

Future Agricultural Policy Decisions for Northern Ireland

REGULATORY IMPACT SCREENING

October 2022



Department of

**Agriculture, Environment
and Rural Affairs**

www.daera-ni.gov.uk

INTRODUCTION

1. The United Kingdom leaving the EU and the Common Agricultural Policy (CAP) has been the most significant change in policy context affecting the agri-food sector in nearly 50 years. It means that our policies no longer have to be constrained by the existing EU rules and gives us the opportunity to develop new approaches and support systems which better address the needs of Northern Ireland agriculture and the environment.
2. The Future Agricultural Policy Framework Portfolio for Northern Ireland (the Framework)¹ was published by the Department of Agriculture Environment and Rural Affairs (DAERA) on 24 August 2021. The Framework takes into account the views of key food, farming and environmental stakeholders from an engagement exercise undertaken in 2018. Based on the four key outcomes of increased productivity, environmental sustainability, improved resilience and an effective functioning supply chain, it charts the way forward for a future agricultural policy which better meets Northern Ireland's needs now that it has exited the EU.
3. Within DAERA, an overarching strategic programme for future agricultural policy development, the Agricultural Policy Programme, has been established to develop the portfolio of measures and cross cutting initiatives required to address the four key outcomes identified within the Framework.
4. The aim of the Agricultural Policy Programme is to ensure that Northern Ireland takes full advantage of the opportunity to develop a sustainable agricultural industry in which all farmers are supported on an equitable basis to make best use of the assets at their disposal, and to invest in all forms of capital - physical, environmental and human. This will be underpinned by a bespoke set of measures that will deliver the vision for future agricultural policy as defined by the four outcomes of increased productivity, environmental sustainability, improved resilience and an effective functioning supply chain.
5. A Consultation on Future Agricultural Policy Proposals for Northern Ireland² (21 December 2021 – 15 February 2022) sought views on the policy proposals and design principles across the Programme's portfolio of workstreams at that time: Resilience Measure; Headage Sustainability Package; Farming for Nature Package; Farming for Carbon Measures; Investment Measure; Knowledge Measures; Generational Renewal; Supply Chain Measures; Soil Testing and LiDAR; Livestock Genetics and Data; Controls and Assurance; Metrics, Monitoring and Evaluation; Horticulture; and Environmental assessments.

¹ <https://www.daera-ni.gov.uk/sites/default/files/publications/daera/21.22.086%20Future%20Agriculture%20Framework%20Ofinal%20V2.PDF>

² [Future Agricultural Policy Proposals for Northern Ireland Consultation.pdf \(daera-ni.gov.uk\)](#)

6. The 339 responses to the consultation³ informed the Future Agricultural Policy Decisions announced on 24 March 2022. The 54 decisions⁴ provide a clear direction of travel for future agricultural policy in Northern Ireland. There is still significant work to be done which will be the subject of further consultation, as necessary, to ensure a coherent and progressive approach to farm support.

Agricultural Policy Programme: Future Portfolio

7. In line with the Minister's policy decisions, the primary components of agricultural support being developed under the Agricultural Policy programme include:

- a (i) **A Farm Sustainability Payment** - to provide a basic safety net, but set at a level which does not blunt innovation or productivity. Initially, this measure will have the majority of the budget allocated to it (as it follows on from the current direct support payment arrangements). However, over time, and in line with the capacity for delivery and uptake of new measures discussed below, its budget will reduce to a much lower level as funding is released to the other measures.

The payment will be area based, use entitlements and all land-based agriculture and horticulture businesses which meet the eligibility conditions will be able to apply. Current Basic Payment Scheme entitlements will be carried forward into the new regime (i.e. there will be no rebasing of entitlements, which was last carried out in 2015 under the last reform of the CAP). Current arrangements will continue to enable entitlements to be leased, transferred or sold.

Active Farmer – grass selling businesses- Farm businesses that solely produced grass/grass silage and maintained land suitable for grazing or cultivation but undertook no further agricultural activity during a minimum two year historic reference period (2020 and 2021) will not be eligible to claim the Farm Sustainability Payment. In summary, to remain eligible farm business will need to have:

- Had cattle or sheep registered on APHIS; or
- Had pigs or poultry (i.e. no cattle and sheep) combined with grass selling only; or
- Had at least 3 ha of an arable or horticultural crop.

Grass selling with grazing horses will not be eligible as horses are not an agricultural animal.

Capping of payments – a progressive capping of the Farm Sustainability Payment will be introduced above £60,000 over a two year period.

Claim Size – A minimum claim size threshold of 5ha is introduced.

³ [Summary of Responses: Consultation on Future Agricultural Policy Proposals for Northern Ireland | Department of Agriculture, Environment and Rural Affairs \(daera-ni.gov.uk\)](#)

⁴ [Future Agricultural Policy Decisions for Northern Ireland \(Final\) \(002\).pdf \(daera-ni.gov.uk\)](#)

Conditionality - The following become conditions of the Farm Sustainability Payment:

- Compliance with the new Farm Sustainability Standards
- Participation in the Soil Nutrient Health Scheme
- Development of a Nutrient Management Plan moving forward and
- Provision of data to the Ruminant Genetics Programme

- a (ii) **A Crisis Framework** to be developed in line with the principles of **threshold** (farmers will be required to do as much as they can and be prepared; expectation that farmers build resilience and risk management into their own business), **targeted** (if intervention is required this must be in a targeted way); and **temporary** (any intervention must be temporary; if it goes beyond a certain period of time it is then regarded as a market adjustment and intervention should cease).
- b. **A Beef Sustainability Package** aimed at improving productivity, reducing carbon and environmental footprint with two Measures: Suckler Cow Measure and a Beef Carbon Reduction Measure. To be eligible for support under the Beef Sustainability Package, claimants must also be in receipt of Farm Sustainability Payment.

Suckler Cow Measure

Suckler cows – Age at First Calving: this measure will have a phased implementation and scoping and developing knowledge interventions to support farmers achieve the targets is underway.

Suckler cows – Calving Interval: payment will be made in respect of individual cows that meet the calving interval targets. A phased implementation will be adopted and scoping and developing knowledge interventions to support farmers achieve the targets is underway.

Payment on live calves only: full payment is only made on animals that give birth to live calves that are registered.

Payment Quotas: quantitative limits are established at individual farm level. Further work will be undertaken to develop an appropriate system and operating rules.

Retention Period: no decision on retention periods has been announced at this stage. Further engagement will take place with stakeholders.

Stocking Density: a stocking density is not introduced at this stage. The impact of this decision will be kept under careful review to ensure that there are no emerging negative environmental consequences.

Provision of Data to the Ruminant Genetics Programme: future claimants under this Measure will be required to provide data to support the Ruminant Genetics Programme to drive performance.

Beef Carbon Reduction Measure limited to clean beef animals born and bred in Northern Ireland and registered on APHIS.

Age at Slaughter: a phased implementation to reduce the age at slaughter for clean beef animals through measured steps to 26 months. A quantitative limit of 352,000 animals is set at a Northern Ireland level to ensure the measure is WTO compliant.

Minimum Age at Slaughter: No minimum slaughter age for cattle but that this matter is reviewed in 2/3 years to confirm that this approach is not causing unforeseen problems.

Different slaughter ages for Bulls, Steers and Heifers: Different slaughter ages for cattle are not introduced at this stage. The immediate focus needs to be on reducing the age at slaughter closer to 24 months.

Tiered Approach to Maximum Age of Slaughter: A tiered approach to payments is not introduced at this stage and that the matter is kept under review.

- c. A **Farming with Nature Package** of support in which all land managers with 3 ha or more of eligible agricultural land who meet the scheme requirements will be eligible to participate. This includes land under conacre and common land. The following will become conditions of schemes under the Farming with Nature Package: (i) Compliance with the new Farm Sustainability Standards; and (ii) Participation in the Soil Nutrient Health Scheme. In principle, a cap on the level of payment available under the Farming with Nature Package will be applied. Work to progress on the detail of a cap, including the appropriate level, as elements of scheme design, such as agreement length, are developed. Stakeholder suggestions to support delivery of an outcome based approach will be evaluated and proposals worked up and incorporated into future Test and Learn pilots/schemes as appropriate.

Actions to reverse the trends in nature decline by creating and restoring habitats that are important for species diversity will be prioritised and proposals worked up for a Test and Learn pilot/scheme. A shortlist of initial habitat management actions are prioritised and design proposals worked up to incorporate them into a Test and Learn pilot/scheme. Specific stakeholder suggestions for other quick win management actions should also be considered, and their potential for inclusion as future management actions within a Farming with Nature Package evaluated.

Test and Learn pilots are progressed and that specific stakeholder suggestions on the pilot components are considered and incorporated as appropriate. Partnership delivery models aimed at encouraging collaborative working are considered and, as appropriate, incorporated into a future Test and Learn pilot. The Department will ensure an orderly transition from the Environmental Farming Scheme to Farming with Nature.

- d. **Farming for Carbon Measures** which will assist and incentivise farmers to adopt carbon reduction actions into their management are also central to this future policy. We are seeking to ensure that as many of the policy interventions as possible help drive down the carbon footprint of the agricultural industry. This will

evolve over time as baselines and reduction targets are established starting with relatively simple measures that can assist all farm businesses now to begin to reduce their carbon footprint:

Low Carbon Emission Farming Practices:

- Reductions in the numbers of older cattle for slaughter and improved suckler cow productivity will be progressed
 - Use of feed additives to reduce enteric methane emissions, nitrogen and phosphorus outputs to be progressed by collaborative industry research through a Research Challenge Fund
 - Breeding of more environmentally efficient cattle to be progressed through the Ruminant Genetics Programme
 - Use of urease inhibitor fertilisers, the optimal timing of fertiliser and slurry applications and the establishment of grassland swards with legumes and herbs to reduce fertiliser nitrogen use is progressed through applied research and knowledge transfer initiatives
 - Peatland Rewetting and sustainable management is progressed under the umbrella of the Northern Ireland Peatland Strategy
 - Biomethane and hydrogen production from agricultural waste is developed through the Green Growth Strategy
 - Forestry, agroforestry, new and taller, wider hedgerows, soil carbon and removal of methane from the atmosphere over time through reductions in agricultural methane emissions
- e. An **Investment Measure** to support innovation and new technologies that will drive increased productivity, better nutrient management and reductions in carbon, ammonia and nitrates emissions, improved water quality, improved farm safety, etc. We are mindful, however, of the burden of capital overheads that the sector already carries, so careful consideration of investment measures to support these objectives will be a key consideration.
- f. **Knowledge Measures** will be deployed to underpin much of the change and improvements that we are seeking to drive. These measures will be designed to secure the capacity and capability to enable the industry to invest in continuous professional development as a means to delivering against the four strategic outcomes. A suite of knowledge transfer and innovation programmes will seek to build on the success of the current programmes delivered through the Northern Ireland Rural Development Programme. Programmes will be developed and expanded to include an agri-food development programme for professionals interacting with farmers and growers.
- g. A **Generational Renewal Measure** to facilitate the acceleration of the transition of farming businesses to those with better training and skills, who are more open to

innovation and change and who have a longer investment horizon. The programme of work will be based on a three phased approach to include planning for succession, development of the successor and maintaining support for both generations. This will include knowledge and skills development and explore the provision of appropriate incentives. The future of the current Young Farmers' Payment will be considered in the context of this Programme.

- h. **Supply Chain Measures** - to improve information flow and transparency (helping to create the information infrastructure needed); address fragmentation (providing tools to encourage collaboration and integration); and drive better strategic outcomes (productivity, resilience, environmental sustainability and supply chain functionality).
- i. **Soil Nutrient Health Scheme** – to provide baseline for pH, major nutrients and carbon (above and below ground); to provide a valuable resource for farmers; facilitate improvements to our water environment and future platform for carbon measures; and to assist the achievement of environmental sustainability. Farmers will be required to participate in SNHS as an eligibility condition of future support payments and develop a nutrient management plan moving forward.
- j. **Ruminant Genetics Programme** – an industry-led programme that will seek to increase the annual rate of genetic gain in the ruminant livestock sectors; and drive productivity, resilience, animal health and welfare, along with environmental gains. Farmers will be required to provide data for the Ruminant Genetics Programme as an eligibility condition of future support payments. Knowledge transfer and innovation programmes are being developed to support farmers to adopt genetic improvement programmes.
- k. **Controls and Assurance** - the current Cross Compliance SMR/GAECs will be replaced with a simplified system of Farm Sustainability Standards. The current verifiable standards will be re-written as a set of underlying requirements to better meet local needs and a compliance regime and penalty system for non-compliance devised for the Farm Sustainability Standards which is effective but fair. To support this, remote sensing and administrative controls will be used by default (where appropriate) and educational and communication resources developed to better inform farmers and improve their understanding of their responsibilities and the sanctions they may face if they do not meet those responsibilities. All agricultural land is made eligible for payment except for hard features (e.g. buildings, yards, laneways, etc.) under future area based schemes.
- l. **Metrics, monitoring and evaluation** - development of high level metrics to measure achievement of the Programme's 4 key outcomes in line with the following principles: outcome focused and relevant; simple to understand; meaningful to stakeholders; consistent and comparable with metrics used elsewhere to enable

benchmarking; based on transparent and robust methodology; not subject to long lags so that corrective actions can be timely; have a frequency of measurement that is at least annual; and subject to quality assurance by professional statisticians.

- m. **Horticulture** – focus will be on production horticulture, developing programmes through a collective process and creating improved supply chain integration. The workstream will assist in building collaborative partnerships to access Research and Development and innovation, providing access to cutting-edge support programmes. It will facilitate learning from others, optimising precision of data used in decision making and support business transition and adoption of new technology.
- n. **Environmental Assessments** - a Strategic Environmental Assessment⁵ and a Habitats Regulation Assessment⁶ have been undertaken for the Agricultural Policy Proposals and findings are being integrated into future agricultural policy design and implementation.

Analysis of the Impact of the Future Agricultural Policy Decisions for Northern Ireland

- 8. Future agricultural support policies and schemes will replace existing CAP payments designed to deliver four main outcomes, an industry which pursues increased agricultural productivity as a means to improved profitability, is environmentally sustainable, displays improved resilience to external shocks and which operates an effective functioning supply chain. The move from the previous support regime largely based on EU requirements under the Common Agricultural Policy, to a new policy agenda, will happen over a number of years in order to deliver a managed transition.
- 9. Ongoing policy development, in line with the Agricultural Policy Decisions, will ensure future support is more reflective of Northern Ireland conditions, and will be subject to further consultation where necessary.

⁵ [Future Agricultural Policy Strategic Environmental Assessment Report 2022 \(daera-ni.gov.uk\)](https://daera-ni.gov.uk/future-agricultural-policy-strategic-environmental-assessment-report-2022)

⁶ [Future Agricultural Policy HRA Report 2022 \(daera-ni.gov.uk\)](https://daera-ni.gov.uk/future-agricultural-policy-hra-report-2022)

Regulatory impacts

10. Regulation can be defined as: “A rule or guidance with which failure to comply would result in the regulated entity or person coming into conflict with the law or being ineligible for continued funding, grants and other applied for schemes.” This can be summarised as all measures with legal force imposed by central government and other schemes operated by central government. The Regulatory Impact Assessment (RIA) process is not necessary for certain identified activities:
 - where policy changes will not lead to costs or savings for business;
 - road closure orders; or
 - changes to statutory fees by a predetermined formula such as the rate of inflation.
11. Across the Programme, future agricultural policy and support interventions will take account of a number of design principles including the need to be straightforward, easily understood by industry, not give rise to unacceptable market distortions within the UK, not conflict with World Trade Organisation obligations and not create perverse behaviours and disrupt the natural cycle of the industry.
12. While the future policy and details of specific interventions are under development in line with the Agricultural Policy Decisions, it is anticipated that there would be no additional compliance or administrative burdens placed on farm business over and above those required in existing regimes. Participation by farm businesses in any of the future support measures will be optional and Northern Ireland businesses would neither be placed at a competitive disadvantage compared with other businesses elsewhere in the UK, nor would they have any special advantages. Therefore it is very unlikely that there will be any mandated costs or savings imposed on any farm business. For these reasons, a full RIA has been screened out.
13. Ongoing agricultural policy development, in line with the Agricultural Policy Decisions, will be subject to further Regulatory Impact Screening as each of the policy strands are progressed.

REGULATORY IMPACT ASSESSMENT (RIA)

Screening Questions	Response to Screening Questions			Full Impact Assessment Required		Justification / Key issues and groups to focus on
	Yes	No		Yes	No	
Is the policy or amendment to the policy likely to have a direct or indirect impact on businesses?	✓				✓	Financial support for businesses to participate in future support schemes to encourage best practice. The schemes will be optional.
Is the policy or amendment to the policy likely to have a direct or indirect impact on the voluntary / community sector?		✓			✓	
CONCLUSION					✓	It is anticipated that participation by farm businesses in any of the support measures being developed under the Agricultural Policy Programme will be optional. Therefore it is very unlikely that there will be any mandatory costs or savings imposed on any farm business or additional mandatory compliance or administrative burdens placed on farm businesses. For these reasons, a full RIA has been screened out.

When is regulatory impact assessment required?

If the answer to any of the above is yes, consideration should be given to undertaking a Regulatory Impact Assessment. However, the level of appraisal should be proportionate to the costs involved. A Regulatory Impact Assessment is not required for:

- I. proposals which impose no costs or no savings, or negligible costs or savings on business, charities, social economy enterprises or the voluntary sector;
- II. increases in statutory fees by a predetermined formula such as the rate of inflation; or
- III. Road closure orders.

APPROVAL and AUTHORISATION

Screened by:	Position/Job Title	Date
Julie-Ann Moorhead	Grade 7, Agricultural Policy Division	25/10/2022

Approved by:	Position/Job Title	Date
Norman Fulton	Deputy Secretary, Food and Farming Group	27/10/2022