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Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet
dros Newid Hinsawdd a Materion Gwledig
Deputy First Minister and Cabinet Secretary for
Climate Change and Rural Affairs



Llywodraeth Cymru
Welsh Government

Our ref MA/HIDCC/2695/25

Andrew RT Davies MS
Chair Economy, Trade and Rural Affairs Committee
Senedd Cymru
Cardiff Bay
CF99 1SN

4 November 2025

Dear Andrew,

Today, I have laid three statutory instruments in the Senedd which relate to agricultural support. They are:

1. The Agriculture Support Schemes (Eligibility, Enforcement and Appeals) (Wales) Regulations 2025
2. The Basic Payment Scheme Tapering, Amendments and Closure (Wales) Regulations 2025
3. The Agricultural Subsidies and Grants Schemes (Appeals) (Amendment) (Wales) Regulations 2025

I want to offer the Economy, Trade and Rural Affairs Committee the opportunity to consider these Regulations, as they relate to Rural Affairs.

To assist in the understanding of The Agriculture Support Schemes (Eligibility, Enforcement and Appeals) (Wales) Regulations 2025, attached is a technical briefing.

A copy of this letter and technical briefing is also being provided to the Legislation, Justice and Constitution Committee.

Yours sincerely,

Huw Irranca-Davies AS/MS

Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros Newid Hinsawdd
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Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

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

Technical Briefing

The purpose of this technical briefing is to provide further information on the application of the Regulations under a support scheme, through the Scheme guidance information. The scheme guidance utilised in this briefing refers to the Sustainable Farming Scheme Universal Layer as the example throughout.

This document should be read in conjunction with the Regulations, Explanatory Memorandum of the above Regulation and also the [SFS Scheme Description](#).

The Regulations are enabling regulations to assist in the operational and administrative controls required for effective support scheme delivery. Alongside the Regulations, 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.

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.

Whilst draft SFS universal scheme guidance has been provided, this is not complete or final scheme guidance and is subject to change until formally published prior to the launch of the SFS in January.

Whilst the Regulations enable for applications to be checked against eligibility criteria for that scheme, it does not define the eligibility criteria. The Regulations further enable for additional information from the applicant, and to notify an applicant where an application is incomplete or contains an obvious error. This provides an opportunity for an application to be corrected by the applicant.

Scheme guidance will capture this functionality, for example, scheme guidance for the SFS universal will cover, almost in a step-by-step approach the following:

Who is Eligible

The Universal Scheme runs from 1 January to 31 December. Land you claim must remain eligible for the entire scheme year. You are responsible for meeting the SFS Regulatory Baseline, Universal Code and applicable Universal Actions for the entire scheme year and for making arrangements for the land to be accessible to RPW inspectors throughout the year. Failure to meet either of these commitments may lead to penalties being applied to your claim, or exclusion from the scheme.

A Holding means all the units used for agricultural or ancillary activities, managed by an applicant to the Universal Scheme and situated within Wales.

To be eligible to apply and claim for the Universal Scheme you will need to demonstrate the following criteria:

- have at least 3 hectares of eligible agricultural land in Wales, registered with Rural Payments Wales (RPW), **or** be able to demonstrate you undertake over 550 standard labour hours on agricultural or ancillary activities in the scheme year.
- have management control of the land for at least 10 months of the calendar year, which must include 15 May 2026.
- undertake agricultural or ancillary activities

Agricultural or ancillary activities are defined in the Agriculture (Wales) Act.

Agricultural activities includes;

- Keeping and breeding livestock. Using land for horticulture, farming arable crops and dairy farming.
- Using land as grazing land and as farm woodland or for agroforestry. Includes controlled environment agriculture, growing plants for sale or for sale of part of the plant such as producing seeds.
- Maintaining land in a state that makes it suitable for the activities above.

Ancillary activities includes;

- Taking action, on land used for agriculture to create and manage habitat, or for other purposes related to nature conservation, to mitigate and adapt to climate change, or to maintain and enhance the resilience of ecosystems.
- Selling, marketing, preparing, packaging, processing or distributing products deriving from agriculture.

We will check via the Single Application Form (SAF) whether you meet the eligibility criteria. If we are unable to verify via the SAF you may have to submit supporting documentation to confirm your eligibility.

Supporting documentation will be required to confirm the 550 standard labour hours.

The evidence provided must clearly demonstrate you meet the criteria and must be submitted by 15 January 2027.

No payment (including an advance payment) will be paid until we have confirmed your eligibility. If evidence is required but not submitted by 15 January 2027 your claim will be rejected.

Land Eligibility

The Universal Scheme is a 'Whole Farm' scheme. You must declare all available Welsh agricultural land on the SAF, where you have management control for 10 months of the calendar year, including all landscape features, man-made features and any other features not eligible for payment.

Management Control

You will have management control if you are;

- the owner occupier of the land
- a tenant who has 'exclusive occupation' under either the Agricultural Tenancies Act 1995 with a Farm Business Tenancy, or a full Agricultural Holdings Act 1986 tenancy
- a tenant with an unwritten tenancy arrangement with the same level of control as the above.
- you have allowed a licensee on to your land under a license arrangement that is specifically for grazing, cropping or taking hay/silage over a specified and limited period of time within the year, but you have retained Management Control of the land

You do not need to have management control of the land for a continuous 10-month period. For example, if you have a tenancy agreement on land which runs from 1 September to 30 June annually. The land is eligible as you have management control from 1 January to 30 June and again from 1 September to 31 December.

You must be able to demonstrate you have legal occupation of the land claimed. For example in the case of land you do not own, make sure you have a tenancy from the landlord enabling you to farm the land as you see fit and take responsibility for meeting all the scheme requirements.

If you use the land under the terms of a grazing licence, or similar agreement, that is specifically for grazing, cropping or taking hay/silage over a specified and limited period of time within the year, you are not considered to have management control, and the land will not be eligible.

It is the actions on the ground that dictate the arrangement. If you are doing all the farming and maintenance of the land as well as grazing or taking hay/silage over an undefined or continuing period of time, it is likely that, regardless of how it is described by the parties involved, in legal terms there is a tenancy in place.

Landowners should be cautious to clearly define the specific period and permitted activities of the arrangement to avoid confusion over who actually has management control. As a claimant you should also ensure you are able to provide evidence of your

activity on the land in question (e.g. animal movement records, invoices for hedge cutting, fencing or silage contractors).

The guidance further includes and defines ineligible land.

Ineligible Land

The following land is ineligible:

- Land located outside Wales.
- Land parcels where you do not have full management control
- Where you have management control for less than 10-months of the calendar year.
- Land parcels less than 0.1ha
- Ineligible features and Non-agricultural land

Further details are set out in the sections below.

Ineligible land:

- Will not be included in your Whole Farm Area used to calculate the Universal Baseline Payment.
- Will not be used to calculate the annual requirements for soil testing of improved land for UA1: Soil Health.
- Will not be used to calculate the 10% habitat requirements for your farm.
- Cannot be considered or used to meet the requirements of UA10: Tree and Hedgerow Planting Opportunity Plan.

Land located outside of Wales

Land located outside Wales is ineligible.

If you are a cross-border farmer, you do not need to declare any land located outside of Wales

No Management Control or Management Control for less than 10 months

Land is not eligible if you do not have management control of the land for a minimum of 10 months in the calendar year.

Land parcels less than 0.1ha

The minimum field parcel size mapped by Welsh Governments is 0.1ha. Field parcels less than 0.1ha should not be declared on the SAF.

Land with Solar Panels

Land with solar panels is regarded as non-agricultural land. This includes the land between, underneath or around the panels, even if it can be grazed or is accessible for grazing.

If the solar panels are concentrated in a single area within the land parcel (e.g. a corner or one end) and you want to include the rest of the land, you must fence off the land with the solar panels creating 2 separate land parcels.

Land taken out of Production due to utility works

If it is compulsory for you to take land out of production under statutory powers, for example a utility company laying a pipeline, it may be difficult for you to meet the scheme requirements.

If you have land temporarily taken out of production and you cannot meet the requirements you may be eligible under the Exceptional Circumstances provision. Contact the RPW Customer Contact Centre and provide details so your situation can be considered.

If you have land permanently taken out of production and cannot meet the scheme requirements, including maintaining your land in line with the SFS Regulatory Baseline requirements for the required calendar year, you should seek a compensation payment from the utility company or statutory agency responsible.

Special provisions for land used for military training

In some cases, eligible agricultural land will be subject to use by the Ministry of Defence for military training. This is regarded as being in the national interest and will be permitted without affecting your ability to claim the Universal Scheme. The requirements of the SFS Regulatory Baseline will still apply.

Land use and support under other Schemes

Details of the relationship between Universal Scheme and land supported under other schemes are set out below:

Organic Farming

Land included in an Organic Conversion Scheme grant award is also eligible for the Universal Payment

Woodland Schemes

Land previously supported for woodland planting is eligible for the Whole Farm Area used to calculate the Universal Baseline Payment.

Any areas of land still being supported for woodland premium and/or maintenance will not be eligible for the Woodland Maintenance Payment.

However, all broadleaf woodland over 0.1 hectares identified on your holding will be used to determine whether you have met the 10% habitat requirement for your farm.

New woodland planting, established since 1 April 2022 can also be used towards the requirement to plant 0.1 hectares of new trees for UA10 (Tree and Hedgerow Planting Opportunity Plan).

Double Funding

With the exception of the examples provided above, you must not claim on land where you are receiving payments for the same purpose from any other source or organisation. This would be considered double funding for the same land.

If it is established you are receiving separate payments, this may result in financial penalties and the recovery of Universal Payments.

On land in designated sites, subject to NRW management agreements (e.g. section 15/16 agreements) you will be expected to continue to meet the requirements of these agreements until they expire. You will still be eligible to receive SFS Universal scheme payments on this land and you must ensure you have a management plan in place by 2030 in accordance with UA7: Designated Sites.

The scheme guidance will also cover applying sanctions where there has been a breach of the conditions of support, including any payment reductions, where appropriate.

Payment reductions, sanctions, exclusions and the provision for the correction of errors

No payment (including an advance payment) will be paid until we have confirmed your eligibility. If evidence is required but not submitted by 15 January 2027 your claim will be rejected.

Payment reductions may be applied to your Universal Payment if:

- your SAF is received late.
- it is found information you have provided is incomplete or inaccurate i.e. Under or over declared land

Additional sanctions may be applied if:

- notification of completed Universal Actions and supporting documentation is received late.
- you do not meet the requirements of the scheme i.e. non-compliance.

Payment reductions may be applied, including exclusion from the scheme, without prejudice, in the event of an offence in accordance with the regulations governing the scheme or where you have artificially created conditions to meet the scheme requirements.

Late SAF Submission

You must apply and claim the Universal Scheme on the SAF before the closing date of 15 May 2026.

The SAF can be accepted up to 25 calendar days after the closing date. This is known as the SAF late claim period.

If you submit your SAF after 15 May, the Universal Payment will be reduced by 1% per working day (Monday to Friday inclusive, excluding bank holidays) throughout the late claim period.

A SAF cannot be submitted or accepted after the late claim period.

Full details of the SAF submission deadlines will be provided in the Single Application Rules Booklet published annually.

Under-declared land

The Universal Scheme is a 'Whole Farm' scheme.

You must declare all available Welsh agricultural land on the SAF, including all landscape features, man-made features and any other features not eligible for payment.

You must declare all your land where you have management control for at least 10-months of the calendar year on the SAF. Failure to declare all your land, including non-eligible areas, may result in your Universal Payment being reduced.

Where there is a difference between the area declared on the SAF and the total area on the holding that should have been declared, Universal Payment reduction will apply as follows;

Difference	Reduction
Up to 3%	No reduction in payment
More than 3% and up to 20%	1% reduction in payment
More than 20% and up to 50%	2% reduction in payment
More than 50%	3% reduction in payment

Over-declared land

A penalty may be applied where we find the total eligible Whole Farm Area declared is more than the total eligible Whole Farm Area determined. This may be in circumstances where you claim on land parcels, but we later establish you do not have management control of the land for 10-months of the calendar year.

Where the difference between the total eligible Whole Farm Area declared and the total eligible Whole Farm Area determined is more than either 3% or 2 hectares of the

determined area, the Whole Farm Area eligible for payment will be reduced by 1.5 times the difference found

Difference in area	Reduction
Up to 3%	No reduction in payment
Up to 2 hectares	No reduction in payment
When the over-declaration is more than 2 hectares and the difference is more than 3% and up to 10%	Whole Farm Area determined minus (0.75 x difference)
When the over-declaration is more than 2 hectares and the difference is more than 50%	Whole Farm Area determined minus (1.5 x difference)

Examples:

- The Whole Farm Area is declared as 100 hectares but is determined to be 98.5 hectares. The Whole Farm Area used to calculate the Universal Baseline Payment will be 98.5 hectares, and no additional reduction will apply since the difference is not more than 3% or 2 hectares.
- The Whole Farm Area declared as 100 hectares but is determined to be 80 hectares. Since the difference is 20 hectares, the Whole Farm Area used to calculate the Universal Baseline Payment will be 50 hectares, which is 80 hectares minus 30 hectares i.e. the difference found of 20 hectares x 1.5.

However, where the difference between the area declared and area is more than either 3% or 2 hectares, **but no more than 10% of the determined area**, the penalty applied will be calculated (as described above) but will be reduced by 50%.

Example:

- The Whole Farm Area declared as 100 hectares but is determined to be 90 hectares. The Whole Farm Area reduction is calculated as 10 hectares x 1.5 = 15 hectares. However, as the over-declared area is no more than 10%, the 15 hectare area of reduction is halved. The Whole Farm Area will be 82.5 hectares, which is the 90 hectares determined, less 7.5 hectare reduction.

Over-declared penalties will not be applied on Habitat land or Woodland . Where areas of Habitat or Woodland have been declared but are either found not to be present or not being managed in accordance with the Universal Action requirements, sanctions will apply.

The sanction applied will be considered as per the relevant published Verifiable Standards and Sanction Matrix for the scheme year.

Sanctions

Notifications and supporting documents for the Universal Action

Notification of completed Universal Actions, and any required supporting documentation, must be received by **15 January** of the year following your Universal Scheme claim.

Failure to notify completion or submit supporting documents, as required, for the relevant Universal Actions may result in a sanction.

The sanction applied will be considered as per the relevant published Verifiable Standards and Sanction Matrix for the scheme year.

Non-compliance with Scheme requirements

Non-compliance with the SFS Regulatory Baseline or Universal Code and Universal Actions requirements will be referred to as a breach and may be identified as a result of an inspection or administrative checks.

Welsh Government will assess these breaches against sets of published Verifiable Standards and Sanction Matrices.

There are two separate Verifiable Standards and Sanction Matrices. One of which applies to the SFS Regulatory Baseline, the other applies to the Universal Code and Universal Actions requirements.

The matrices will determine the appropriate level of sanctions to be applied for all breaches found. Sanctions can range from advisory letters to financial penalties depending on the seriousness of the breach. You will be notified in writing of the breach and the sanction applied.

Sanctions will be categorised under the following;

- SFS Regulatory Baseline
- Universal Code, including 10% habitat requirement.
- Universal Actions

If the breach results in financial penalties, these will be applied to your Universal Payment.

The table below shows how financial penalties may be applied to each individual element of the Universal Payment.

	SFS Regulatory Baseline	Universal Code and Universal Actions			
	Breach of SFS Regulatory Baseline	Breach of Universal Code, including 10% habitat requirement	Breach of Universal Actions (excluding UA5,UA6 and UA9)	Breach of Universal Actions UA5 and/or UA6	Breach of Universal Action UA9
Whole Farm Payment	✓	✓	✓		
Habitat Maintenance Payment	✓	✓		✓	
Woodland Maintenance Payment	✓	✓			✓
Social Value Payment	✓	✓	✓	✓	✓
Stability Payment (2026 only)	✓	✓	✓	✓	✓

SFS Regulatory Baseline

Where we identify breaches of the SFS Regulatory Baseline sanctions will be applied in the same way as Cross Compliance breaches, the framework which has underpinned BPS.

The requirements of the SFS Regulatory baseline must be met for the entire calendar year in which you claim.

If you fail to meet the requirements of the SFS Regulatory Baseline a financial penalty may be applied to your Universal Payment. The penalty would be applied to the payment for the year in which the breach is found.

In addition, non-compliance may result in prosecution by the relevant specialist enforcement body,

In determining the sanction account will be taken of the intent, extent, severity, duration and reoccurrence of the breach and to whom the breach is directly attributable.

- Intent – whether the breach is classified as ‘negligent’ or ‘intentional’
- Extent – whether the breach has an ‘off-farm effect’ or is limited to an ‘on-farm effect’.
- Severity – the breach will be classified based on the severity of the non-compliance, ranging from ‘minimal’ to ‘high’
- Duration – the breach will be classified as either ‘rectifiable’ or ‘permanent’ depending on whether we consider the effects of the breach can be rectified.

Sanctions are applied where the breach is directly attributable to you or your business/organisation. In circumstances where land is transferred between Universal Scheme claimants, sanctions will apply to whom the breach is directly attributable.

Negligence

If you fail to meet the requirements of the SFS Regulatory baseline a sanction will be applied that will generally be a 3% financial penalty applied to the Universal Payment but this penalty could be reduced to 0% or increased to 5% depending on the nature of the breach.

The SFS Regulatory Baseline requirements are split into four areas, with each area containing a number of different standards (i.e. SMRs/GAECs);

- Environment, Climate and Good Agricultural Condition of land (SMR 1-3 and GAECs 2, 3, 6 and 7).
- Public health, animal health and plant health (SMR 4-10)
- Animal welfare (SMR 11-13).
- Public Rights of Way and Invasive Non-Native Species (SMR 14-15)

If you fail to comply with more than one requirement against standards within the same area (e.g. within public, animal and plant health), whilst they will be recorded as separate breaches, only one sanction will apply for this area.

If you fail to comply with the requirements against standards in separate areas, these breaches will lead to separate sanctions being applied.

Provided the breach identified is not a re-occurrence and/or has not been classified as intentional, any financial penalties will be added together, however, the maximum penalty will be 5% of the Universal Payment.

Repetition

Where a breach of the same requirement reoccurs within a three-year period, the sanction calculated for the repeated breach will be increased by a multiplier of 3, provided you were informed of the earlier breach, and you had a reasonable opportunity to rectify the breach.

If there are further reoccurrences of the breach, the penalties applied as a result of the previous non-compliance will continue to be multiplied by 3 up to a maximum of 15% at which point the penalty will be capped.

Once a negligent breach penalty has reached the capped threshold of 15%, if you again fail to comply with the same requirement within a three-year period, you will be treated as having intentionally failed to comply. The breach applied will be calculated by taking the previous negligent penalty before being capped to 15% and multiplying by 3. The rules for intentional non-compliance will now be applied for any further repeated breaches of the same requirement. Intentional breaches attract a significantly higher penalty.

If you have received a Cross Compliance penalty within the 3 years before your first claim for Universal Scheme and you subsequently breach the same requirement within the SFS Regulatory Baseline, a repetition breach will apply in accordance with the SFS Regulatory Baseline Sanction Matrix.

Intentional Non-Compliance

If we consider you have intentionally failed to comply with any of the requirements of the SFS Regulatory Baseline, you will generally have a 20% penalty applied but this could be reduced to 15% or increased to 100% depending on the seriousness of the breach measured by extent, severity, permanence and repetition. An Intentional breach will be calculated in accordance with the SFS Regulatory Baseline Sanction Matrix.

SFS Universal Code and Universal Actions

If you fail to meet any of the requirements of the Universal Code and/or applicable Universal Actions we will consider this a breach, and sanctions will apply.

In determining breaches of the Universal Code and Universal Actions, the following will be considered;

Severity

The severity of the breach is classified as either Low, Medium or High depending on the seriousness of the non-compliance.

Extent

The extent of the breach is classified as Extent 1 or Extent 2, depending on the proportion of the breached area in relation to the whole claim area.

Permanence

A breach is classified as 'Rectifiable' if the effects of the non-compliance can be rectified within 12 calendar months from the date on which the non-compliance is found.

A breach is classified as 'Permanent' if the effects of the non-compliance cannot be rectified before the Universal Action deadline or within 12 calendar months from the date on which the non-compliance is found.

Where a breach is classified as 'Rectifiable' we will specify the timescale in which you must rectify the breach and may withhold payments until such a time as the non-compliance has been rectified. Where a breach has not been rectified, we may reclassify the breach as 'Permanent'.

Repetition

Where a breach of the Universal Code or Universal Actions is found within 3 years of the original breach, repetition breaches apply in accordance with the SFS Sanctions Matrix.

Retrospection

Penalties applied due to breaches of the Universal Code or Universal Actions will not generally be applied retrospectively to previous year's Universal Payments, in addition to a penalty being applied to the year the breach is found. However, retrospective penalties may be applied in cases where there is compelling evidence that the breach occurred in previous years. For example, where aerial photography shows semi-natural habitat has been damaged in previous years.

Historic breaches

Inspections and/or administrative checks may find a breach of the Universal Code or Universal Actions in any given previous year. Where this is the case, a sanction may be applied to the previous scheme year, and we may recover previous payments made.

Example:

An inspection will check evidence you have completed the minimum soil testing required for UA1: Soil Health. If it is found you did not complete the minimum soil testing required in a previous year, a sanction may be applied to that previous year's payment.

Grouping and Capping of Breaches

Universal Code

The Universal Code is made up of four parts, with each part containing several different requirements. The four parts are;

- Soil protection
- Biodiversity and habitats (including 10% habitat requirement)
- Trees
- Landscape features

If you fail to comply with more than one requirement within the same part of the Universal Code (e.g. soil protection), whilst they will be recorded as separate breaches, only one penalty would apply for this part.

If you fail to comply with the requirements in separate parts, these breaches could lead to separate penalties being applied.

Examples:

- If we identify three breaches of the Soil Protection part of the Universal Code, any penalty applied will be capped to the highest breach found.

- If we identify breaches across multiple parts of the Universal Code, (such as Soil Protection and Landscape Features) the highest financial penalty applied to each will be added together and applied to the whole Universal Payment (see table xx)

All breaches of the Universal Code will be recorded, and you will be notified. All breaches may be used for the purposes of applying repetition sanctions should the same breaches be found in future years.

Universal Actions

For Universal Actions (as applicable to you), if you fail to comply with more than one requirement within the same Universal Action (e.g. UA12: Animal Health and Welfare), whilst each non-compliance will be recorded, only one penalty would apply for this Universal Action.

If you fail to comply with the requirements in separate Universal Actions, these breaches could lead to separate penalties being applied.

Examples:

- If we identify three breaches of UA12: Animal Health and Welfare, any penalty applied will be capped to the highest breach found.
- If we identify breaches across multiple Universal Actions, the highest financial penalty applied to each will be added together and applied to the Universal Payment, with the exception of UA5: Habitat Maintenance, UA6: Temporary habitat creation on improved land and UA9: Woodland Maintenance (see table xx).
- If we identify breaches of UA5 Habitat Maintenance or UA6: Temporary habitat creation on improved land, the highest financial penalty applied to each will be added together and applied to the Habitat Maintenance and Social Value payments.
- If we identify breaches of UA9: Woodland Maintenance, the highest financial penalty applied will be applied to the Woodland Maintenance and Social Value payments.

All breaches of the Universal Actions will be recorded, and you will be notified. All breaches may be used for the purposes of applying repetition sanctions should the same breaches be found in future years.

Offences

Regulation 19 of The Agriculture Support Schemes (Eligibility, Enforcement and Appeals) (Wales) Regulations 2025 establishes offences (breaches) in relation to certain aspects of financial support provided for under those regulations. That regulation and those offences are applicable to the Universal Payment.

Examples of offences include at any time giving false or misleading information, failing to provide information, evidence or copies of records when requested and preventing or otherwise obstructing an inspection, including failure to provide reasonable assistance in the completion of an inspection.

Where we establish you have committed an offence in accordance with the regulations your Universal Payment may be withdrawn in whole or in part.

Artificiality

If we discover you have artificially created the circumstances to gain an advantage from any of the requirements relating to the Universal Payment, including to avoid payment capping rules, we will investigate and may withhold payments or reject your claim and/or recover monies paid.

Unacceptable Behaviour

Welsh Government officials, individuals or organisations carrying out duties on behalf of the Welsh Government (e.g. Natural Resources Wales (NRW), Animal and Plant Health Agency (APHA), British Cattle Movement Service (BCMS), Food Standards Agency (FSA), EID Cymru, Local Authorities), should not be subjected to aggressive, abusive or offensive behaviour or unreasonable demands and persistence from applicants/claimants or their representatives. This also applies to members of the Independent Appeals Panel.

A Managing Unacceptable Behaviour of Welsh Government Customers document is available on the Welsh Government website which explains what we consider unacceptable behaviour.

Unacceptable behaviour may lead to the withdrawal of payments and/or the rejection of applications or claims

Obvious Error

The Welsh Government operates an Obvious Error provision in accordance with the legislation governing the scheme. Applications for support or payment claims and any supporting documents or relevant notifications provided by the claimants may be corrected and adjusted at any time after their submission in cases of obvious errors recognised by the Welsh Government. Obvious errors may be recognised on the basis of an overall assessment of the particular case and provided the claimant has acted in good faith.

As a general rule, an obvious error may be detected from information given in the documents and information submitted to Welsh Government as part of and in support of applications or payment claims, including supporting documents and relevant notifications, and as a result of coherence checks against other relevant information held by Welsh Government.

Notified Error

You may notify the Welsh Government in writing at any time that part of your Universal Scheme claim is incorrect or has become incorrect since it was submitted. The information you give will be used to amend your claim without applying penalties.

You may not correct such errors if you have been notified by the Welsh Government of the error or been notified of an inspection which subsequently reveals an irregularity e.g. notification of a field declared for SFS which is not under your management control.

In respect of the SFS Regulatory Baseline controls, if you discover an error or omission in respect of information entered on the Cattle Tracing System for your cattle, you should notify BCMS of the error immediately. You may avoid penalties if the central livestock movement databases are correct before any inspection begins or you meet the requirements for notified error.

Withdrawal

You may withdraw your Universal Scheme claim at any time without penalty, except where you have been notified of errors or have been notified of an inspection.

Your application to withdraw must be made either via your RPW Online account or in writing to the Customer Contact Centre.

If you withdraw your SAF 2026 before the 15 May closing date (or SAF late claim period) you will have the opportunity to submit another SAF.

If withdrawn before the closing date (or SAF late claim period) you may re-submit your claim for SFS or submit a BPS claim and/or retain your BPS entitlements for use in future years.

If you withdraw your SAF 2026 after the late claim deadline you will not be able to re-submit and claim for any scheme.

Exceptional Circumstances

The Welsh Government may accept that a claimant was prevented from fulfilling certain obligations due to a course of events amounting to Exceptional Circumstances.

Exceptional Circumstances are defined as unusual circumstances which are outside the control of the claimant, were unforeseen and could not be avoided in spite of all due care and except at the cost of excessive sacrifice on their part.

For the Welsh Government to consider and accept an event as Exceptional Circumstances details must be received in writing by the Welsh Government, within 60 days of the claimants, or someone acting on their behalf, being in a position to do so.

An Exceptional Circumstances event may directly affect just one member of a farm business or organisation, however, it should be explained how the events impacted on the ability of everyone in the business or organisation as a whole to meet their obligations.

Additional documentary evidence may be requested and should be provided as appropriate.

Each notification of Exceptional Circumstances will be carefully considered on a case-by-case basis.

The Exceptional Circumstances provision is available in respect of;

- Late submission of an application or claim.
- Late notification of supporting documentation in respect of an application, claim or confirmation of completion of a Universal Action
- The right to payment in respect of certain eligible areas declared on an application or claim but no longer available to the applicant or agreement holder because of an Exceptional Circumstances event.
- The inability to comply with scheme requirements including eligibility conditions.
- Scheme breach penalties.
- The requirement for partial or full re-imbusement of payments received.

The Scheme Guidance will also detail the Inspections process and protocols. Providing valuable information on what to expect during an inspection, how to prepare for an inspection, including what documentation to have ready, the impact and outcomes of the inspection.

Inspections

On-farm inspections

A percentage of claimants will be selected and inspected each year to ensure compliance with the requirements of the Universal Scheme, and the SFS Regulatory Baseline are being met.

The SFS Regulatory Baseline, includes requirements of Livestock Identification and the Control of Agriculture Pollution (CoAP) regulations. These elements have separate inspections regimes.

All inspections will be carried out by Rural Inspectorate Wales (RIW) (part of the RPW division) and/or other Competent Control Authorities (CCA) or Delegated Agents on behalf of the Welsh Government.

Inspections will be selected using a combined risk and random assessment process.

- The risk selection will use appropriate risk criteria to determine which farms are to be inspected.
- The random selection will be a control sample, and account for between 20% and 25% of the overall selected population.

The minimum percentage of farms to be inspected each year, for each element of the Universal scheme and SFS Regulatory Baseline, is:

- Universal Scheme (Universal Code and Universal Actions) - 3% of all claimants/agreement holders.
- SFS Regulatory Baseline - 1% of all claimants/agreement holders.
- Cattle Identification (SMR 7 of SFS Regulatory Baseline) – 3% of livestock keepers.
- Sheep and Goat Identification (SMR 8 of SFS Regulatory Baseline) – 3% of livestock keepers.

Additional inspections may also be undertaken as a result of a referral from a member of the public or other organisations.

For the Universal Scheme and the SFS Regulatory Baseline the percentage of claimants selected may be adjusted each year based on the error rate of the random control sample for the previous year (greater or lower than 2% error rate). This is a continuation of the control regime used for the current Basic Payment Scheme and Glastir Scheme previously.

Where possible, inspections will be combined to check multiple elements or schemes during a single farm inspection or visit. For example, inspections to check compliance with the SFS Regulatory Baseline may be combined with inspections to check compliance with the Universal Scheme, as well as any other agricultural support, such as, Woodland Creation or Organic Support.

Notice of an inspection will be strictly limited.

- For the Universal Scheme and SFS Regulatory Baseline, inspections are generally expected to be conducted within 5 working days of notification, however up to 10 working days' notice may be provided in exceptional circumstances.

- For Cattle Identification and Sheep & Goat Identification - broadly, inspections are to be unannounced, although in exceptional cases it is acceptable to allow up to 48 hours' notice.

Generally, one inspector will carry out the inspection, but colleagues or auditors (or both) may accompany them occasionally.

Satellite and aerial imagery technology may also be used to assess land eligibility and can be used to identify specific parcels to be visited as part of the inspection.

SFS Universal Inspections

What will we do at inspection?

Our inspectors will visit your farm and check, your land, crops, and where appropriate, scheme requirements have been met.

After arriving at your farm or when making the appointment, the inspector will discuss:

- the purpose of the visit
- the applicable Universal Actions for your farm
- how the inspection will be carried out
- what they will need from you
- how long the inspection may take (although this may depend on the findings of the inspection).

How can you be ready for an inspection?

You can be ready for an inspection by:

- ensuring you have responded to all Welsh Government correspondence to resolve any queries with your application.
- informing Welsh Government of any changes to your applications or claims, e.g. land use changes, in a timely manner
- keeping up-to-date, complete and accurate records.

Further information is also available in the 'When the inspector calls. A helpful guide for farmers' booklet available at: [Farm Inspections](#) or from the Customer Contact Centre.

What the inspector does

The inspector will check the claimed areas do not include land that is not eligible for the Universal Scheme and assess whether the 10% habitat requirement is being met. This may further involve checking boundaries, measuring fields, hedges and woodland, assessing crop and habitat types and excluding ineligible areas such as roads, hardstandings, buildings, river/streams and non-agricultural areas.

We will use maps and aerial imagery to carry out measurements, these will not take into account gradients/slopes.

Where possible a sampled approach will be undertaken by the inspector to identify which parcels need to be assessed to ensure scheme requirements are being met. This sample may be increased if discrepancies or errors are found.

The inspector may need to check evidence that supports your land claims, e.g. rental agreements to confirm you meet the 10-month management control requirement. They may also have to undertake additional checks to evidence you are carrying out the agricultural / ancillary activity (where applicable). This could include checking receipts and invoices.

What we will check

The inspector will check documentary evidence to support completion of all relevant Universal Actions.

SFS Record Retention

You must keep, all farm records and supporting documentation needed to evidence you have complied with the Universal Code and completed all the relevant requirements of the Universal Actions applicable to your farm, for at least 5 years.

SFS Regulatory Baseline Inspections

The Regulatory Baseline is a set of existing legal requirements which all Universal Scheme claimants must meet. These requirements are made up of SMR's (Standard Management Requirements) and GAEC's (Good Agricultural and Environmental Conditions).

Failure to comply with these requirements, (a breach) will lead to a sanction being applied to your payments.

The responsibility for completing the various inspections is as follows:

Competent Control Authority	Area of Responsibility
Welsh Government	SMRs 2, 3, 4, 6, 7, 8, 9, 10, 14, 15. GAECs 1, 2, 6 and 7
Natural Resources Wales	SMR 1 and GAEC 3
Animal and Plant Health Agency	SMRs 11, 12, 13
Veterinary Medicines Directorate (Inspections performed by the Animal and Plant Health Agency)	SMR 5

A SFS Regulatory Baseline inspection may include different elements that need to be inspected. This means you may be inspected more than once during the year because the relevant CCA was unable to check all the requirements for which it has responsibility at a single inspection or because your farm has been selected for inspection by more than one CCA, where possible we will try to align inspections to reduce the burden.

What we will check

The inspector will confirm SMRs and GAECs are being met through:

- visually assessing the land
- physically checking animals
- examining on farm records.

We also check Cattle Tuberculosis (TB) tests under SMR 4 (Food and Feed Law) have been completed from the Animal and Plant Health Agency (APHA) database directly.

Cattle Identification inspections

What the inspector does

The inspector will count all the animals, read and check ear tags, check all passports and reconcile each of these against the farm records and the Cattle Tracing System (CTS) database.

What do we look for?

The main purpose of the inspection is to verify:

- the cattle are double tagged in accordance with current regulation, and replacement tags are ordered, and re-tagging is performed appropriately;
- the cattle are correctly registered with British Cattle Movement Service (BCMS);
- appropriate records are being kept relating to births, deaths and movements;
- movements of animals on and off the farm are being notified to BCMS within 3 calendar days;
- deaths are reported to BCMS within 7 calendar days.

Sheep and Goat Identification Inspections

What the inspector does

The inspector will count your animals to verify the accuracy of your records by reconciling sheep numbers against your records and information supplied on the annual inventory, the movement documents and purchase and sales invoices. They will also check a representative sample of ear tags to ensure the sheep have been tagged correctly and the ear tags are included in the records where appropriate.

What do we look for?

The inspector will check:

- your flock record book is up to date and accurate
- your records confirm the number of animals on your farm on 1 January as part of the Annual Stock-take
- your flock, as counted at the inspection, reconciles with the Annual Inventory
- your sheep/goats are tagged correctly
- you are properly registered with Animal and Plant Health Agency
- you have correct movement licence documents, which correspond with your animals' movements and records
- you have notified all movements to EID Cymru

- you have a record of all animals which have died
- you have a record of any animals that have had electronic tags inserted and replaced.

Cattle and Sheep Record Keeping

There are also specific livestock record requirements to be observed. These records must meet the current regulative requirements in terms of animal registration, identification, movement and numbers. Standard record books for cattle, sheep and goats are available from the Customer Contact Centre and Farm Liaison Service.

What happens after an inspection?

At the end of the visit the inspector will complete an inspection summary form (IACS7) which summarises the main findings of the inspection and provide details of any breaches found. **Please note**, administrative checks following the inspection may also identify additional breaches.

You will be asked to sign the form to acknowledge the inspection has taken place and you understand the main findings. You will also be given the opportunity to include any remarks or comments following the inspection, including any evidence you consider appropriate in respect of any breaches discovered during the inspection.

Where the breach has been classified as 'rectifiable', you will be provided with details on the IACS7 of any action you must take to rectify the breach, and the timescales for completion.

The top copy of the IACS7 will be left with you and the bottom copy will be retained by the inspector. Sometimes there may be other forms left with you, which set out in detail additional findings.

If we have completed a cattle inspection and found an error, we will leave you another form with a list of the tag numbers on which we have found an error. We will take away any spare passports found and give you a receipt for these.

If we have completed a livestock inspection and found a high number of ear tag errors or are unable to reconcile all the animals on the farm, we may place the farm under a movement restriction order.

If you do not understand anything on these forms, ask the inspector to explain.

For all inspections, further administrative checks may need to be made after the inspection before the details can be finalised.

When all checks have been completed the inspection details are entered into our computer database to allow validation of your claim. An 'inspection findings letter' will be sent to you explaining the effects of any breach found at inspection.

Where an inspection is compliant, a letter will not be issued.

Obstruction of an inspection

It is legal requirement that you allow an inspection to be carried out to verify compliance with scheme eligibility conditions and requirements, including the SFS Regulatory Baseline.

Where it is not possible to agree a suitable date and time, the inspector will notify you in writing of the date and time for the inspection, allowing at least 48 hours advance notice of that inspection.

If you or your representative prevents an inspection from being carried out, your applications or claims will be rejected.

Appeals

If the claimant is not satisfied with a decision / outcome of their notified breach and possibly penalty made by the Welsh Government, they are able to submit an appeal to RPW.

Your appeal will be assessed and considered, meeting at least one of the following three criterion:

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

The appeals are a two stage process whereby if you are not satisfied with the outcome pending a stage 1 appeal, you may proceed to stage 2, noting that payment will need to be made alongside the stage 2 appeal submission, the fee is for the cost of the independent panel and is set at £290 for an oral hearing and £220 for a written hearing.

If the stage 2 appeal is upheld, the appellants fees will be reimbursed along with any penalties or sanctions applied to their claim.