Payment in 2026. This Rural Needs Assessment (RNA) focuses on the Regulations needed to give legal effect to FSTP. A further RNA will be completed for FSP in due course.

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

The policy changes introduced by the Farm Sustainability (Transitional Provisions) 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.

If the response to Section **5A** was **YES** GO TO Section **6A**.

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.

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.

Rural Needs Impact Assessment undertaken by:	Ken Lavery
Position/Grade:	Deputy Principal
Division/Branch	Farm Sustainability & Development Policy Branch
Signature:	<i>Ken Lavery</i>
Date:	22 January 2025
Rural Needs Impact Assessment approved by:	George Moffett
Position/Grade:	Deputy Director Agricultural Policy Division / Grade 6
Division/Branch:	Agricultural Policy Division
Signature:	<i>George Moffett</i>
Date:	24 January 2025