Areas with Natural Constraints (Payments) Bill – AERA Committee September 2026

A Joint Briefing from Farming, Environmental and Landscape Stakeholders

Prepared on behalf of the NI Environment Link Sustainable Agriculture Policy Working Group (SAPWG).

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Introduction

There is a strong case for providing additional support to farmers operating in Areas with Natural Constraints (ANCs). These farm businesses face genuine challenges arising from difficult terrain, lower productivity and limited opportunities to increase output. Many livestock farms in these areas operate on narrow margins and face ongoing pressures on profitability.

However, the importance of these farms extends well beyond agricultural production. The viability of ANC farm businesses underpins the continued management of some of Northern Ireland's most valuable habitats and landscapes, the communities that sustain them, and the cultural and socio-economic benefits they provide.

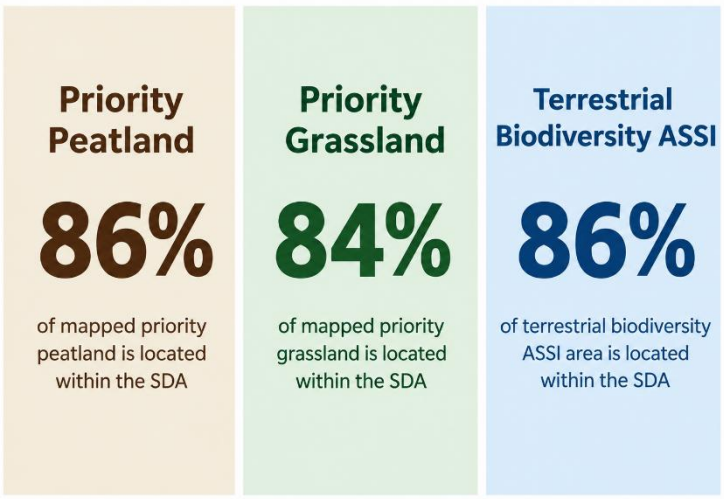
The key issue is not whether support should be provided, but how that support should be designed. Future policy should seek to maintain viable farm businesses while also recognising the wider value that these farming systems deliver to society.

This briefing sets out the case for supporting ANC farmers, the role these businesses play in sustaining rural communities, landscapes and habitats, and how future support could better align farm viability with environmental delivery. We believe public investment is justified, but that it should increasingly reward the public benefits these farming systems provide alongside addressing the challenges associated with farming in constrained areas.

If the ANC Bill is to deliver that support, it should do so in a way that links public investment to public value. If it cannot, then strengthened and properly funded agri-environment schemes remain the most appropriate mechanism for supporting these farms.

ANCs comprise land classified within the Severely Disadvantaged Area (SDA) designation and, for the purposes of this briefing, the spatial analysis presented is therefore based on the SDA designation.

Why ANC Farms Matter



Many ANC farms manage High Nature Value farmland, peatlands, species-rich grasslands and other environmentally important landscapes (see Table 1 and Annex 1). These areas support biodiversity, store carbon, improve water quality and contribute to climate resilience.

These landscapes are living places, created by natural forces and yet have been shaped and maintained through generations of livestock management and active stewardship. The continued and effective management of these areas is critical for biodiversity, climate resilience, tourism, recreation, heritage, health and well-being of local people and visitors alike and a strong sense of local identity. This has a strong dependence on farmers remaining economically viable.

The loss of viable farm businesses in these areas would pose risks not only to rural economies and communities, but also to the habitats and landscapes that depend upon active grazing and management. The real risk is not farming itself, but the loss of the farming systems that created and continue to sustain these places.

This means that public investment for ANC farms should be viewed not only as agricultural support, but also as an investment in nature recovery, climate resilience and the long-term stewardship of rural landscapes.

Table 1. Key Economic, Environmental and Social Indicators:

- The Severely Disadvantaged Area (SDA) covers about 43% of NI land but contains approximately **86% of mapped priority peatland**, **84% of mapped priority grassland** and **86% of the terrestrial biodiversity ASSI area.**
- **68% of NI's AONB land** lies within the SDA.
- **85.2% of mapped Environmental Farming Scheme (EFS) Higher Level land** lies within the SDA, covering 9.5% of the SDA area.
- **99.8% of NI's two Hen Harrier SPAs** lies within the SDA. NI had only **34 territorial pairs in 2023, down 26% since 2016**.

- Curlew have declined by 82% in Northern Ireland since the late 1980s. Glenwherry alone supports 41 to 45 pairs, around 30% of the remaining breeding population.
- Without direct payments, average LFA cattle and sheep Net Farm Income falls from **£11,684 to a £17,909 loss**. DAERA farm-income report
- **30% of communities within the SDA** are in the most income-deprived fifth, compared with **18.5% outside**.
- Only 4.8% of NI agricultural land was estimated to be under agri-environment agreements, compared with 20.7% to 28.5% elsewhere in Great Britain. RSPB analysis
- Protected-site features in favourable condition fell from 61.7% in 2008 to 51.5% in 2024. OEP protected-sites review

See Annex 1 for maps and data related to the above statistics.

Notes and disclaimers - The designated-site calculation excludes Lough Neagh/Lough Beg, coastal or marine habitat sites and earth-science-only ASSIs. It is labelled indicative because the habitat inventories are incomplete and the available SDA boundary is RSPB compiled. An official DAERA boundary would be needed before presenting the percentages as definitive government statistics.

The Central Argument

The case for support can be summarised in five steps:

1. Many farms in ANC areas are economically fragile and face long-term viability challenges.
2. These farms overlap strongly with High Nature Value farmland, priority habitats, peatlands, protected sites and important landscapes.
3. Their viability matters environmentally and socially because active farming management can help sustain habitats, landscapes and vibrant rural communities.
4. Public payments can support both farm businesses and environmental outcomes, but existing schemes have often suffered from insufficient funding, stop-start delivery and limited long-term certainty.
5. Future support should therefore combine farm viability with environmental delivery, rather than treating them as separate objectives.

This is not an argument for unconditional income support. It is an argument for recognising that many ANC farmers already provide public goods and environmental services that are not rewarded by the market and are insufficiently valued within existing public funding arrangements.

How ANC Farmers should be supported

The key question is not whether support should be provided, but how that support should be designed.

Previously, ANC payments have focused primarily on compensating farmers for the natural constraints that limit agricultural production, rather than recognising the wider public goods delivered by these farming systems. While there remains a strong rationale for supporting farm viability, future policy should increasingly recognise and reward the wider benefits these farming systems provide.

Simply compensating farmers for reduced production risks treating these natural constraints as a problem to be overcome, rather than recognising that they underpin the environmental value of these landscapes. While such an approach may help offset income loss in the short term, it does little to address the underlying viability challenges facing these farm businesses.

A more sustainable model would reward farmers for the outcomes these landscapes are naturally suited to provide. Many ANC farms are uniquely placed to produce food whilst also being best placed to deliver biodiversity conservation, carbon storage, water management, climate resilience, landscape stewardship and other ecosystem services. Supporting these activities creates a stronger and more resilient business model because it provides an income stream based on the value these farms deliver to society, rather than simply compensating for limitations on market production.

Public investment should support:

- Viable and resilient farm businesses.
- Biodiversity conservation and recovery.
- Carbon storage and climate resilience.
- Improved water quality.
- Long-term stewardship of valued landscapes.
- Sustainable land management.
- Provision and management of public access
- Rural community cohesion along with socio-economic resilience.

This reflects the broader transition towards a public money for public goods approach that is increasingly shaping agricultural policy across the UK[1] [2] and aligns

[1] Defra (2023) Policy Paper - Environmental Land Management (ELM) update: how government will pay for land-based environment and climate goods and services https://www.gov.uk/government/publications/environmental-land-management-update-how-government-will-pay-for-land-based-environment-and-climate-goods-and-services/environmental-land-management-elm-update-how-government-will-pay-for-land-based-environment-and-climate-goods-and-services [Accessed 17/09/26]

[2] Welsh Government (2025) Guidance Document – Sustainable Farming Scheme 2026: scheme description https://www.gov.wales/sustainable-farming-scheme-2026-scheme-description-html [Accessed 17/09/26]

more closely with the objectives of DAERA's Sustainable Agriculture Programme[3]. Given the strong overlap between ANC areas and High Nature Value farmland, a support model focused solely on compensating for reduced production appears increasingly difficult to justify when these same areas are among those best placed to deliver biodiversity recovery, climate resilience, and other public benefits.

A Better Long-Term Model: ANC as a Top-Up to Agri-Environment

In the longer term, agri-environment schemes should become the primary mechanism for supporting farms in ANC areas.

One option that should be explored is for ANC payments to operate as a targeted top-up to agri-environment participation.

Under this approach:

- Agri-environment schemes provide the primary payment.
- Farmers are rewarded for delivering environmental outcomes.
- ANC payments provide an additional top-up reflecting the unique challenges of farming in these areas.
- Farm viability and environmental delivery are supported together.

This would create a much stronger link between public funding and public benefit. Rather than providing support solely because land is constrained, funding would be linked to the delivery of biodiversity, climate and other environmental outcomes.

There is already a strong precedent for aligning ANC and agri-environment support. Approximately 85.2% of mapped EFS Higher Level land was located within the Severely Disadvantaged Area, demonstrating that many farm businesses are already participating in higher-tier environmental schemes[4]. Linking ANC support to agri-environment participation would therefore strengthen an existing relationship already evident on the ground, rather than introducing an entirely new concept.

It would also help ensure that the delivery of public goods and ecosystem services become a viable and rewarding part of the farm business while recognising that many ANC farms require additional support beyond standard agri-environment payments.

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[3] DAERA (2026) About the Sustainable Agriculture Programme (SAP) "The SAP's overall aim is to transition to a more sustainable farming sector by seeking to implement policies and strategies that benefit our climate and environment while, supporting our economically and socially significant agri-food sector". https://www.daera-ni.gov.uk/articles/about-sustainable-agriculture-programme-sap [Accessed 17/09/26]

[4] See Annex 1 Figure 6

A robust agri-environment programme operating within a public money for public goods framework would play an important role in supporting farming in ANC areas, while helping to create more resilient and sustainable farm businesses. However, there is a risk that agri-environment payments alone may be insufficient to maintain the long-term viability of many ANC farms.

Evidence from farm business income data demonstrates the continued economic vulnerability of these farming systems[5]. This vulnerability is further exacerbated by the fact that many ANC farms have fewer opportunities to recover income through DAERA's livestock-based support schemes due to the lower stocking capacities and production systems typically associated with constrained land.

Furthermore, the management of these landscapes often involves additional costs and constraints, including lower stocking densities, greater fencing requirements, more challenging terrain and the need for specialist machinery. If future schemes fail to adequately recognise these factors, there is a risk that the land management practices underpinning many of Northern Ireland's most valuable habitats and landscapes could become economically unsustainable. For this reason, there is a strong rationale for an ANC payment operating as a targeted top-up to agri-environment participation, helping to ensure that farm businesses delivering environmental value and public goods remain both viable and resilient.

The Challenge

This model is only as strong as the agri-environment framework that sits beneath it.

At present, a number of significant gaps remain. There is still uncertainty around the future higher-tier agri-environment offer in the Farming with Nature Scheme and limited support for the ongoing management and maintenance of existing habitats in the Farming with Nature Transition Scheme.

This creates a particular challenge for ANC farmers. Many of these farms, already managing priority habitats and delivering the greatest environmental value, are currently among those least able to access meaningful agri-environment funding.

If ANC payments were made conditional on agri-environment participation tomorrow, many ANC farmers could find themselves unable to access support. A significant proportion of ANC agricultural land comprises priority habitats and designated sites, yet the replacement for EFS Higher Level has not yet been introduced, meaning there is currently no equivalent scheme available for many of these farmers. For ANC land not located within designated sites or priority habitats, the Farming with Nature Transition Scheme provides no support for the ongoing

[5] See Annex 1 Figure 2

management of existing environmental assets created under previous schemes or managed voluntarily by farmers. The farms delivering the greatest environmental value and public goods should be first in line for support, yet under the current framework they are often unable to access it.

For an ANC payment to operate effectively as a top-up to agri-environment participation, farmers must first have access to a robust, practical, and well-funded agri-environment framework that properly rewards the ongoing management of valuable habitats, ecosystem services and sustainable land management. At present, the necessary framework is not yet in place. The development of a comprehensive higher-tier agri-environment offer, alongside adequate support for the management of existing environmental assets, should therefore be a priority area of scrutiny for the AERA Committee as the Sustainable Agriculture Programme continues to develop.

Recommended Asks to the AERA Committee

- Support the principle of additional funding for ANC farms.
- Recognise that farm viability and environmental delivery are complementary objectives.
- Ensure any future ANC support includes meaningful environmental conditionality linked to maintaining and enhancing public goods.
- Explore the development of ANC support as a targeted top-up to agri-environment participation within a future public money for public goods framework.
- Strengthen and expand agri-environment provision, with support targeted towards High Nature Value farmland, priority habitats and low-intensity livestock systems.
- Scrutinise the development of the Farming with Nature programme to ensure that a robust higher-tier agri-environment offer, alongside adequate support for the management of existing environmental assets, is put in place.
- Secure additional funding rather than diverting resources from an already inadequate agri-environment budget.
- Avoid creating unnecessary administrative burdens or duplicate compliance systems.
- Move beyond an income-foregone approach and increasingly reward environmental services, stewardship and long-term outcomes.
- Provide certainty on funding and long-term scheme delivery to give farmers the confidence to invest in environmental management.

Conclusion

The future of many of Northern Ireland's most valuable landscapes depends on the continued viability of the farm businesses that manage them.

This is not a choice between supporting farmers and supporting nature. The two are fundamentally linked.

ANC farmers face genuine economic challenges and deserve support. At the same time, many of these farms deliver biodiversity, climate, landscape and water quality benefits that are not rewarded adequately by the market or public funding models.

The long-term goal should be a system where:

- **Agri-environment schemes** provide the primary route for rewarding the public goods and ecosystem services delivered by farm businesses in ANCs.
- **ANC payments** operate as a targeted agri-environment top-up that helps maintain the viability and resilience of these farm businesses while recognising the additional challenges associated with farming in these areas.

Supporting ANC farmers is therefore not simply an investment in agriculture. It is an investment in nature recovery, climate resilience, thriving rural communities and the long-term stewardship of Northern Ireland's most important landscapes.

For further information, please contact Mark McCormick
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Annex 1: Supporting Evidence

This annex presents the evidence base underpinning the briefing. It demonstrates the relationship between Areas with Natural Constraints, farm business viability, rural deprivation, High Nature Value farmland, priority habitats and species, agri-environment schemes, and wider environmental outcomes. Together, these data illustrate why support for ANC farmers is justified and why future support should increasingly reward the public goods delivered by these farming systems.

Figure 1: Income deprivation and the SDA

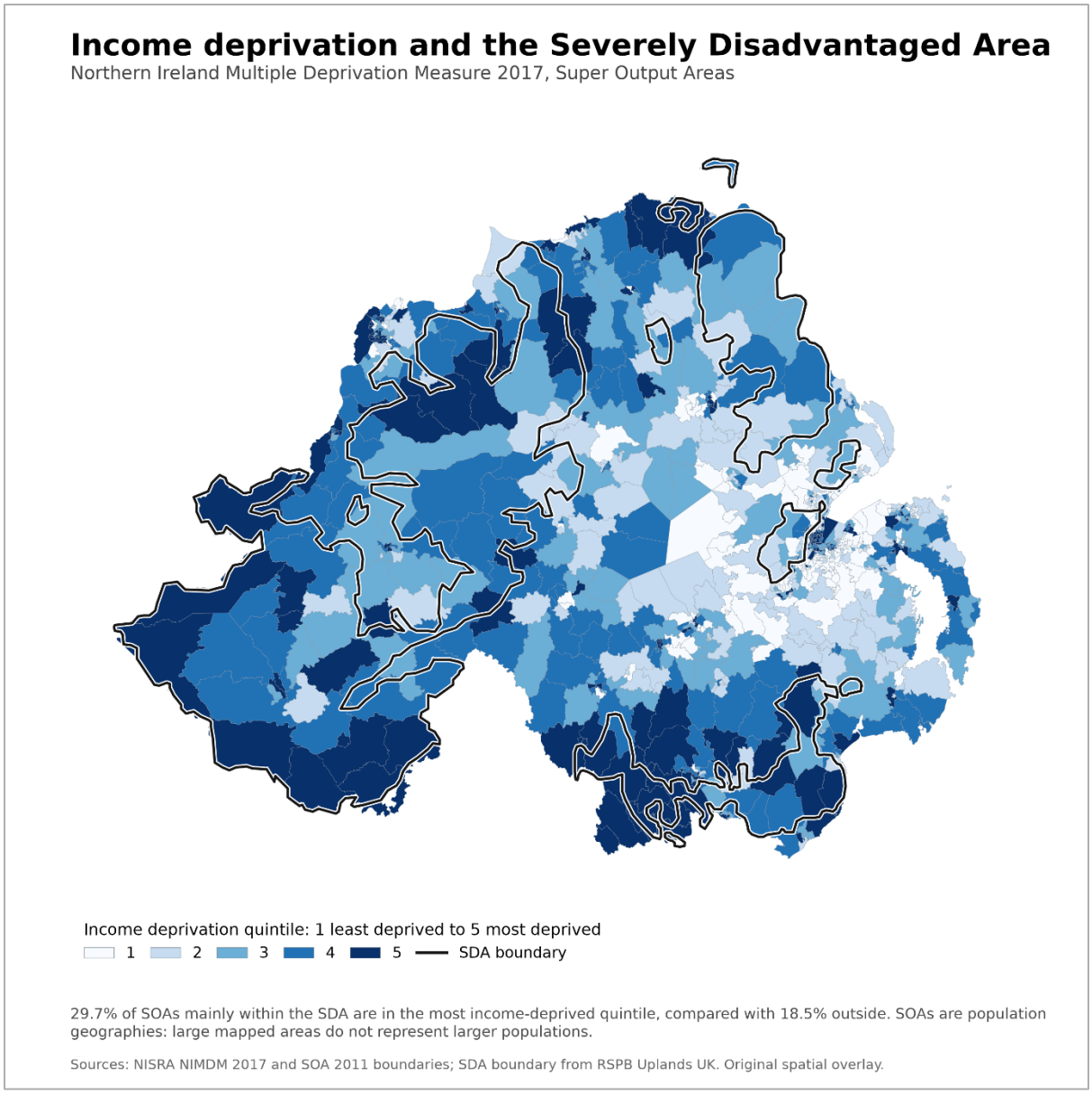


Figure 2: Farm income in the SDA

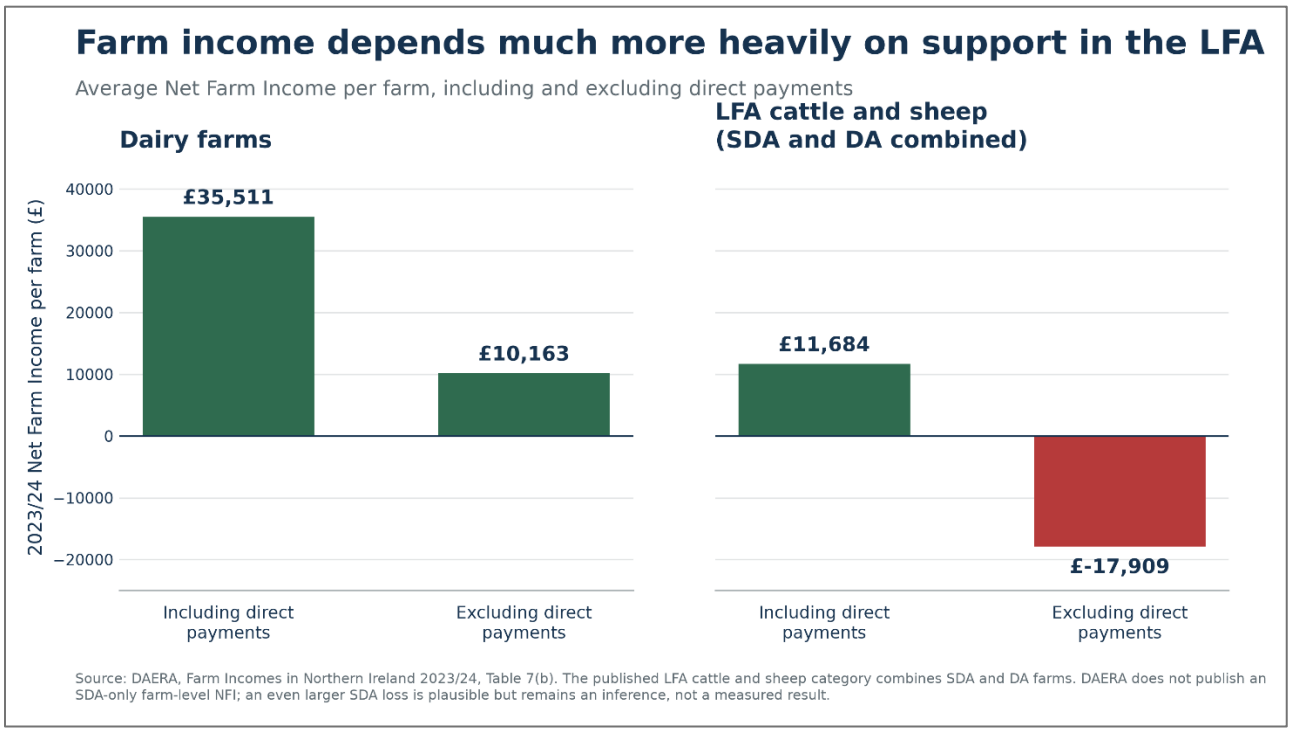


Figure 3: Priority peatland and the SDA

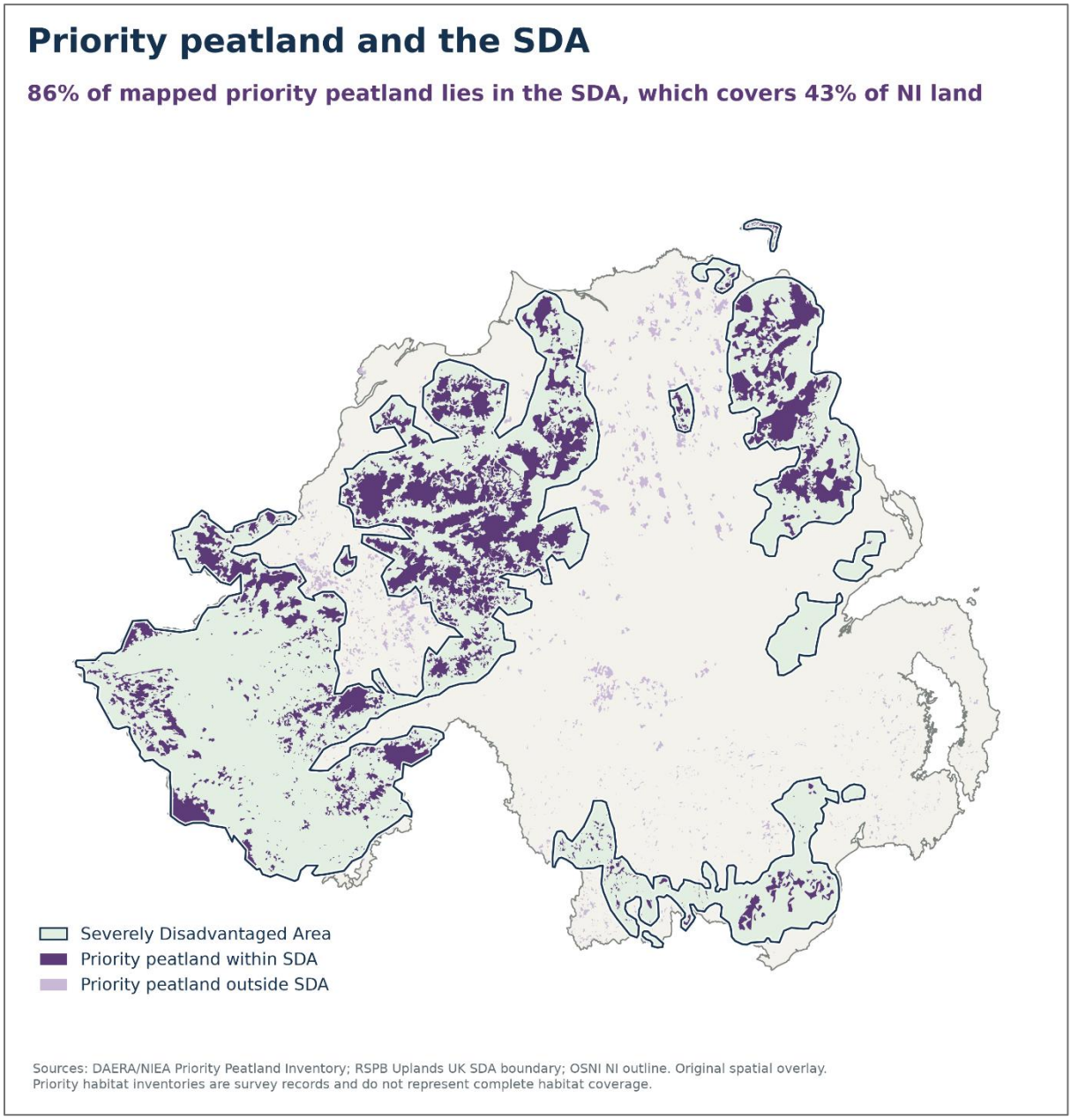


Figure 4: Priority grassland and the SDA

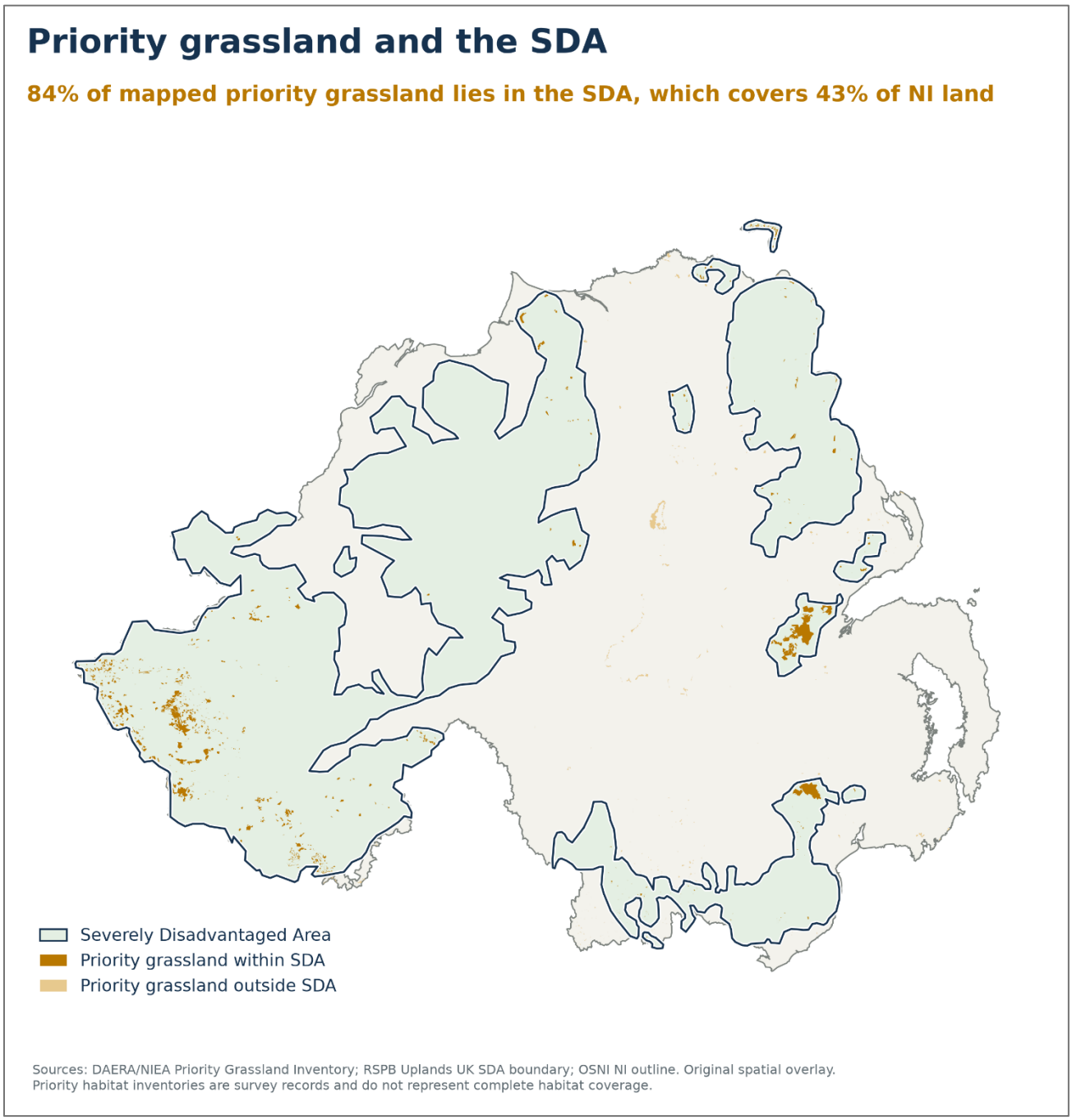


Figure 5: AONBs and the SDA

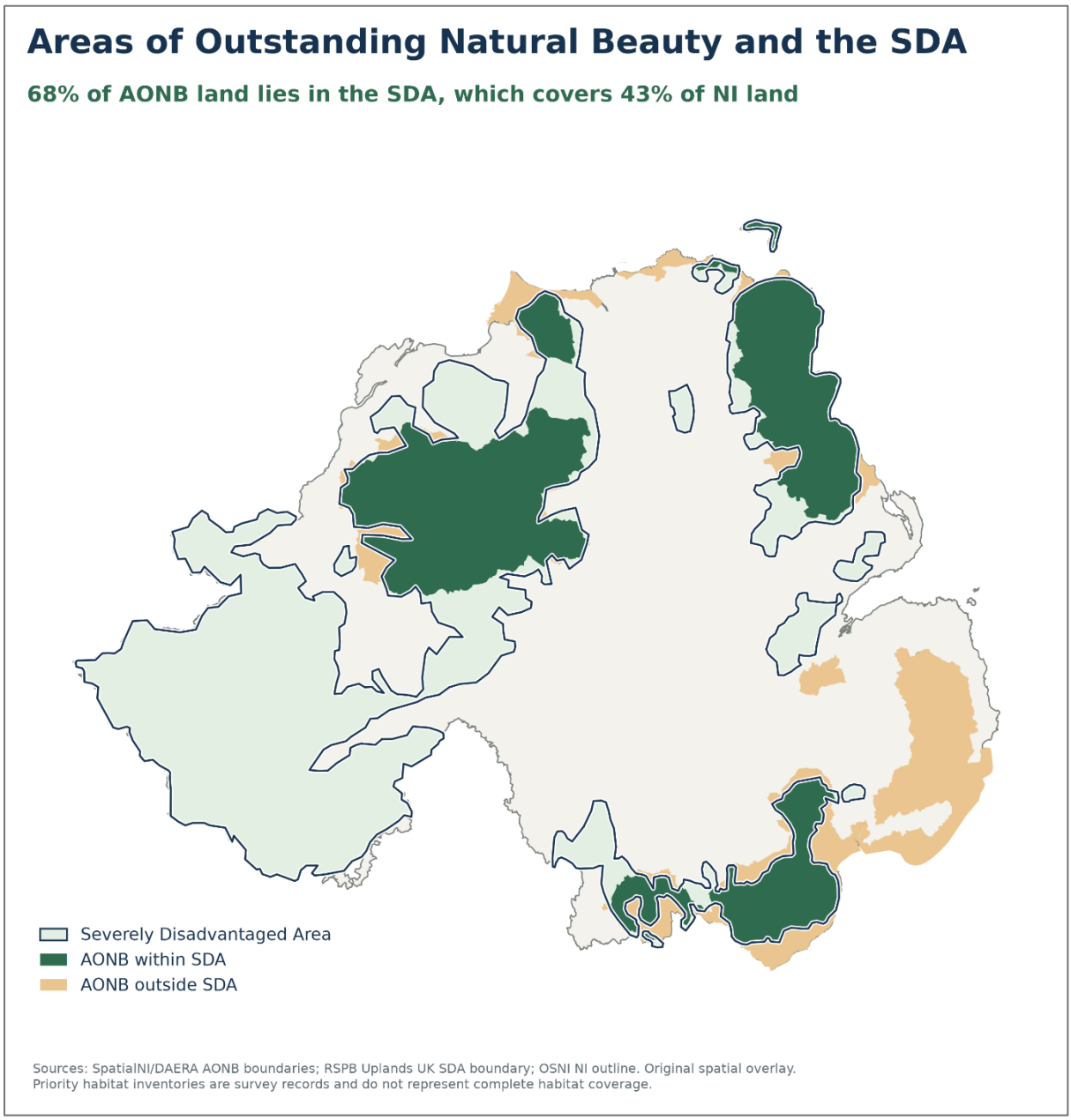


Figure 6: EFS Higher Level and the SDA

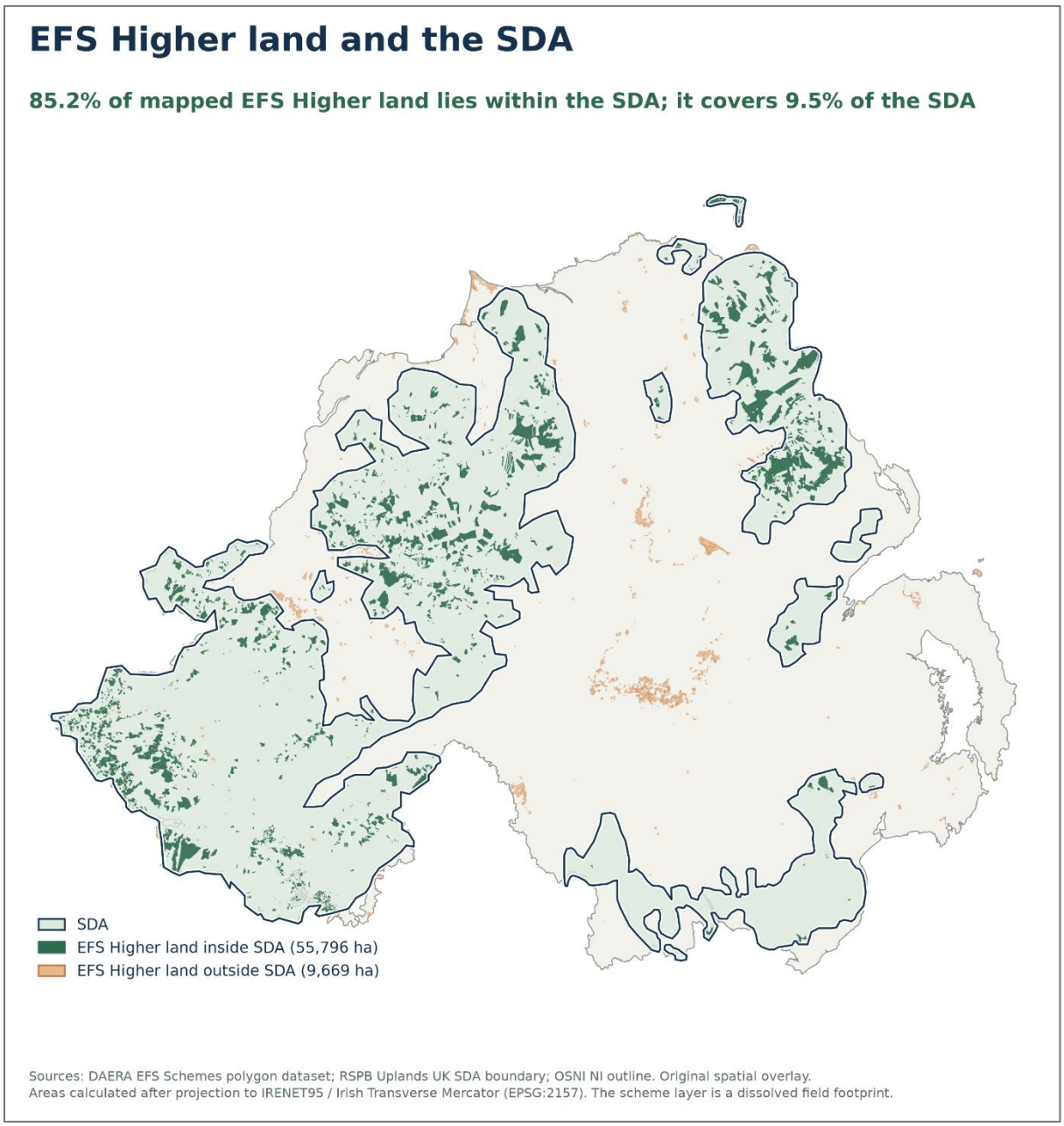


Figure 7: SPAs and the SDA

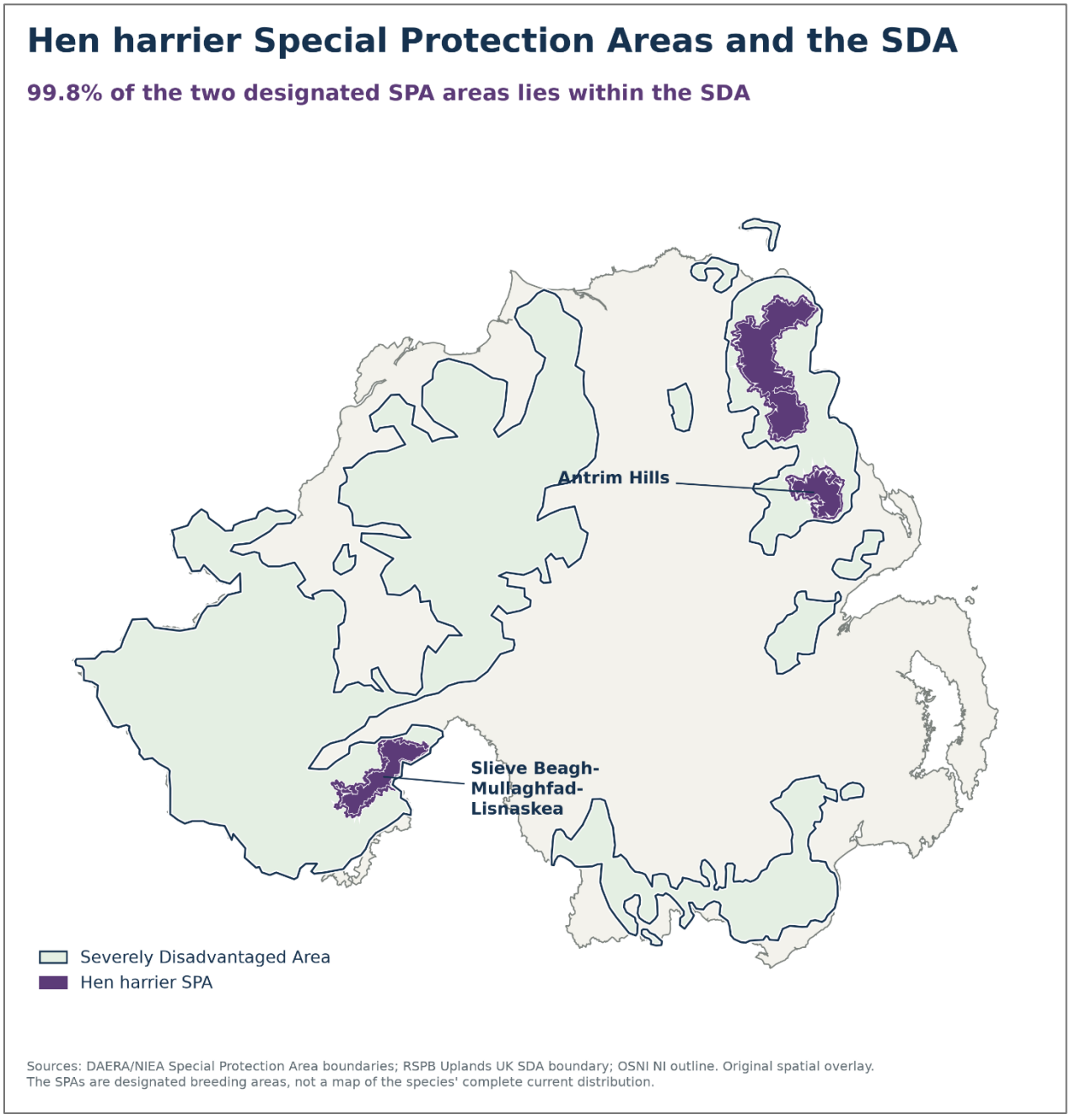


Figure 8: Curlew and the SDA

