



Northern Ireland  
Assembly

## Research and Information Service Research Paper

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17 April 2026

**Mark Allen**

# Areas of Natural Constraint (Payments) Bill – Bill Paper

**NIAR 195-25**

Bill Paper on the Areas of Natural Constraint (Payments) Bill. This paper is complemented by NIAR 119-26 which deals with the potential cost implications of the ANC Payments Bill.

Paper 44/26

17 April 2026

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## Key Points

- The Bill would reintroduce targeted support for farmers in Areas of Natural Constraint (ANC);
- The Bill requires DAERA to make regulations within 12 months; payments linked to a 'prices index' and not below 2018 rates;
- The Bill is effectively a piece of enabling legislation – detailed scheme design is left to future Regulations;
- 69% of NI agricultural land is Less Favoured Area; SDA farms = 38% of farms, 35% of workforce;
- Upland farms face natural constraints: poor soils, steep slopes, high rainfall → higher costs, limited diversification;
- SDA farms dominate beef and sheep production; sectors heavily reliant on direct payments;
- Public consultation: 88.6% fully supportive; concerns include economic viability, mental health, environmental stewardship;
- ANC scheme ended in 2018 – DAERA developed Sustainable Agriculture Programme (SAP) which has no ANC-specific support;
- DAERA Ministers since 2018 opposed ANC scheme reinstatement;
- Ireland (€250m/year) and Scotland (£65.5m/year) maintain ANC/LFA schemes; England and Wales use universal support.
- The Bill has potential issues with definition and eligibility – no clarity on land designation (SDA vs DA) or claimant criteria (active farmer, stocking density);
- The Bill has potential Financial Impact issues: price index adjusted cost could be £12.77m if an ANC scheme was introduced imminently – funding source under SAP unclear;
- The Bill has potential issues around Regulatory Detail – no specifics on eligibility, payment structure, or interaction with other SAP supports;
- The Bill has potential Governance issues – no review mechanism; unclear if commitment is ongoing.



## Executive Summary

The Areas of Natural Constraint (ANC) Payment Bill aims to reintroduce targeted support for farmers operating in Northern Ireland's most disadvantaged areas. Historically, ANC and its predecessor schemes under the EU Common Agricultural Policy provided essential payments to offset higher costs and income foregone in upland farming. These schemes ended in 2018, leaving a gap in support for farms in Severely Disadvantaged Areas (SDA), which account for a significant share of Northern Ireland's agricultural land and livestock production.

The Bill requires DAERA to make regulations within 12 months to implement ANC payments, linked to a 'prices index' and not below 2018 rates. It is enabling in nature, leaving detailed eligibility and payment structures to future regulations.

### Rationale for Bill:

- 69% of NI agricultural land is classified as Less Favoured Area; SDA farms represent 38% of all farms and 35% of the workforce.
- Upland farms face natural constraints – poor soils, steep slopes, high rainfall – leading to higher costs and limited diversification.
- Census data shows SDA farms dominate beef and sheep production, sectors heavily reliant on direct payments.
- Public consultation on the Bill proposals revealed strong support (88.6% fully supportive), citing economic viability, mental health, and environmental stewardship concerns.

Since 2018, DAERA has focused on developing a new agricultural support policy framework and the new Sustainable Agriculture Programme (SAP) offers a range of supports but no ANC-specific payments.

DAERA Ministers since 2018 have opposed reinstating ANC schemes, citing stable land use and livestock trends. However, Ireland and Scotland continue to operate dedicated ANC/LFA schemes, contrasting with England and Wales' universal approach.

Key Issues for scrutiny of the Bill include:

- **Definition and eligibility:** The Bill lacks clarity on land designation (SDA vs DA) and claimant criteria (active farmer, stocking density);
- **Financial impact:** adjusted costs could reach £12.77 million annually; DAERA's ability to fund this within SAP allocations is uncertain;
- **Regulatory detail:** No specifics on eligibility, payment structure, or interaction with other SAP supports;
- **Governance:** No review mechanism; unclear if commitment is ongoing.

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# 1 Background

Financial support to farmers operating on poorer land was a key feature of the EU's Common Agricultural Policy since 1975. This support was specifically targeted at Less Favoured Areas (LFA). LFA was further disaggregated into Disadvantaged Area (DA) and Severely Disadvantaged Area (SDA).

Within Northern Ireland, LFA land accounts for 69%<sup>1</sup> of Northern Ireland's total agricultural land.

Under the provisions of the EU'S Common Agricultural Policy, and more specifically the Northern Ireland Rural Development Programme (NIRDP), DANI/DARD/DAERA ran a series of Less Favoured Areas Compensatory Allowance (LFACA) schemes within Northern Ireland. These schemes provided a direct financial benefit to farmers who met both eligibility criteria and associated conditions.

The EU engaged in a reform of the Common Agricultural Policy in 2013 and this process saw the adoption of a new Areas of Natural Constraint (ANC) designation.

The move to the ANC designation saw the term being utilised within the most recent CAP periods of 2014-20 and the current 2021-27. Where Member States had an LFA scheme under the 2007-13 CAP period they could continue to make payments based on this definition until 2018 when the new definition of Areas of Natural Constraint had to apply, although Member States could choose to make this change earlier.

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<sup>1</sup> [Northern Ireland Agri-Food Sector, Key Statistics December 2022, Policy, Economics and Statistics Division, DAERA](#)

The legislative basis for the change was outlined in EU Regulation No 1305/2013<sup>2</sup>, which set the basis for how the EU's Rural Development Funding was to be operated during the 2014-20 CAP period.

Paragraph 25 within Regulation 1305/2013<sup>3</sup> made clear the rationale for ANC support as follows:

*Payments to farmers in mountain areas or in other areas facing natural or other specific constraints should, by encouraging continued use of agricultural land, contribute to maintaining the countryside as well as maintaining and promoting sustainable farming systems. In order to ensure the efficiency of such support, payments should compensate farmers for income foregone and additional costs linked to the disadvantage of the area concerned.*

Articles 31 and 32 of Regulation (EU) 1305/2013<sup>4</sup> also set out the basic criteria that need to be met if an area is to be classified as ANC. In broad terms, there are three categories of area that qualify, as follows:

- Mountainous areas;
- Areas, other than mountain areas, facing significant natural constraints; and
- Other areas affected by specific constraints.

Additionally, for an area of land which is not mountainous to qualify Article 32(5) outlines the following requirement:

*In order to be eligible for payments under Article 31, areas, other than mountain areas, shall be considered to be facing significant natural constraints if, at least 60 % of the agricultural area meets at least one of the criteria listed in Annex III at the threshold value indicated.*

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<sup>2</sup> [Regulation \(EU\) No 1305/2013 on support for rural development by the European Agricultural Fund for Rural Development \(EAFRD\) and repealing Council Regulation \(EC\) No 1698/2005, 17 December 2013](#)

<sup>3</sup> *ibid*

<sup>4</sup> *ibid*

Annex III of Regulation (EU) 1305/2013<sup>5</sup> which details the specific criteria is presented below in table 1.

Table 1: Annex III: Biophysical criteria for the delimitation of areas facing natural constraints<sup>6</sup>

Criterion	Definition	Threshold
<b>Climate</b>		
Low temperature	Length of growing period (number of days) defined by number of days with daily average temperature >5°C (LGPT5) or  Thermal-time sum (degree-days) for Growing Period defined by accumulated daily average temperature > 5 °C	≤180 days  ≤ 1 500 degree-days
Dryness	Ratio of the annual precipitation (P) to the annual potential evapotranspiration (PET)	P/PET ≤ 0.5
<b>Climate and Soil</b>		
Excess Soil Moisture	Number of days at or above field capacity	≥ 230 days
<b>Soil</b>		
Limited Soil Drainage (*)	Areas which are water logged for significant duration of the year	Wet within 80 cm from the surface for over 6 months, or  Wet within 40 cm for over 11 months or  Poorly or very poorly drained soil or  Gleyic colour pattern within 40 cm from the surface
Unfavourable Texture and Stoniness(*)	Relative abundance of clay, silt, sand, organic matter (weight%) and coarse material (volumetric%) fractions	≥15 % of topsoil volume is coarse material, including rock outcrop, boulder or  Texture class in half or more (cumulatively) of the 100 cm soil surface is sand, loamy sand defined as: Silt % + (2 × clay %) ≤ 30 % or  Topsoil texture class is heavy clay (≥ 60% clay) or  Organic soil (organic matter ≥ 30%) of at least 40cm or

<sup>5</sup> ibid

<sup>6</sup> ibid

Criterion	Definition	Threshold
		Topsoil contains 30% or more clay, and there are vertic properties within 100 cm of the soil surface
Shallow Rooting Depth	Depth(cm) from soil surface to coherent hard rock or hard pan	≤30 cm
Poor Chemical Properties (*)	Presence of salts, exchangeable sodium, excessive acidity	Salinity: ≥4 deci-Siemens per meter (dS/m) in topsoil or
		Sodicity: ≥6 Exchangeable Sodium Percentage (ESP) in half or more (cumulatively) of the 100 cm soil surface layer or
		Soil Acidity: pH ≤ 5 (in water) in topsoil
Terrain		
Steep slope	Change of elevation with respect to planimetric distance (%)	≥ 15%

Annex II of Regulation (EU) 1305/2013 also set the limits on the financial support that can be given to farmers within designated and qualifying ANC as follows:

- €25 – Minimum per ha per year on average of the area of the beneficiary receiving support.
- €250 – Maximum per ha per year.
- €450 – Maximum per ha per year in mountain areas as defined in Article 32(2).

On this basis Member States across the EU had the basis, **if they chose**, to establish a payment/support scheme for farmers operating within ANC. Member States also had flexibility within the 2014-20 CAP period as to how they could fund their ANC supports schemes as follows:

- Use Pillar 1<sup>7</sup> CAP funding.
- Use Pillar 2<sup>8</sup> CAP funding.
- Use a mix of Pillar 1 and Pillar 2 CAP funding.

<sup>7</sup> Pillar 1 payments are direct income support payments to farmers and are 100% EU funded

<sup>8</sup> Pillar 2 payments are rural development payments to farmers and others and re co-financed by the EU and Member States

DARD decided to operate an ANC scheme within Northern Ireland from 2016<sup>9</sup> onwards and this support was targeted at farmers utilising at least 3 hectares of eligible forage land and who were keeping at least enough eligible stock to meet the minimum 0.2 livestock units (LUs) per hectare (ha) stocking density requirement across their entire holding.

It should be highlighted that the decision to proceed with the 2016 ANC scheme was made by then DARD Minister Michelle O'Neill MLA under Ministerial Direction<sup>10</sup>, as the proposed scheme did not meet value for money requirements. The NI Audit Office provides the following definition for Value for Money<sup>11</sup>:

*Ensuring that a publicly funded organisation's procurement, projects and processes are systematically evaluated and assessed to provide confidence about suitability, effectiveness, prudence, quality, good value and avoidance of error and other waste, judged for the public sector as a whole, not just for the accounting officer's organisation.*

Unlike the preceding LFACA scheme, and in response to the EU requirements set out in Regulation (EU) 1305/2013, DARD limited ANC support to land being farmed within Severely Disadvantaged Area (SDA). Appendix 1 provides an overview of the scale and location of SDA designated land within each County in Northern Ireland in 2016.

DARD projected that the overall budget for ANC support within the 2014-20 Northern Ireland Rural Development Programme (NIRDP) would amount to £65 million<sup>12</sup>.

The 2016 ANC Scheme had a budget of £20 million and made a payment of £56.47 per hectare on the first 200ha of SDA land, with £42.35 per hectare on

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<sup>9</sup> [Guide to the Areas of Natural Constraint Scheme 2016, Department of Agriculture and Rural Development, March 2016](#)

<sup>10</sup> [Ministerial Directions in Northern Ireland, Report by the Comptroller and Auditor General, NI Audit Office, 27 April 2023, Appendix 2, line numbers 20 and 23](#)

<sup>11</sup> *ibid*

<sup>12</sup> [AQW 45346/11-15](#)

any land above 200ha<sup>13</sup>. The 2016 Scheme had around 10,000 applicants claiming approximately 350,000 ha of agricultural land. The Scheme budget of £20 million, was composed of 60% EU funding and 40% national funding.

Having decided to run an ANC scheme, in 2016 DARD undertook two public consultation exercises, with the first being on the future of the scheme and the second on designation of areas of natural constraint<sup>14</sup>.

By way of context this was in the era of the Brexit referendum when the UK voted to leave the EU. An answer to an Assembly question in 2020<sup>15</sup> provided by the then DAERA Minister, Edwin Poots MLA, includes the following summary of this process and the resulting outcomes as follows:

*This review looked at the range of area-based support schemes that supported farmers in the ANC, including the Basic Payment Scheme, greening payments and the ANC Scheme. Following completion of that consultation my predecessor, Minister McIlveen, took the decision to extend an ANC Scheme for a final year by approving the ANC Scheme 2018.*

The final year of the ANC scheme in 2018 (which was implemented under Ministerial direction from the then DAERA Minister Michelle McIlveen, MLA,<sup>16</sup> due to Value for Money (VFM) concerns<sup>17</sup>) saw £8.8 million being spent on the scheme and there were approximately 9,000 beneficiaries. Under the terms of Regulation (EU) 1305/2013, ANC payments under the Scheme had to be degressive above a threshold level of claimed area per holding. Payment rates per hectare for the 2018 scheme were lower than those previously utilised as set out in the 2016 and 2017 Regulations. An outline of the utilised payment rates in different scheme years is provided in table 2 below.

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<sup>13</sup> [Consultation on Options for future support to Areas of Natural Constraint, DARD, February 2016, page 18](#)

<sup>14</sup> [Consultation on Designation of Areas of Natural Constraint, DARD, February 2016](#)

<sup>15</sup> [AQO 21/17-22](#)

<sup>16</sup> [Ministerial Directions in Northern Ireland, Report by the Comptroller and Auditor General, NI Audit Office, 27 April 2023, Appendix 2, line number 30](#)

<sup>17</sup> Degressive refers to the payment per hectare decreasing beyond the threshold hectare claim size of 200 hectares – as set out in table 2 below.

Table 2: ANC payment rates 2016-2018

	<b>The Areas of Natural Constraint Regulations (Northern Ireland) 2016<sup>18</sup></b>	<b>The Areas of Natural Constraint Regulations (Northern Ireland) 2017<sup>19</sup></b>	<b>The Areas of Natural Constraint Regulations (Northern Ireland) 2018<sup>20</sup></b>
<b>First 200 hectares payment rate per hectare</b>	£56.47	£56.47	£26.57
<b>Land claimed over 200 hectares – payment rate per hectare</b>	£42.35	£42.35	£19.93

The Ulster Farmers' Union registered their opposition to the removal of the ANC scheme in 2018, calling the step a 'major blow to hill farmers'<sup>21</sup>

## 2 Post 2018 developments in Northern Ireland

### 2.1 EU Exit and UK Agriculture Act provisions

Given the Brexit referendum decision in 2016, the UK spent the four years up to EU exit on 31 January 2020 focussing on how numerous policy areas would adapt to being outside the EU, and these considerations impacted agricultural policy in Northern Ireland.

<sup>18</sup> [The Areas of Natural Constraint Regulations \(Northern Ireland\) 2016](#)

<sup>19</sup> [The Areas of Natural Constraint Regulations \(Northern Ireland\) 2017 \(revoked\)](#)

<sup>20</sup> [The Areas of Natural Constraint Regulations \(Northern Ireland\) 2018](#)

<sup>21</sup> [Decision to close Areas of Natural Constraint scheme 'major blow' to upland farmers, Farming UK, 16 March 2018](#)

The UK Agriculture Act 2020<sup>22</sup> sought to set the direction for UK agriculture outside the EU's Common Agricultural Policy.

Schedule 6 within the Act, which deals exclusively with Northern Ireland, actually confers powers to the DAERA Minister that are similar to those that can be exercised by the Defra Minister in England. In total Schedule 6 is made up of five Parts which deal with the following issues:

- Part 1 – Financial support after EU exit;
- Part 2 – Intervention in agricultural markets;
- Part 3 – Collection and sharing of data;
- Part 4 – Marketing standards and carcass classification; and
- Part 5 – Data protection.

With specific regards to less favoured areas/areas of natural constraint, Part 1 of Schedule 6, more specifically paragraph 2 (1)(b), gave DAERA additional powers to modify legislation in order to make payments and this included provisions for Areas of Natural Constraint beyond 2020.

It should be noted that to date however, these powers have not been utilised by either of the DAERA Ministers that have held office since the Agriculture Act 2020 received Royal Assent, namely Edwin Poots MLA and Andrew Muir MLA.

Both the current and former DAERA Ministers have stated their opposition to the reintroduction of an ANC scheme as part of the support offered by DAERA to farmers.

The current DAERA Minister, Andrew Muir MLA, restated this position as on 21 July 2025 in response to a question from Declan McAleer MLA<sup>23</sup> as follows:

*I do not intend to introduce an Area of Natural Constraint (ANC) scheme for farmers.*

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<sup>22</sup> [Agriculture Act 2020](#)

<sup>23</sup> [AQW 29590/22-27](#)

*Since the ending of ANC payments, there has been no significant change to agriculture in LFAs relative to the lowland in Northern Ireland either in livestock numbers or farmed areas. There is no evidence of land abandonment to any significant extent in Northern Ireland and the Farm Sustainability Payment, planned for introduction in 2026, will continue to provide support for agricultural activity in all areas of Northern Ireland, including the disadvantaged areas.*

During the second stage debate for the Areas of Natural Constraint (Payments) Bill on 23 March 2026<sup>24</sup>, DAERA Minister, Andrew Muir MLA further stated the following:

*I have set out the reasons why I sincerely believe that, in the interests of responsible government and sustainable public finances, I cannot support the Bill.*

## 2.2 Future Agricultural support/policy in Northern Ireland

The 2020 UK Agriculture Act provided some of the basic architecture and principles for the whole UK, but the Act recognised that agriculture within each part of the UK has its own unique traits and features that will benefit from tailored responses.

With this context in mind, DAERA has been actively committed to developing their new Agriculture Policy Framework since 2018. A key feature of this process was the concept of co-design, with an Agricultural Policy Stakeholder Group, made up of various food, farming and environmental stakeholders, informing the design of the Framework in conjunction with DAERA.

The Agricultural Policy Framework also had five underpinning objectives as follows:

- Future Farm Support and Development;
- Meeting industry needs;

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<sup>24</sup> [Northern Ireland Assembly, Official Report, Monday 23 March 2026, Volume 191, No 2](#)

- Ensuring buy-in;
- Scale of uptake; and
- Scheme success.

Additionally, DAERA identified four key outcomes for the Future Agricultural Policy as follows:

- Increasing agricultural productivity as a means to improved profitability;
- Environmental sustainability;
- Improving resilience; and
- A responsive supply chain.

DAERA has undertaken a number of public consultation and information sharing exercises on policy proposals since 2018 as follows:

**Northern Ireland Future Agricultural Policy Framework – stakeholder engagement – August 2018**<sup>25</sup>. This document was designed to stimulate conversation around a possible high-level framework for agricultural policy in Northern Ireland following the UK’s exit from the EU, with associated objectives, policy instruments and broad delivery mechanisms. The document incorporated a number of high-level questions.

**Future Agricultural Policy Framework Portfolio for Northern Ireland – August 2021**<sup>26</sup>. This set out the broad portfolio of measures and cross cutting initiatives designed to deliver the previously identified four outcomes. It built upon, and was informed by, the stakeholder responses to the 2018 document.

**Consultation on Future Agricultural Policy Proposals for Northern Ireland – December 2021**<sup>27</sup>. This set out specific policy proposals for meeting the desired four outcomes. There were specific questions on the specific policy proposals in areas including – resilience measures, headage sustainability payment, farming for nature, farming for carbon, investment measure,

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<sup>25</sup> [DAERA, Northern Ireland Future Agricultural Policy Framework – stakeholder engagement \(August 2018\)](#)

<sup>26</sup> [DAERA, Future Agricultural Policy Framework Portfolio for Northern Ireland \(August 2021\)](#)

<sup>27</sup> [DAERA, Consultation on Future Agricultural Policy Proposals for Northern Ireland \(December 2021\)](#)

knowledge, generational renewal, supply chain measures, soil testing and Lidar, livestock genetics and data, and horticulture.

**Consultation on Future Agricultural Policy Proposals for Northern Ireland – summary of responses – March 2022<sup>28</sup>**. This collated responses from 339 individuals and organisations to the December 2022 consultation.

This body of policy formulation and public/stakeholder consultation work led to the announcement by the DAERA Minister Edwin Poots MLA of 54 decisions around the operation and features of Northern Ireland's future agricultural policy. The minister announced these decisions in March 2022<sup>29</sup>

The further development of detail around these decisions was impacted by the lack of an Executive in Northern Ireland between May 2022 and February 2024.

Despite the absence of a Minister, DAERA set out a timetable<sup>30</sup> for the roll out of pilot programmes emerging from the decisions announced by Minister Poots in March 2022. The context for these pilots was the full implementation and operationalization of the new agricultural support programme over the next two years.

Following the restoration of the Executive and Assembly in February 2024, the new DAERA Minister, Andrew Muir MLA, assumed responsibility for the shape and implementation schedule of future agricultural support.

Minister Muir's most significant intervention in this policy area to date was his ministerial statement to the Assembly on 14 May 2024<sup>31</sup> setting out his position on the development of the Farm Support and Development Programme.

The Minister's speech established the final shape of agricultural support in Northern Ireland over the coming years as part of the newly named Sustainable

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<sup>28</sup> [DAERA, Consultation on Future Agricultural Policy Proposals for Northern Ireland – summary of responses, \(March 2022\)](#)

<sup>29</sup> [DAERA, Future Agricultural Policy Decisions for Northern Ireland \(March 2022\)](#)

<sup>30</sup> [DAERA, Future Farm Support and Development \(March 2022\) p4](#)

<sup>31</sup> [Oral Statement by Minister Andrew Muir MLA, Farm Support and Development Programme, 14 May 2024](#)

Agriculture Programme (SAP). It should be noted that the SAP is made up of schemes which pay farmers and support programmes which assist them to undertake or alter activity. Table 3 only focusses on available payments for farmers and this data has been derived from DAERA's Sustainable Agriculture Programme Questions and Answers – Version 5.1 – 8 December 2025<sup>32</sup>.

Table 3: Available payments for farmers under the Sustainable Agriculture Programme

<b>Sustainable Agriculture Programme – Payment Schemes</b>	<b>Key Features</b>
Farm Sustainability Payment	<ul style="list-style-type: none"> <li>• Transitional payment in 2025 replaces previous Basic Payment Scheme;</li> <li>• Full scheme to go live in 2026;</li> <li>• Minimum claim size 3 hectares;</li> <li>• Includes changes to land eligibility, new Farm Sustainability Standards and a new Penalty Regime;</li> <li>• Progressive capping of FSP will apply above £60,000.</li> </ul>
Carbon Sustainability Package: <ul style="list-style-type: none"> <li>• Carbon Beef Reduction Scheme</li> <li>• Suckler Cow Scheme.</li> </ul>	<b>Carbon Beef Reduction Scheme:</b> <ul style="list-style-type: none"> <li>• Encouraging farm businesses to reduce the slaughter ages of beef cattle;</li> <li>• Scheme operational since 2025;</li> <li>• Eligibility based on eligibility for BPS, Farm Sustainability Transition Payment in 2025 and Farm Sustainability Payment from 2026 onwards;</li> <li>• Payment of £75 per eligible animal;</li> </ul>

<sup>32</sup> [Questions and Answers, Sustainable Agriculture Programme for Northern Ireland, DAERA, Version 5.1 December 2025](#)

<b>Sustainable Agriculture Programme – Payment Schemes</b>	<b>Key Features</b>
	<ul style="list-style-type: none"> <li>• Payments will be capped at 352,000 animals per year.</li> </ul> <p><b>Suckler Cow Scheme:</b></p> <ul style="list-style-type: none"> <li>• Encourages farm businesses to improve breeding management practices in suckler cow production, to increase the percentage of eligible calving events of replacement heifers that achieve a younger age at first calving (AFC) and suckler cows that have a shorter calving interval (CI) over a four-year phased implementation period;</li> <li>• Eligibility based on eligibility for BPS, Farm Sustainability Transition Payment in 2025 and Farm Sustainability Payment from 2026 onwards;</li> <li>• Commenced in April 2025;</li> <li>• Payment rate per eligible calving event is £100;</li> <li>• Maximum number of eligible calving events per annum that can receive payment has been set at 222,000 animals.</li> </ul>
Farming with Nature Package	<ul style="list-style-type: none"> <li>• Aims to support farm businesses across all land types to make substantial contributions to environmental improvements and sustainability;</li> <li>• Replaces previous agri-environment schemes;</li> </ul>

<b>Sustainable Agriculture Programme – Payment Schemes</b>	<b>Key Features</b>
	<ul style="list-style-type: none"> <li>• Farming with Nature (FwN) Transition Scheme, launched in June 2025 – aims to provide support for farmers to carry out environmental actions that create habitats and new green infrastructure and protect water quality;</li> <li>• Up to £9,500 was available per farm business to undertake environmental actions in 2025.</li> </ul>
Protein Crops Scheme	<ul style="list-style-type: none"> <li>• Aims to create a domestically produced source of protein for animal feed to provide agronomic benefits within arable rotations and provide an alternative source of income for arable farmers;</li> <li>• Pilot scheme extended into 2026;</li> <li>• Eligible Crops include Spring Peas, Spring Field Beans, Winter Field Beans,</li> <li>• Spring Sweet Lupins and Winter Sweet Lupins;</li> <li>• Payment rate for the scheme is £330/Ha;</li> <li>• Area claimed must be at least 0.3ha and applicants may only claim on land planted in protein crops;</li> <li>• Scheme will support a maximum area of 1,300 ha per scheme year.</li> </ul>
Sustainable Farming Investment Scheme	<ul style="list-style-type: none"> <li>• Intended to help primary food producers in the agricultural and horticultural sectors</li> </ul>

<b>Sustainable Agriculture Programme – Payment Schemes</b>	<b>Key Features</b>
	<p>improve both their environmental performance and business efficiency;</p> <ul style="list-style-type: none"> <li>• Planned to initially focus on capital support for technology and equipment to help farm businesses reduce ammonia emissions, carbon emissions and nutrient losses;</li> <li>• Will be available from early 2026 subject to necessary approvals and budget availability.</li> </ul>
Horticulture Pilot Schemes	<ul style="list-style-type: none"> <li>• Pilot scheme to last 4 years;</li> <li>• Three sub schemes in the Horticulture Pilot Scheme offering support to horticulture businesses: <ul style="list-style-type: none"> <li>– Sustainable Sector Growth Groups Pilot Scheme;</li> <li>– Innovation Drivers &amp; Support Pilot Scheme;</li> <li>– Innovation Driver and Support Pilot Scheme.</li> </ul> </li> <li>• Growers’ Training and Support Pilot Scheme – growers can apply for grant support up to a maximum of £250,000 or 40% of the total eligible cost of their proposed project. Therefore, the maximum purchase value eligible for funding would be £625,000. The minimum purchase eligible for funding will be £10,000.</li> </ul>

<b>Sustainable Agriculture Programme – Payment Schemes</b>	<b>Key Features</b>
Supply Chain Scheme	<ul style="list-style-type: none"> <li>• Three-tier model of financial and facilitatory support for Supply Chains is currently being developed;</li> <li>• All agri-food sectors would be eligible to apply to the Scheme;</li> <li>• Total amount of funding (including maximum grant rate intensity) for the Scheme is under consideration based on budget availability – will not provide capital funding and expected to launch in December 2026.</li> </ul>
Farming for the Generations	<ul style="list-style-type: none"> <li>• Aims to raise awareness of the need for succession planning on farms to help ensure their long-term sustainability and to bring the next generation into the business;</li> <li>• Pilot scheme commenced in October 2024 and will finish in March 2026;</li> <li>• Pilot scheme has 4 elements: <ul style="list-style-type: none"> <li>– <b>Planning for Succession</b> – financial support for professional fees for advice (up to £680) and business restructuring (funded at 50% up to a max of £2,500);</li> <li>– <b>Preparing the Successor</b> – ten workshops, study tour, two hours of mentoring support and an opportunity for five participants to receive up to £8,000 for study abroad;</li> </ul> </li> </ul>

Sustainable Agriculture Programme – Payment Schemes	Key Features
	<ul style="list-style-type: none"> <li>– <b>Leading Succession</b> - those farmers who are passing their farm business to the next generation will be supported through eight workshops looking at leading succession, retirement planning and mental health and well-being;</li> <li>– <b>Farming in Partnerships</b> - This is a facilitation service which aims to link farmers without an identified successor to consider opportunities to partner with new entrants and other farm businesses to provide access to land and other resources, developing sustainable farm partnerships.</li> </ul>

It should be noted that **none** of the financial supports for farmers outlined in table 3 are inflation index linked at present.

At the time of writing DAERA has made a commitment to develop specific support for the sheep sector but there is no detail as to what this will entail. The FAQ document which provides the data in table 3 includes the following information<sup>33</sup>:

*Work has commenced on exploring the need for sheep sector support, within the Sustainable Agriculture Programme, in conjunction with stakeholders, now that the legislation is in place to introduce the new Farm Sustainability Payment and Farm Sustainability Standards.*

<sup>33</sup> [Questions and Answers, Sustainable Agriculture Programme for Northern Ireland, DAERA, Version 5.1 December 2025](#)

As part of his contribution to the second stage debate on the ANC Payments Bill on 23 March 2026<sup>34</sup>, DAERA Minister, Andrew Muir MLA, made the following comments on the development of sheep specific support:

*Although I recognise that there is currently no stand-alone support for the sheep sector, my officials have commenced work on developing evidence-based proposals under the sustainable agriculture programme for support for the sheep sector. A stakeholder working group, which includes industry and non-governmental organisation representatives, has identified key areas of need, which are now being taken forward for future development. I plan to announce more on the development of support for the sheep sector later in the year.*

In line with Minister Muir's public statements there is no ANC/SDA/DA specific funding support within the Sustainable Agriculture Programme at the time of writing, but farmers operating within ANC/SDA/DA can theoretically access the support set out in table 3, regardless of where they farm within Northern Ireland.

### 3 ANC support in neighbouring jurisdictions

Table 4 below provides an overview of current ANC support provisions in neighbouring jurisdictions in Great Britain and Ireland.

**The key headline from this table is that dedicated and separate ANC support only remains available at present within Ireland and Scotland at the time of writing.**

**Additionally, it should be noted that unlike the last ANC scheme utilised in Northern Ireland in 2018, the Irish and Scottish schemes do not explicitly exclude dairy cattle from support.**

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<sup>34</sup>[Northern Ireland Assembly, Official Report, Monday 23 March 2026, Volume 191, No 2](#)

Table 4: Current ANC support provisions in neighbouring jurisdictions

Country	ANC Support
England	<ul style="list-style-type: none"> <li>• Currently no Areas of Natural Constraint scheme is active in England;</li> <li>• DEFRA's agricultural support policy and framework includes the Sustainable Farming Incentive (SFI) which commenced in 2023 and is the replacement for the previous Basic Payment under the EU CAP;</li> <li>• The SFI works by offering farmers a series of actions which attract support – 102 such actions in 2024;</li> <li>• No specific, explicit SFI actions for LFA/ANC land but there are provisions for moorland that include<sup>35</sup>: <ul style="list-style-type: none"> <li>▪ Moderate livestock grazing on moorland – £20 per hectare for 3 years;</li> <li>▪ Low livestock grazing on moorland – £53 per hectare for 3 years.</li> </ul> </li> <li>• National Farmers Union (NFU) in England has expressed concerns around government support for agriculture and the fact that there is a shortfall in support compared to previous CAP and support offered in non-EU countries;</li> <li>• NFU used the 2024 UK general election as an opportunity to flag these concerns, and their manifesto highlighted the ongoing economic stability of the agricultural sector as a priority<sup>36</sup>;</li> <li>• NFU modelling work in November 2023 showed that upland farm businesses would be unable to make up for the loss of income under the transition from direct payments if future environment scheme payments do not</li> </ul>

<sup>35</sup> [SFI scheme information: expanded offer for 2024, Defra, 28 June 2024](#)

<sup>36</sup> [Defra's environmental schemes, Our Asks, NFU manifesto, General Election 2024](#)

Country	ANC Support
	<p>recognise the work they do for the environment and rural communities;<sup>37</sup></p> <ul style="list-style-type: none"> <li>• In July 2025 NFU published a Vision for the Uplands<sup>38</sup> reflecting on the challenges faced by upland farmers from a sharp decline in direct payments and ongoing uncertainty surrounding the future of agri-environment schemes, on which nearly half of these farms currently rely. The vision does not call for a renewed specific ANC support scheme however.</li> </ul>
Ireland	<ul style="list-style-type: none"> <li>• ANC scheme under new EU CAP programme currently operational;</li> <li>• Current budget for 2023-27 period is €1.25billion – equates to €250 million per year;</li> <li>• To be eligible farmers must meet ‘active farmer’ test – effectively required to be farming at least 3 hectares of forage and arable land in an eligible area;</li> <li>• Support available for Cattle, Sheep, Goats, Horses, Donkeys and or Deer – dairy cattle are included<sup>39</sup>;</li> <li>• Additional requirements around livestock densities as follows: <ul style="list-style-type: none"> <li>– maintain a minimum stocking density of 0.10 livestock units per forage hectare for 28 consecutive weeks months within the calendar year;</li> <li>– maintain an annual average stocking density of 0.10 livestock units per forage hectare for the calendar year.</li> </ul> </li> </ul>

<sup>37</sup> [ELMs leaves upland famers worse off, NFU research shows, NFU press release, 22 November 2023](#)

<sup>38</sup> [The Uplands, A vision for prosperity, stewardship and resilience, National Farmers' Union, 2025](#)

<sup>39</sup> <https://assets.gov.ie/static/documents/anc-terms-and-conditions-2022.pdf>

Country	ANC Support
	<ul style="list-style-type: none"> <li>• Scheme operates on a basis of four land classifications and associated payments per hectare as follows: <ul style="list-style-type: none"> <li>– Category 1 land – generally extensive farming: livestock management on higher ground – first 12 hectares €148 per hectare; 13-34 hectares, €113 per hectare;</li> <li>– Category 2 land – extensive livestock grazing practices on lower ground: first 10 hectares, €111 per hectare; 11-30 hectares, €104 per hectare;</li> <li>– Category 3 land – generally less extensive farming in nature and characterised by grazing livestock enterprises: first 8 hectares, €93 per hectare; 9 – 30 hectares, €88.25 per hectare.</li> <li>– Offshore island land – holdings are generally small and fragmented where the potential for intensification is limited and farming is economically marginal: Up to and including the first 20 hectares, €250 per hectare; greater than 20 hectares or less than or equal to 34 hectares, €170 per hectare; greater than 34 hectares or less than or equal to 40 hectares, €70 per hectare;</li> </ul> </li> <li>• Should be noted that there is a cap on the amount of land that payment can be claimed for as follows: <ul style="list-style-type: none"> <li>– Applicants maintaining a combination of Category 1, 2 and 3 land, will be paid up to a maximum of 30 hectares except where the area of Category 1 land declared is between 30 and 34 hectares. In these cases, the payment will be based on the number of hectares of Category 1 land declared;</li> <li>– Offshore island land – maximum of 40 hectares.</li> </ul> </li> <li>• The EU is currently in the process of considering the shape of the Common Agricultural Policy beyond 2027. Whilst this work is at an early stage there appears to be an</li> </ul>

Country	ANC Support
	<p>ongoing commitment to supporting payments for natural and other area specific constraints;</p> <ul style="list-style-type: none"> <li>• Within the context of 2027 CAP reform/change the Irish Farmers Association has registered a number of priorities for future ANC scheme support as follows<sup>40</sup>: <ul style="list-style-type: none"> <li>– Areas Facing Natural Constraints (ANC) – the ANC scheme must be co-funded to the maximum by the National Exchequer;</li> <li>– The budget to support ANC should be increased to €300 million per annum, with eligible land thresholds restored to their previous levels.</li> </ul> </li> <li>• The Irish Farmers Association attended a Europe-wide farmer protest organised by the European farm umbrella body COPA COGECA in December 2025 to register their concerns around what they identified as shortfalls in the Common Agricultural Policy budget beyond 2027<sup>41</sup>.</li> </ul>
Scotland	<ul style="list-style-type: none"> <li>• The Less Favoured Area Support Scheme (LFASS) remains operational and seems set to do so until at least 2026;</li> <li>• LFASS is Scotland’s alternative approach to supporting agriculture in areas with poorer land classifications;</li> <li>• LFASS has an active farmer test – must be farming at least 3 hectares of eligible land<sup>42</sup>; <ul style="list-style-type: none"> <li>• LFASS payment rates use fragility markers and grazing categories to reflect certain factors that affect</li> </ul> </li> </ul>

<sup>40</sup> [Key CAP post-2027 Principles, Irish Farmers' Association, June 2025](#)

<sup>41</sup> [IFA Announces Itinerary for Tractor to Brussels Protest, press release, Irish Farmers' Association, 11 December 2025](#)

<sup>42</sup> [Rural Development: Less Favoured Area Support Scheme full guidance, Scottish Government, 20 February 2023](#)

Country	ANC Support
	<p>the Scottish LFA, including the varying degrees of natural handicap affecting the land; LFASS does include dairy cattle as eligible stock, but only within an LFASS ringfenced dairy area – outside of this area dairy livestock units are converted to ineligible land and deducted from eligible land area;</p> <ul style="list-style-type: none"> <li>• Current rates are as follows: <ul style="list-style-type: none"> <li>– More disadvantaged land (categories A and B): standard area, £52.16 per adjusted hectare; fragile mainland area of disadvantage, £62.10 per adjusted hectare; very fragile island areas, £71.35 per adjusted hectare;</li> <li>– Less disadvantaged land (categories C and D: standard area, £34.12 per adjusted hectare; fragile mainland area of disadvantage, £54.51 per adjusted hectare; very fragile island areas, £63 per adjusted hectare.</li> </ul> </li> <li>• It should be noted that degressivity of payments also applies in relation to LFA support and the threshold for degressivity beginning is 4,000 hectares. In other words, recipients receive full support up to 4,000 hectares but funding reductions are imposed for holding above 4,000 hectares in a stepped phase as follows: <ul style="list-style-type: none"> <li>– 4,000-10,000 hectares payment on 90% eligible hectares – in other words a 10% reduction;</li> <li>– More than 10,000 hectares payments on 75% of eligible hectares – 25% reduction.</li> </ul> </li> <li>• Scottish Government position on LFASS is that the ‘...scheme is expected to continue to at least 2026. We are working with stakeholders on how best to deliver this type of support under the new framework’<sup>43</sup>;</li> </ul>

<sup>43</sup> [Agricultural Reform Route Map, Rural Payments and Services webpage, Scottish Government, 8 October 2025 update](#)

Country	ANC Support
	<ul style="list-style-type: none"> <li>• £65.5 million Less Favoured Area Support Scheme (LFASS) budget in Scottish budget 2025-26<sup>44</sup>.</li> </ul>
Wales	<ul style="list-style-type: none"> <li>• Currently no dedicated ANC or equivalent scheme either operating or being planned for operation in Wales;</li> <li>• Following the introduction of the Agriculture (Wales) Act 2023, the Welsh Government developed and planned to introduce the Sustainable Farming Scheme (SFS), which will be the primary mechanism by which farms receive financial support in the future. SFS intended to start in 2025 over a four year transition period;</li> <li>• Welsh Government conducted a public consultation on Sustainable Farming Scheme proposals from 14 December 2023 to 7 March 2024<sup>45</sup>. Consultation document makes no references to either less favoured land or areas of natural constraint – in line with approach towards SFS being a universal support mechanism regardless of land type;</li> <li>• The National Farmers Union (NFU) in Wales used the public consultation exercise to register their concerns around the future viability of farming in Wales' Less Favoured Areas in the light of the current Sustainable Farming Scheme proposals<sup>46</sup>. These concerns were partly fuelled by the drop in Less Favoured Farm incomes identified in the Welsh Farm Business Incomes for 2022-2023 data;</li> </ul>

<sup>44</sup> [Scottish Parliament Question - S6W-35916](#)

<sup>45</sup> [Sustainable Farming Scheme, consultation document, Welsh government, December 2023](#)

<sup>46</sup> [NFU Cymru upland farmers call for Sustainable Farming Scheme re-think, NFU Cymru press release, 30 January 2024](#)

Country	ANC Support
	<ul style="list-style-type: none"> <li>• Additionally, a report looking at potential economic effects of the Sustainable Farming Scheme published in December 2023<sup>47</sup> suggested that the SFS would see a reduction in farm labour, livestock numbers and farm incomes, and this provoked an angry reaction from NFU Wales<sup>48</sup>;</li> <li>• Given the concerns raised around the SFS the Welsh Government pushed the start date for the SFS back to 2026 and actively considered how to improve the SFS scheme<sup>49</sup>;</li> <li>• Having considered the concerns raised around the SFS, the Welsh Government published their revised SFS scheme in July 2025 with the intention for the SFS support to be available from 1 January 2026;</li> <li>• Welsh farmers will have to decide whether to move to the new SFS or remain in the previous Basic Payment Scheme which will decrease towards ultimately being phased out in 2029;</li> <li>• The SFS scheme overview was published in September 2025 and contain some detail on the 12 mandatory universal actions and other optional actions available to farmers<sup>50</sup> – none of these constitute ANC specific measures however;</li> </ul>

<sup>47</sup> [Potential economic effects of the Sustainable Farming Scheme, Phase 4 Universal Actions Modelling Results, ADAS, December 2023](#)

<sup>48</sup> [Anger at 'shocking scenario' projected by impact assessment on Sustainable Farming Scheme, NFU Cymru press release, 25 January 2024](#)

<sup>49</sup> [Rural Affairs Secretary shares new timeframe for the Sustainable Farming Scheme, Welsh Government press release, 14 May 2024](#)

<sup>50</sup> [Sustainable Farming Scheme 2026: scheme description, Welsh Government, 15 July 2025](#)

Country	ANC Support
	<ul style="list-style-type: none"> <li>• Should be noted though that farmers within previously designated ANC land are eligible for SFS support if they meet scheme requirements;</li> <li>• Wales also running a Ffermio Bro – Farming in Designated Landscapes scheme<sup>51</sup>. Eligible land is National Parks or National Landscapes – formerly AONBs and capital support is available for various actions within these areas.</li> </ul>

## 4 Agricultural production within ANC in Northern Ireland

As discussed earlier within this paper, the most recent definition of ANC within Northern Ireland focused on land specified as Severely Disadvantaged Area (SDA), and it is possible to see the relative scale of agricultural activity and sectors that fall within the SDA classification. For the sake of comparison it is also possible to look at data for land within the Disadvantaged Area classification, in recognition of the fact that the LFACA support, the predecessor of ANC support, covered all Less Favoured Area land in Northern Ireland i.e. SDA and DA combined.

The Northern Ireland Agricultural census provides data in a range of areas and some of this data is also broken down by land classification.

Tables 7.1a and 7.1b within the 2025 Agricultural Census<sup>52</sup> contain data on the number of farms by land classification and the size of farm by land classification and some of this data is contained in tables 5 and 6 below.

<sup>51</sup> [Ffermio Bro - Farming in Designated Landscapes \(stage 1\): rules booklet, Welsh Government, 6 March 2025](#)

<sup>52</sup> [Agricultural Census in Northern Ireland 2025, DAERA, 11 December 2025](#)

Table 5: Data derived from Table 7.1a: Numbers of farms by type of farm and LFA category in Northern Ireland, June 2025

<b>Category</b>	<b>Mainly SDA – number</b>	<b>Mainly DA – number</b>	<b>Northern Ireland – total number</b>	<b>Mainly SDA as a percentage of total NI</b>	<b>Mainly DA as a percentage of total NI</b>
Cereals	10	37	254	4	15
General Cropping	372	442	1,437	26	31
Horticulture	13	54	185	7	29
Pigs	27	53	141	19	38
Poultry	201	247	678	30	36
Dairy	518	908	2,511	21	36
Cattle and sheep – LFA	8,731	6,201	14,932	59	41
Cattle and sheep – lowland	0	0	5,099	0	0
Mixed and other types	73	159	597	12	27
<b>Total</b>	<b>9,945</b>	<b>8,101</b>	<b>25,834</b>	<b>38</b>	<b>31</b>

Table 6: Data derived from Table 7.1a: Numbers of farms by type of farm and LFA category in Northern Ireland, June 2025

<b>Farm Size<sup>53</sup></b>	<b>Mainly SDA number</b>	<b>Mainly DA number</b>	<b>Northern Ireland total number</b>	<b>SDA number as a percentage of NI total</b>	<b>DA number as a percentage of NI total</b>
Very small	8,455	6,426	20,461	41	31
Small	867	769	2,448	35	31
Medium	335	365	1,175	28	31
Large	288	541	1,750	16	31

Tables 7.3, 7.4 and 7.5 within the most recently published Northern Ireland Agricultural Census for 2025 reveals the numbers for livestock within mainly SDA areas in Northern Ireland and the proportion of total production that these numbers account for. This data is presented in table 7 below.

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<sup>53</sup> Farm business size is determined by calculating each farm's total Standard Labour Requirement (SLR). Standards or norms have been calculated for all major enterprises. The total SLR for each farm is calculated by multiplying its crop areas and livestock numbers by the appropriate SLR coefficients and then summing the result for all enterprises on the farm. More explanation available here - <https://www.daera-ni.gov.uk/sites/default/files/publications/daera/Agricultural%20Census%20-%20Methodology%20and%20Quality%20Report%202020.pdf>

Table 7: Agricultural census 2025 – livestock numbers and proportions within SDA and DA<sup>54</sup>

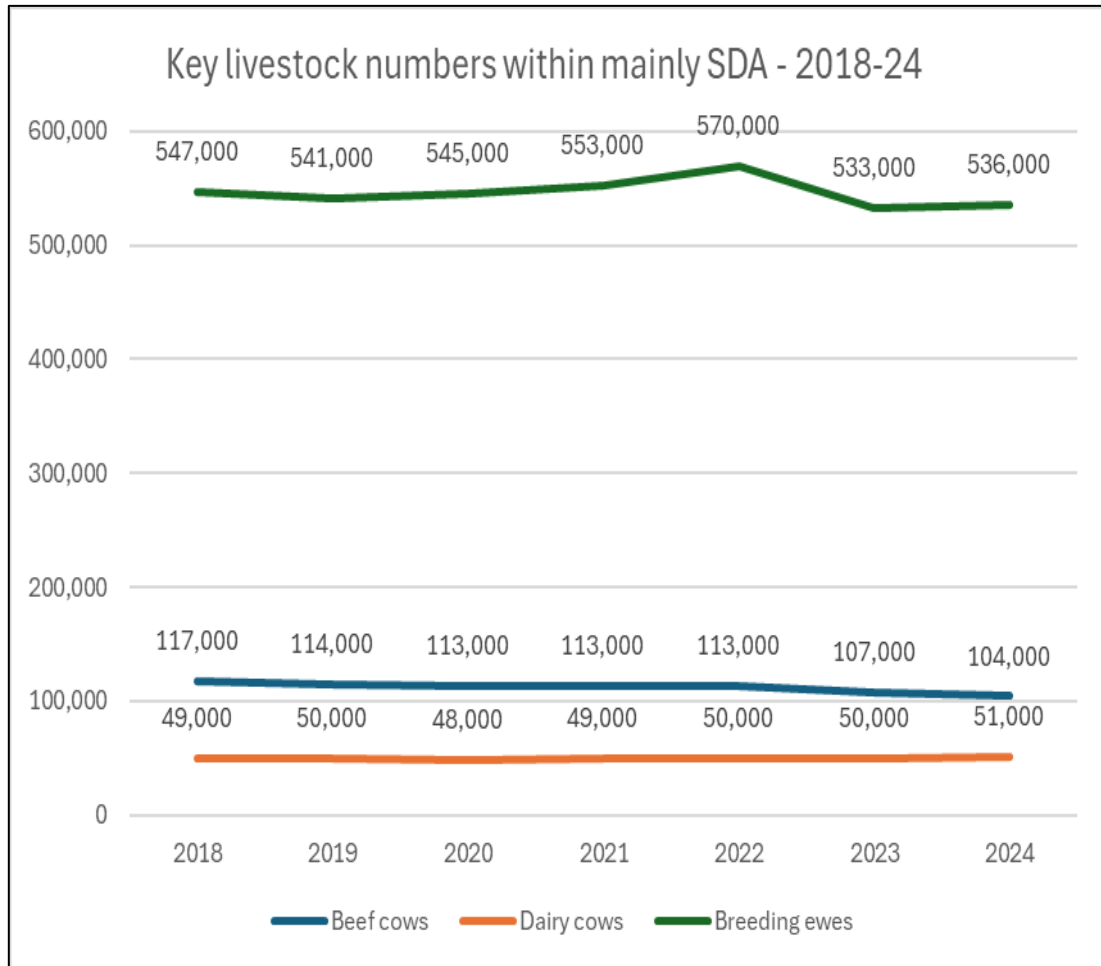
<b>Livestock category</b>	<b>Numbers in Mainly SDA</b>	<b>Numbers in Mainly DA</b>	<b>NI total</b>	<b>Mainly SDA numbers as percentage of total NI number</b>	<b>Mainly DA numbers as percentage of total NI number</b>
Total cattle	425,543	537,990	1,647,256	26	33
Dairy cows	52,515	110,039	330,673	16	33
Beef cows	97,208	63,370	213,744	45	30
Total sheep	1,038,945	409,663	1,819,386	57	22
Ewes total	504,730	189,441	864,522	58	22
Total pigs	79,242	148,594	744,858	11	20
Total poultry	6,173,693	10,167,944	25,785,289	24	39

As well as highlighting current numbers of livestock numbers mainly found in SDA and DA it is also possible to track this data over time. Figures 1 and 2 below highlights the trends in dairy cows, beef cows and sheep within mainly SDA between 2018 and 2024. This data, derived from DAERA's annual Statistical Review of NI Agriculture, highlights that whilst dairy cow numbers

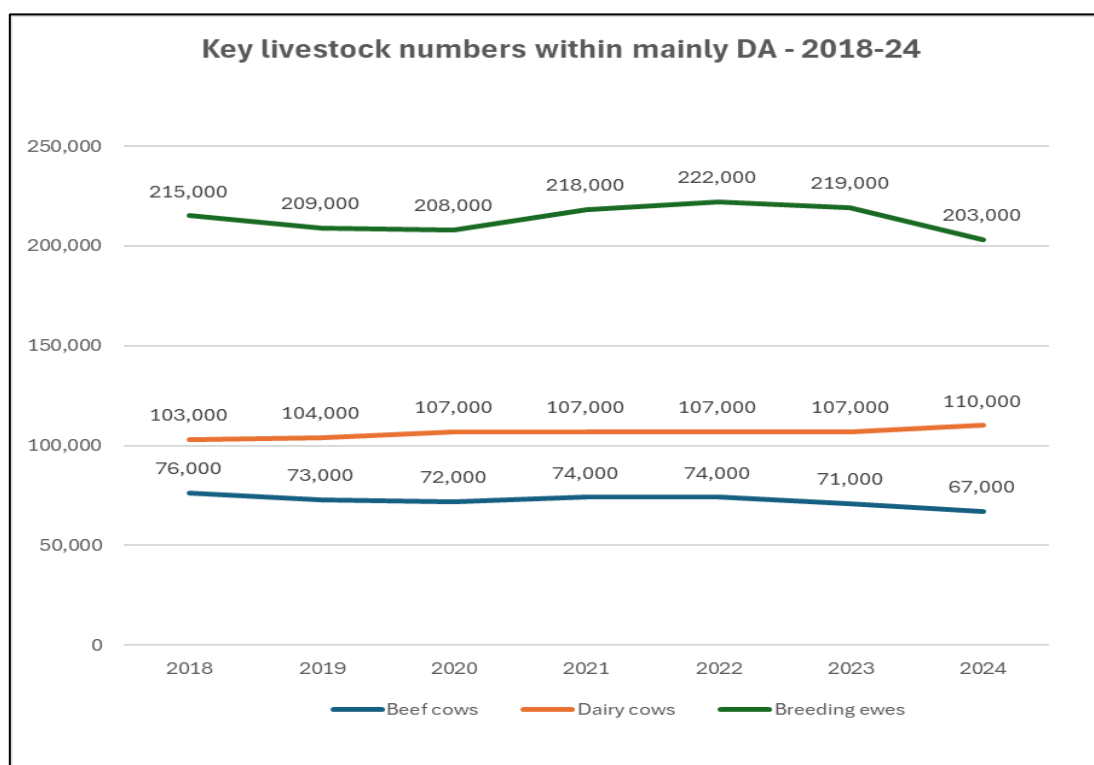
<sup>54</sup> <https://www.daera-ni.gov.uk/publications/agricultural-census-northern-ireland-2025>

over the last six years have remained steady there have been declines in the number of beef cows and sheep.

Figure 1: Key livestock numbers within mainly SDA – 2018-24<sup>55</sup>



<sup>55</sup> [Statistical Review of NI Agriculture 2007 Onward, DAERA](#)

Figure 2: Key livestock numbers within mainly DA – 2018-24<sup>56</sup>

In addition to livestock numbers, data within the 2025 Farm Census, provides a breakdown of farm labour force by land classification and this data is presented in table 8 below as it relates to mainly SDA, Northern Ireland as whole, and SDA as a percentage of the NI total.

Table 8: Farm labour workforce breakdown by SDA and DA 2025<sup>57</sup>

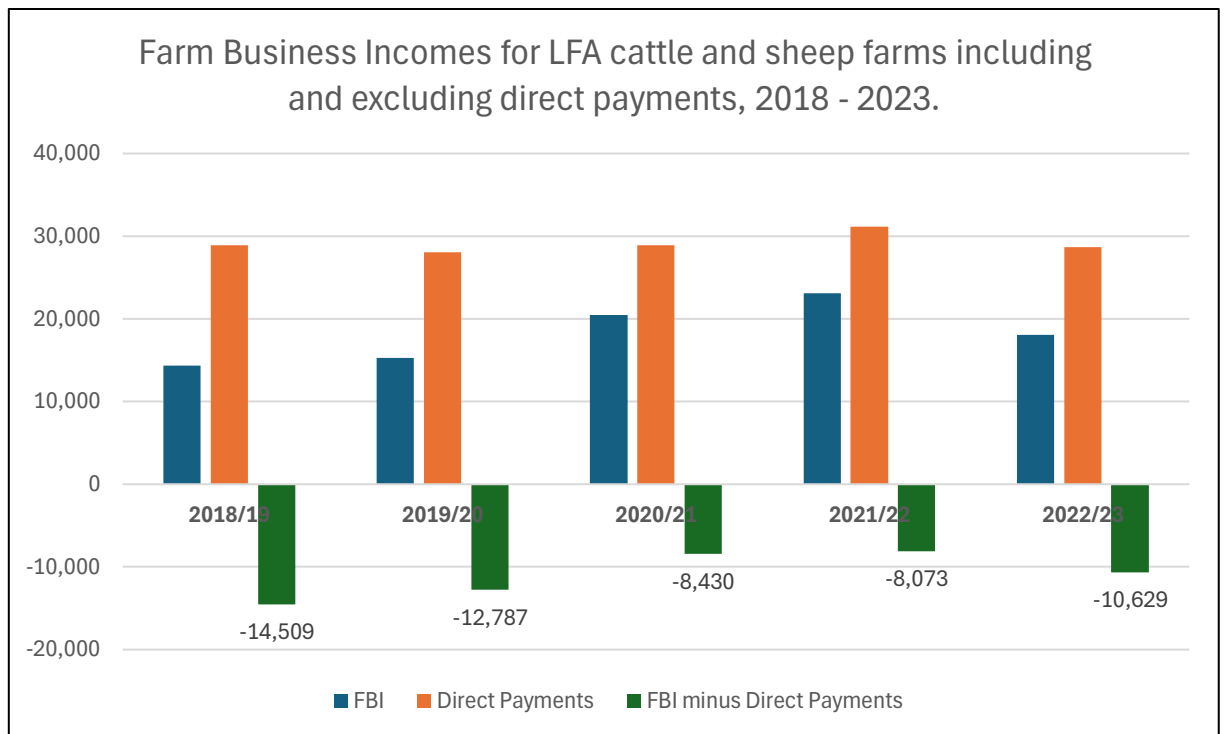
<b>Farm labour force category</b>	<b>Mainly SDA</b>	<b>Mainly DA</b>	<b>NI Total</b>	<b>Mainly SDA numbers as percentage of total NI number</b>	<b>Mainly DA numbers as percentage of total NI number</b>
Farmers, Partners, Directors and	7,303	6,307	20,457	36	31

<sup>56</sup> *ibid*<sup>57</sup> [Agricultural Census in Northern Ireland 2025, DAERA, 11 December 2025](#)

<b>Farm labour force category</b>	<b>Mainly SDA</b>	<b>Mainly DA</b>	<b>NI Total</b>	<b>Mainly SDA numbers as percentage of total NI number</b>	<b>Mainly DA numbers as percentage of total NI number</b>
Spouses – Full Time					
Farmers, Partners, Directors and Spouses – Part Time	7,929	6,279	20,293	39	31
Total Farmers, Partners, Directors and Spouses	15,232	12,586	40,750	37	31
Total Other Workers	3,122	3,421	11,118	28	31
Total Agricultural Labour Force	18,354	16,007	51,868	35	31

DAERA also publishes an annual assessment of farm incomes<sup>58</sup> within Northern Ireland. Whilst none of this data is specific to farms within Severely Disadvantaged Areas (SDA) there is aggregated data for farm incomes for cattle and sheep farms within Less Favoured Areas (LFA) which would include Disadvantaged Areas (DA) and Severely Disadvantaged Areas (SDA). This aggregated data can also be further interpreted in terms of the proportion of Farm Business Income<sup>59</sup> (FBI) that is derived from direct payments to farms through agricultural support and this data is set out in figure 3 below covering the period between 2018 and 2023.

Figure 3: Farm Business Incomes for LFA cattle and sheep farms including and excluding direct payments, 2018 - 2023.



In summary the following comments can be made about agricultural production within ANC:

<sup>58</sup> [Farm incomes in Northern Ireland, DAERA](#)

<sup>59</sup> Farm Business Income is the return to all unpaid labour (farmer, spouses and others with an entrepreneurial interest in the farm business) and to their capital invested in the farm business which includes land and buildings.

- Agricultural production within SDA (ANC by most recent designation) is significant in Northern Ireland accounting for 38% of farms, and 35% of the total agricultural labour force;
- Many of Northern Ireland's very small (41%) and small farms (36%) are found within SDA (ANC by most recent designation);
- Beef cattle and sheep production is predominant in areas of SDA (ANC by most recent designation) and accounts for 46% of total NI beef production and 56% of total NI sheep production;
- The general trend between 2018 and 2024 shows drops in beef cow and breeding ewe numbers within SDA and DA;
- Whilst disaggregated data for SDA is not available, farm business income data highlights how reliant cattle and sheep farms within LFA (SDA + DA) are on direct payments.

## 5 Overview of the Bill

The Bill<sup>60</sup> consists of four clauses and table 9 below provides an overview of the main provisions within the Bill.

It should be noted that the primary objective of the Bill is identified as follows:

*Make provision for the Department of Agriculture, Environment and Rural Affairs to implement Regulations under the Agriculture Act 2020 to introduce payments for farmers in Areas of Natural Constraint.*

Table 9: Overview of Bill clauses as introduced

Clause	Components
Clause 1 – Regulations on payments for areas with natural constraints	<ul style="list-style-type: none"> <li>• Subsection 1 - requires DAERA to make regulations under powers it has under Part 1 of Schedule 6 of the Agriculture Act 2020 in respect of payments for Areas of Natural Constraint (ANC) payments to farmers;</li> </ul>

<sup>60</sup>[Areas with Natural Constraints \(Payments\) Bill](#)

	<ul style="list-style-type: none"> <li>• Subsection 2 requires DAERA to make the specified Regulations within 12 months of the coming into operation of the Act;</li> <li>• Subsection 3 establishes that the Regulations must in particular ensure the following: <ul style="list-style-type: none"> <li>❖ Subsection 3, paragraph a - persons receive payment in no less generous terms than the payment rates to which persons were entitled to be paid under the Areas of Natural Constraint Regulations (Northern Ireland) 2018;</li> <li>❖ Subsection 3, paragraph b - those payment rates are increased annually, by at least the percentage increase in the prices index for that year;</li> <li>❖ Subsection 3, paragraph c - the prices index means an index or figures published by the Statistics Board (a body corporate established under section 1 of the Statistics and Registration Service Act 2007), for the year in question.</li> </ul> </li> <li>• Subsection 4 defines “areas with natural constraints” as having the same meaning as in Part 1 of Schedule 6 to the Agriculture Act 2020;</li> <li>• Subsection 4 defines the “Department” as the Department of Agriculture, Environment and Rural Affairs.</li> </ul>
<p>Clause 2 – Commencement and short title</p>	<ul style="list-style-type: none"> <li>• Subsection 1 - confirms that the Act comes into operation on the day after receiving Royal assent;</li> </ul>

	<ul style="list-style-type: none"> <li>• Subsection 2 - confirms that the Act may be cited as the Areas with Natural Constraints (Payments) Act (Northern Ireland) 2026.</li> </ul>
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## 6 Public consultation

The Bill proposals were open to public consultation between November 2024 and March 2025.

Respondents to the public consultation were provided with an overview of the purpose of the proposed Bill as follows:

*(To) Compensate farmers for all, or part, of the additional costs and income foregone related to the constraints for agricultural production in the area concerned.*

Additionally, the consultation documentation states that the Bill will seek to:

- *Alleviate the financial burdens faced by farmers in Areas of Natural Constraint by reducing the burden of production costs;*
- *Address the decline of agricultural opportunities for those farming in these designated areas;*
- *Promote greater equality of opportunity for farmers in Areas of Natural Constraint.*

A total of 431 completed responses were submitted to the public consultation and these were broken down as follows:

- 78 individual submissions;
- A petition signed by 353 individuals; and
- 1 submission emailed from a farming group.

The public consultation was conducted utilising a 14 question questionnaire on the Survey Monkey platform<sup>61</sup>. The 14 questions within the questionnaire, which

<sup>61</sup> [ANC payment for farmers, Questionnaire in support of a proposed Areas of Natural Constraint Private Members Bill, SurveyMonkey webpage, 7 October 2025](#)

were both quantitative and qualitative in nature, yielded a range of information and the bill proposer published a summary of the consultation responses on the Assembly website on 11 September 2025<sup>62</sup>. Table 10 below provides an overview of the consultation responses summary aligned to each of the 14 questions posed in the previously mentioned online survey.

Table 10: Overview of Survey Monkey questions and responses

Question Number	Question	Responses
1	Which category best describes you: <ul style="list-style-type: none"> <li>• Farmer</li> <li>• Group / organisation</li> <li>• Individual</li> </ul>	<ul style="list-style-type: none"> <li>• 92.31% farmers;</li> <li>• 2.56% groups/organisations;</li> <li>• 5.13% individuals.</li> </ul>
2	What is your experience of farming in Areas of Natural Constraint (ANC) or upland farms?	Key characteristics listed by respondents included: <p><b>Farming Conditions:</b></p> <ul style="list-style-type: none"> <li>• Long winters, cold springs, early autumns, short growing seasons;</li> <li>• Heavy clay, bog, mossy and wet soils; often at elevations up to 1200ft;</li> <li>• High rainfall impacts grass growth and increases feed/housing costs.</li> </ul> <p><b>Economic Viability</b></p> <ul style="list-style-type: none"> <li>• Reduced livestock growth rates and lower stocking levels;</li> </ul>

<sup>62</sup>[Proposal for a Member's Bill on Areas of Natural Constraint, Consultation Summary, Declan McAleer MLA](#)

Question Number	Question	Responses
		<ul style="list-style-type: none"> <li>• Higher input and infrastructure costs;</li> <li>• Limited market value due to slower maturing, traditional breeds;</li> <li>• ANC payments previously essential for farm survival.</li> </ul> <p><b>Market and Infrastructure Challenges</b></p> <ul style="list-style-type: none"> <li>• Poor transport connectivity to markets;</li> <li>• Lower livestock value and less access to stock improvement resources.</li> </ul> <p><b>Emotional and Physical Impacts</b></p> <ul style="list-style-type: none"> <li>• Farmers describe conditions as “a struggle” and “exasperating”;</li> <li>• Many farms in same family for 30-60+ years.</li> </ul> <p><b>Support Structures</b></p> <ul style="list-style-type: none"> <li>• Hill farming policy is channeled through the UFU;</li> <li>• Local representation via elected hill farming members.</li> </ul>
3	<p>To what extent do you support the ambitions of the proposed Bill?:</p> <ul style="list-style-type: none"> <li>• Fully</li> <li>• Mostly</li> <li>• To some extent</li> </ul>	<ul style="list-style-type: none"> <li>• 88.61% fully supportive;</li> <li>• 7.59% mostly supportive;</li> <li>• 2.53% were supportive to some extent;</li> <li>• 1.27% opposed to the ambitions of the Bill.</li> </ul>

Question Number	Question	Responses
	<ul style="list-style-type: none"> <li>• Neutral</li> <li>• Not at all</li> </ul>	
4	What has been your experience regarding the cessation of funding for ANC/upland farms?	<p>Key points raised by respondents included:</p> <p><b>Financial Impacts</b></p> <ul style="list-style-type: none"> <li>• Serious loss of income and cash flow;</li> <li>• Overdrafts increased – off farm income required;</li> <li>• Farm investment and maintenance halted.</li> </ul> <p><b>Farm Viability</b></p> <ul style="list-style-type: none"> <li>• Drop in suckler cows and breeding ewes;</li> <li>• Loss of ANC undermined long term planning.</li> </ul> <p><b>Mental Health and Wellbeing</b></p> <ul style="list-style-type: none"> <li>• Reports of mental stress, exhaustion, suicidal thoughts;</li> <li>• Demoralisation and generational exit from farming.</li> </ul> <p><b>Environmental Management</b></p> <ul style="list-style-type: none"> <li>• Land abandonment and biodiversity loss;</li> <li>• Deterioration in landscape care and public good delivery.</li> </ul>

Question Number	Question	Responses
		<p><b>Policy Discontent</b></p> <ul style="list-style-type: none"> <li>• Widespread sense of exclusion from new support schemes;</li> <li>• Lack of targeting for ANC areas seen as unfair;</li> <li>• Strong advocacy from UFU and National Sheep Association (NSA).</li> </ul>
5	Do you believe that farmers in ANC areas face additional challenges, such as higher production costs and limited agricultural opportunities?	<p>Key points raised by respondents included:</p> <p><b>Higher Production Costs</b></p> <ul style="list-style-type: none"> <li>• Extended winters (Sept – April): impacting feed, housing, fuel;</li> <li>• Fertiliser, drainage, labour and maintenance costs higher;</li> <li>• Long distance to marts or processors (20+ miles).</li> </ul> <p><b>Land Limitations</b></p> <ul style="list-style-type: none"> <li>• Shallow, stony, low fertility soils;</li> <li>• Steep slopes and poor drainage;</li> <li>• Limited to small cattle/sheep systems – no viable cropping.</li> </ul> <p><b>Environmental Restrictions</b></p> <ul style="list-style-type: none"> <li>• Planning and development curbed in Areas of Natural Beauty or protected sites;</li> </ul>

Question Number	Question	Responses
		<ul style="list-style-type: none"> <li>• Environmental Farming Scheme grazing restrictions (e.g. Nov-Feb upland bans).</li> </ul> <p><b>Sustainability Risks</b></p> <ul style="list-style-type: none"> <li>• Viability threatened without targeted support;</li> <li>• ANC areas recognized for carbon storage and low-input production.</li> </ul>
6	Do you think that additional support is necessary for those involved in agriculture in ANC areas?	<p>There was overwhelming agreement on the need for targeted support, the reasons cited being:</p> <ul style="list-style-type: none"> <li>• ANC farms are high cost low yield, but ecologically crucial;</li> <li>• Many farms are small-scale family units;</li> <li>• Without support, farms face closure and younger families exit.</li> </ul>
7	How significant do you believe upland farm livestock is important to the red meat supply chain?	<p>Specific factors relating to the role of upland farms in the red meat supply chain included:</p> <p><b>Vital Contribution</b></p> <ul style="list-style-type: none"> <li>• Upland farms: key source of breeding ewes and suckler cows;</li> <li>• Around 70% of NI land is LFA – 44% SDA;</li> <li>• 75.4% of suckler cows and 79.4 of breeding ewes in LFAs (2024).</li> </ul>

Question Number	Question	Responses
		<p><b>Environmental Benefits</b></p> <ul style="list-style-type: none"> <li>• Hardy breeds ideal for landscape management;</li> <li>• Extensive grazing supports biodiversity and soil health.</li> </ul> <p><b>Systemic Role</b></p> <ul style="list-style-type: none"> <li>• Hill farms supply store lambs and weanlings to lowland finishers;</li> <li>• Their decline weakens the entire meat chain.</li> </ul> <p><b>Economic Contribution</b></p> <ul style="list-style-type: none"> <li>• Agri-food supports 113,000 jobs in NI (UFU);</li> <li>• Over 25,000 direct jobs in the sector (DAERA 2022);</li> <li>• £1 output = £1.80 economic return (UFU Sheep Taskforce).</li> </ul> <p><b>Knowledge and Skills</b></p> <ul style="list-style-type: none"> <li>• Expertise built over generations;</li> <li>• Irreplaceable cultural and practical knowledge at risk.</li> </ul>
8	Do you agree that reintroducing an ANC payment would significantly help alleviate production costs	<p>There was strong support for the proposition that reintroducing payments would alleviate pressure. Comments included:</p> <p><b>Strong Support</b></p>

Question Number	Question	Responses
	for farmers in these areas?	<ul style="list-style-type: none"> <li>• Payment helps cash flow in critical period (April – May);</li> <li>• Offset increased feed, fuel, medicine and fencing costs;</li> <li>• Recognises extra workload and costs in marginal areas.</li> </ul> <p><b>Environmental Role</b></p> <ul style="list-style-type: none"> <li>• Payments help maintain managed uplands;</li> <li>• Prevents land abandonment, biodiversity loss and wildfires.</li> </ul> <p><b>Level of Payment Matters</b></p> <ul style="list-style-type: none"> <li>• Needs to be meaningful and regular.</li> </ul>
9	Do you agree that ANC farmers possess significant expertise in managing these lands due to their long-term farming experience?	<p>A number of respondents recognised the value of ANC farmer expertise:</p> <ul style="list-style-type: none"> <li>• Deep knowledge of upland, heather and peatland grazing;</li> <li>• Learned over decades – cannot be replaced by agencies;</li> <li>• Vital for delivering sustainable land management.</li> </ul>
10	Do you believe there are notable social, economic or environmental impact on local communities if	<ul style="list-style-type: none"> <li>• 94.87% - Yes, significant impacts;</li> <li>• 3.85% - Yes, some impacts;</li> <li>• 1.28% - Unsure.</li> </ul> <p>No respondents chose the other two available categories as follows:</p>

Question Number	Question	Responses
	<p>ANC farmers were unable to continue farming?</p> <ul style="list-style-type: none"> <li>• Yes, significant impacts</li> <li>• Yes, some impacts</li> <li>• No, minimal impacts</li> <li>• No, no impacts</li> <li>• Unsure</li> </ul>	<ul style="list-style-type: none"> <li>• No, minimal impacts;</li> <li>• No, no impacts.</li> </ul>
11	<p>Please explain your choice in the previous question, considering factors such as local food supply, employment and community sustainability:</p>	<p>Further evidence relating to ANC farming included:</p> <p><b>Red Meat Supply Chain</b></p> <ul style="list-style-type: none"> <li>• Without upland breeding herds, lowland beef supply fails;</li> <li>• Local lamb and weanling supply vital to food security.</li> </ul> <p><b>Carbon Sequestration</b></p> <ul style="list-style-type: none"> <li>• ANC land (peatlands, grasslands) stores carbon;</li> <li>• Supports climate goals with low intensity farming.</li> </ul>

Question Number	Question	Responses
		<p><b>Public Good Provision</b></p> <ul style="list-style-type: none"> <li>• Landscape management;</li> <li>• Wildlife protection;</li> <li>• Sustainable food production.</li> </ul>
12	<p>If you do not agree with the Bill proposal, please explain your reasons why.</p> <p>What additional measures would persuade you to support it?</p> <p>What alternative proposals would you advocate for addressing this policy objective?</p>	<p>A number of respondents provided feedback on the Bill and its future design. These are outlined below.</p> <p>Suggestions for support models:</p> <p><b>Suggested names</b></p> <ul style="list-style-type: none"> <li>• Northern Ireland Rural Disadvantage Area Scheme (RDAS);</li> <li>• Less Favoured Area payment (LFA).</li> </ul> <p><b>Support Areas</b></p> <ul style="list-style-type: none"> <li>• Forest creation and carbon payments;</li> <li>• Covering upkeep costs: fencing, weeds, heather, tourism maintenance;</li> <li>• Protecting schools, churches, rural services.</li> </ul> <p><b>Policy Fairness Concerns</b></p> <ul style="list-style-type: none"> <li>• Some land wrongly excluded from previous ANC classifications;</li> <li>• Suggested thresholds: 200m elevation, productivity vs Grade 1;</li> <li>• Frustration at lack of evidence for withdrawal of ANC.</li> </ul>

Question Number	Question	Responses
		<p><b>Urgency and Delivery</b></p> <ul style="list-style-type: none"> <li>• “Get the job done now” , “Please do something”;</li> <li>• Preference for integration into existing agri-supports (e.g. BPS, Beef);</li> <li>• Call for simplified and cost effective administration.</li> </ul>
13	<p>How do you view the cost associated with the proposed ANC scheme, and how do you believe they compare to the advantages:</p> <ul style="list-style-type: none"> <li>• Costs significantly outweigh the advantages</li> <li>• Costs slightly outweigh the advantages</li> <li>• Costs are balanced with advantages</li> <li>• Advantages significantly outweigh the costs</li> <li>• Unsure</li> </ul>	<ul style="list-style-type: none"> <li>• 55.26% - Advantages significantly outweigh the costs;</li> <li>• 26.32% - Costs significantly outweigh the advantages;</li> <li>• 9.21% - Unsure;</li> <li>• 7.89% - Costs are balanced with advantages;</li> <li>• 1.32% - Costs slightly outweigh the advantages.</li> </ul>

Question Number	Question	Responses
14	Do you have any further comments regarding the above questions or other issues related to the proposed Bill?	No data included in consultation summary document

## 7 Potential issues for consideration

### 7.1 Public consultation

Whilst the public consultation exercise around the **Bill undoubtedly shows support for the Bill's ambitions, with 88.61% of respondents being fully supportive and only 1.27% of respondents opposed, there remain some areas which it may be useful for clarification to be provided by the Bill proposer.**

**Firstly, it would be helpful to see the format of the petition signed by 353 individuals, as the consultation document identifies these 353 petition signers as being part of the 431 consultation responses.** On this basis, these 353 petition signers constitute 82% of respondents and so are a significant group. **It remains unclear what this petition called for, however, and in the absence of this data an accurate assessment of whether it is a comprehensive endorsement of the Bill proposals is hard to assess.**

On a similar theme it would be **useful to know the identity of the farming group who made a submission, particularly if this group is one which operates a membership model. In this instance was the submission presented as being representative of the views of any such members?**

**Additionally, it would be useful to establish the form and content of this submission.**

Given the preceding points, it **should also be recognised that the consultation summary document suggests that the Survey Monkey survey questions were completed by 78 respondents. It would be useful to confirm this and to also determine the level of response for each question within the survey by these 78 potential respondents.**

Additionally, question 12 within the survey utilised by the Bill proposer asked respondents who did not agree with the Bill proposal to explain their reasons why. **The consultation summary document could potentially be clearer in providing specifics around how many respondents actually disagreed with the Bill proposal. Furthermore, it would be useful to see more raw data around the alternative proposals that respondents advocated for.**

Question 13 within the survey asked respondents to assess the costs associated with the ANC Bill and how these compared to the advantages. The data from this question reveals that the greatest number of respondents, **55.26%, believed that the advantages significantly outweighed the costs. However, the data also reveals that 26.32% of respondents believed that the costs significantly outweigh the advantages. It would be useful to cross tabulate the data from those who said the costs outweigh the advantages across other questions within the survey.**

## 7.2 Explanatory Financial Memorandum (EFM) – areas for clarification

The EFM<sup>63</sup> that accompanied the introduction of the Bill provides an overview of the issues considered by the Bill proposer in bringing the Bill forward.

Under the section of the EFM dealing with financial effects of the Bill the following observations are included:

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<sup>63</sup> [Areas with Natural Constraints \(Payments\) Bill, Explanatory and Financial Memorandum](#)

- **Paragraph 19** - *The Bill itself has no direct financial effects. The financial effects of the regulations made under the powers set out in the Bill will be assessed separately;*
- **Paragraph 21** - *...To be eligible for the 2018 scheme there was a requirement that claimants be active farmers. It is anticipated that the proposed scheme will operate on these terms and be adjusted to allow for inflation on an annual basis .*
- *The Bill, if enacted, would create a potential ‘public impact’ on departmental resources in terms of administering the scheme. This would also apply to the management of claimant eligibility, the role of the Department in dealing with any false claims and the potential employment of additional inspectors to farms. If integrated with existing processes, the cost of administering the scheme would be minimal.*
- *The Bill would also have public purse implications with regards to pursuing a conviction for offences relating to provision of false or misleading information, and or in any other way interfering in the execution of the regulations. Some of these costs may be offset by fines if a conviction would be successful; however, all costs may not be recovered fully. The risk of this is considered to be minimal.*

Considering these points the following questions may merit further investigation:

- **Whilst it could be argued that the Bill has no direct financial effects, as the Bill proposer rightly notes, the Regulations that would come from the Bill becoming an Act would have financial effects. In this context will DAERA aim to complete a more extensive and detailed financial impacts component than that which would normally accompany a draft Regulation?**
- **The reference to anticipation that beneficiaries to a reintroduced ANC scheme would have to be active farmers as set out in the EFM, is potentially significant as this is not included within the Bill provisions as introduced. Is the Bill proposer committed to including this requirement within the text of the Bill? (see section 7.5 for further detail)**

- **The EFM suggests that the costs of administering the proposed scheme would be minimal but the evidential basis for this assessment is unclear. Does the Bill proposer have such data and are they prepared to publish/share it? Does DAERA hold programme specific administrative cost data for the last ANC support scheme in 2018 and what does this show?**
- **What is the evidential basis for assessing the risk of fully recovering costs associated with conviction activity as being minimal? Does DAERA hold programme-specific cost recovery from convictions data for the last ANC support scheme in 2018 and what does this show?**

### 7.3 Interpretations within the Bill

Clause 1, sub paragraph 4 of the Bill makes it clear that references to ANC payments relate to payments made under powers available to DAERA under Part 1 of Schedule 6 of the Agriculture Act 2020<sup>64</sup>.

Part 1 of Schedule 6 of the Agriculture Act 2020, further references the EU's Direct Payments Regulation (Regulation (EU) No 1307/2013) as forming the basis for DAERA to modify legislation governing the basic payment scheme, which would include provisions relating to the reintroduction of an ANC scheme.

Additionally Part 1 of Schedule 6 references the EU's Rural Development Regulation, namely Regulation (EU)1305/2013<sup>65</sup>, and the ANC scheme was developed under this Regulation. Under Part 1 of Schedule 6 of the Agriculture Act 2020, DAERA has powers to modify retained direct EU legislation relating to support for rural development and subordinate legislation relating to that legislation.

Article 31 of the Rural Development Regulation (1305/2013) builds in a number of features for ANC payments such as the need for payments to be degressive

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<sup>64</sup> [Agriculture Act 2020](#)

<sup>65</sup> [Regulation \(EU\) No 1305/2013](#)

and also defines that payments should be fixed between the minimum and maximum amount laid down in Annex II of the Regulation. Annex II identifies the minimum payment as being €25 per hectare per year on average of the area for which the beneficiary is receiving support and the maximum per hectare per year is set at €250. However, this maximum amount may be increased in duly substantiated cases taking into account specific circumstances to be justified in the rural development programmes.

On the basis of the introduced Bill it remains unclear if Article 31 of the Rural Development Regulation, (Regulation EU 13015/2013) is the foundational basis for any proposed ANC payment Regulations that would emerge from the Bill. It may therefore be useful to clarify this situation with the Bill proposer and DAERA.

Should there be a specific and explicit reference to Article 31 of the Rural Development Regulation, (Regulation EU 13015/2013), on the face of the Bill if it is foundational?

**If Article 31 of the Rural Development Regulation is foundational, would this therefore suggest that the payment rates set out within it, in terms of minimum and maximum, fit with the Bill proposer's aspirations and as such would be binding for DAERA?**

**Moving to another issue, how would a reliance on Article 31 of the EU Rural Development Regulation be impacted by the revocation, amendment or replacement of either the Regulation as a whole or Article 31 specifically? Would provision need to be built into the Bill to take account of any such changes? Could a failure to do so mean that the Bill provisions and any associated Regulations would have no basis in law and as such DAERA would not be bound to deliver an ANC scheme?**

In addition to a lack of reference to Article 31 of the Rural Development Regulation, the Bill makes no reference to Article 32 of the Rural Development Regulation. This omission could be potentially significant as Article 32 is referenced within Article 31 of the Regulation as forming the basis for how areas facing natural constraint and other specific constraints are defined. **Could**

**the failure to include a reference to the role of Article 32 within clause 1 of the Bill either limit or enable the ability of DAERA to designate or redesignate areas of natural constraint moving forward?**

**It should also be noted that Annex III is referenced in Article 32 of EU Regulation 1305/2013 and Annex III provides the biophysical criteria for the delimitation of areas facing natural constraints.**

In light of these observations the following questions may have relevance:

- **Could the interpretations within the Bill as introduced be expanded upon or better defined in order to enable the Bill provisions to continue to be valid in the context of any potential changes to EU legislation, more specifically Articles 31 and 32 and Annexes II and III of Regulation EU 1305/2013?**

#### 7.4 Lack of definition for what constitutes ANC land

The Bill as introduced does not appear to provide a specific definition of how land meeting the ANC criteria would be defined.

It could potentially be inferred from the information in the EFM that accompanied the introduction of the Bill that the intention is to limit eligibility to SDA land.

As highlighted earlier within this paper DAERA effectively decided to limit the most recently utilised ANC support scheme to land that was designated as falling within Severely Disadvantaged Area (SDA). In choosing this approach DAERA complied with the requirements of Article 32 and Annex III of EU Rural Development Regulation EU 1305/2013<sup>66</sup>.

Eligible land was identified by DAERA in a series of maps produced in 2016.

The last ANC support programme that DAERA ran in 2018 was enabled by the Areas of Natural Constraint Regulations (Northern Ireland) 2018<sup>67</sup> and

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<sup>66</sup> [Regulation \(EU\) No 1305/2013](#)

<sup>67</sup> [The Areas of Natural Constraint Regulations \(Northern Ireland\) 2018](#)

Regulation 5 stipulated that for land to be eligible under the scheme the following criteria had to be met:

- (a) is a qualifying forage area;*
- (b) lies within the severely disadvantaged area;*
- (c) has been entered in the single application at column H under either of the land use codes in column 1 of Schedule 1 and satisfies the corresponding description set out in column 2; and*
- (d) is at least three hectares.*

On this basis land designated as Disadvantaged Area (DA) was deemed ineligible for support.

Potential questions relating to this issue include the following:

- **Is it the intention of the Bill proposer that, in line with the 2018 Regulations, and as suggested in the EFM, only land within SDA would be eligible for renewed ANC support?**
- **Is the Bill proposer similarly committed to the land eligibility provisions relating to size of holding and qualifying forage area as set out in the 2018 Regulations?**
- **Is there a need for the Bill provisions, most likely clause 1, to provide more detail on specific eligibility for the proposed ANC support scheme?**
- **Is there an additional need for the Bill to specify how DAERA would identify qualifying land? Is the 2016 mapping exercise still valid? Would there be a need for DAERA to undertake a new mapping exercise?**
- **What impacts would the exclusion of DA land from a renewed ANC scheme support have on farms within those areas? Would this disadvantage farmers with DA land?**

## 7.5 Lack of definition for what constitutes an eligible ANC claimant

The Bill as introduced fails to provide a specific definition of who would be eligible for support.

As referenced in section 7.2, the EFM that accompanies the Bill makes reference to beneficiaries needed to be an 'active farmer', but this requirement is not included in the text of the Bill as introduced.

Regulation 4 of the Areas of Natural Constraint Regulations (Northern Ireland) 2018 which provided the basis for the last time ANC support was utilised in 2018. Regulation 4 includes a number of additional eligibility criteria which supplement the 'active farmer' criteria as follows:

- The claim is made in the single application submitted for the qualifying year;
- Notional livestock density relating to the forage area on the claimant's holding does not fall below 0.2 on any one of a number of dates determined by the Department during the minimum grazing period;
- The department may determine that a notional livestock density of less than 0.2 is sufficient to meet the eligibility requirement for the purposes of paragraph (1)(c) if it is reasonably satisfied that it is appropriate to do so in all the circumstances of the case, having regard, in particular, to the sensitivity of the land in question to a stocking density of more than 0.2 and any obligation of the claimant under or in pursuance of any statutory provision in relation to the maintenance of a stocking density of less than 0.2;
- For the purposes of calculating notional livestock density in any case the number of heifers to be taken into account shall not exceed a number equal to two thirds of the number of suckler cows.

Potential questions relating to this issue include the following:

- **Is it the intention of the Bill proposer to seek continued adherence to the 2018 claimant eligibility criteria? If this is the case is there a need for this to be explicitly stated within the Bill?**

- **Could a failure to specify claimant eligibility within the Bill enable DAERA to utilise more or less restrictive criteria than those utilised in the 2018 Regulations?**

## 7.6 Scale and value of reintroduced ANC payments

**If the Bill becomes an Act there remains a lack of clarity around the potential cost of reintroduced ANC payments for DAERA.**

The only reference point we have here is the Areas of Natural Constraint Regulations (Northern Ireland) 2018<sup>68</sup> which, as highlighted earlier in this paper, defined payment rates per hectare.

We also know that the 2018 ANC payments, the last year in which support was provided, equated to £8.8 million<sup>69</sup>. **This £8.8 million cost was met through co-financing, with 27% (£2.37m) being national funding and with the remaining 73% (£6.42m) coming from the EU.** DAERA data also reveals that there were approximately 8,800 beneficiaries of ANC support in the final scheme year of 2018<sup>70</sup>.

Additionally, through data provided by DAERA it is possible to determine how the 2018 ANC payment was split in terms of the amount that related to claims for beneficiaries with eligible land greater than 200 hectares within their holding. As highlighted earlier in this paper, eligible ANC claims were paid at different rates per hectare depending on the size of the area claimed for, an approach referred to as degressive. On this basis, of the **£8.8 million total spend, £8.46 million was non degressive (i.e. for claims of less than 200 hectares) and £367,000 was degressive (i.e. for claims in excess of 200 hectares).** Using this data approximately 4% of total 2018 ANC payments were degressive.

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<sup>68</sup> [Areas of Natural Constraint Regulations \(Northern Ireland\) 2018](#)

<sup>69</sup> Data provided by DAERA to Research Officer on 24 October 2025

<sup>70</sup> *ibid*

Clause 1 sub section 3, paragraphs b and c, of the Bill requires DAERA to ensure ANC payments are increased annually by at least the percentage increase in the 'prices index' for that year. Paragraph c in particular establishes that this 'prices' index' is defined as meaning an index or figures published by the Statistics Board for the year in question. Subsection 3 paragraph a also seeks to ensure that persons receiving payment in no less generous terms than the payment rates to which persons were entitled under the 2018 ANC Regulations.

There are potential challenges from this approach given the fact that the Bill does not specifically name a specific prices index as being the one that DAERA will have to adhere to. Whilst this could theoretically be argued as providing flexibility to DAERA, in the event of the expiration or redundancy of a particular pricing index it could equally build in a potential level of volatility. More specifically, there could be a potential risk of DAERA choosing to use a specific prices index in order to reduce the potential costs to the department from any reintroduced ANC support scheme, and there would appear to be nothing stopping DAERA doing this within the Bill as introduced.

Part of the challenge is due to the fact that there are a number of price indices utilised and recognised by the Office for National Statistics (ONS). Consumer prices indices technical guidance<sup>71</sup> published by the ONS lists the following indices for example:

- Consumer Prices Index including owner occupiers' housing costs (CPIH);
- Consumer Prices Index (CPI);
- Retail Prices Index (RPI); and
- Household Costs Indices (HCI).

As set out in section 2.2 of this paper, the proposed annual increase in ANC payments by at least the percentage increase in the prices index for that year, would make any new ANC scheme unique in terms of agricultural support

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<sup>71</sup> [Consumer prices indices technical guidance, Office for National Statistics website, 15 April 2026](#)

provided by DAERA, as no other scheme is index linked or subject to an annual rise in value.

Table 11 below shows the impact of using RPI, CPI and CPIH adjustment uplift data for the year 2026 (Jan 26-Feb 28) as compared to the utilised 2018 ANC payment rates per hectare and overall 2018 payment levels, which for the purpose of this exercise is utilised as base data. The 2026 uplift adjustment has been completed utilising Office for National Statistics (ONS) RPI, CPI and CPIH data and a methodology advocated by the Assembly's Public Finance Scrutiny Unit (PFSU) in Briefing Paper NIAR 119-26.

Table 11: 2018 ANC payment rates and 2025 RPI, CPI and CPIH adjusted uplift data

	2018 base data	2026 RPI adjusted uplift data (Jan 26 – Feb 26 average)	2026 CPI adjusted uplift data (Jan 26 – Feb 26 average)	2026 CPIH adjusted uplift data (Jan 26 – Feb 26 average)
Overall, 2018 ANC scheme payments	£8.8 million	£12.77 million	£11.65 million	£11.63 million
Per hectare payment rate (up to 200 hectares)	£38.43	£37.91	£35.08	£35.02
Per hectare payment rate (above 200 hectares)	£28.83	£28.43	£26.29	£26.27

Given the data in table 11, **a reintroduced ANC scheme could have a potential initial cost of approximately £12.77 million if the payment was uplifted using 2026 RPI figures. Table 11 also highlights the variation that could occur in both the overall potential scheme budget and specific per hectare payments depending on the price index utilised.**

**The data in table 11 raises an obvious question, namely would DAERA be able to afford a reintroduced ANC scheme?**

The answer to this question is challenging as at the time of writing there remains a lack of clarity around the full cost of DAERA's Sustainable Agriculture Programme in 2026 and beyond. The only confirmed data we have at this stage relates to DAERA's overall budget for the 2025-26 financial year which was agreed by the Executive on 3 April 2025<sup>72</sup>. As part of the agreed budget the Executive formally agreed to:

*'... earmark the £332.5 million in 2025-26 and future years (for agriculture, agri-environment, fisheries and rural development) following the removal of the Treasury earmarking of this funding in October 2024. This is at the same level as in 2024-25 and will provide funding certainty for these sectors for 2025-26 and beyond. The proposed allocation will support the continued development and implementation of the transformational SAP alongside support for the fisheries sector and Rural Development activities.'*

A noteworthy element from this budget, in relation to the ANC Bill, is the earmarking and protection for agricultural support in 2025-26 and future years. The Department of Finance's draft multi-annual budget confirms the specific ringfenced commitment to the £332.5 million for agriculture, agri-environment, fisheries and rural development up until the end of 2029<sup>73</sup>. However, this positive needs to be considered against the fact **that at the time of writing we don't know the complete and specific breakdown of this allocation to each**

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<sup>72</sup> [2025-26 Budget, Department of Finance, 12 May 2025](#)

<sup>73</sup> [Draft Budget 2026-29/30, Department of Finance, table 4.2, page 30](#)

**of the constituent support areas within the Sustainable Agriculture Programme (SAP). Additionally, as highlighted in section 2.2 of this paper, this issue is particularly pertinent in relation to specific support for the sheep sector, which is a highly significant sector within previously designated ANC areas.**

The overall value of financial support available under the SAP in 2026 and beyond makes an accurate assessment as to whether DAERA could afford to run a reintroduced ANC support scheme extremely challenging.

It should also be noted that DAERA, along with all the other Executive Departments, is facing considerable pressure in relation to the size of its budget and the demands being placed upon it. The 2025-26 Executive Budget<sup>74</sup> included the following assessment in terms of the specific outcome for DAERA:

*The agreed allocations provide significant challenges for the Department to continue to take forward its existing schemes and programmes, and managing the issues and challenges set out above will be very difficult.*

Given these realities, there are a number of potential questions as follows:

- **Would DAERA be able to afford a reintroduced ANC scheme under the SAP?**
- **If DAERA was compelled to run and fund a renewed ANC scheme, how would it specifically fund this? Would/could additional monies be found or would this be funded by making reductions to other SAP supports?**
- **When will DAERA be in a position to detail the full financial support allocations under the SAP?**
- **Will there be a specific sheep support scheme forthcoming under the SAP in 2026, and if so, when will the details including specific funding support available and associated costs be announced?**

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<sup>74</sup> ibid

- **Is it the Bill proposer's intention that a reintroduced ANC payment would continue to be degressive in nature, in line with the 2018 Regulations and as required by Article 31 of Regulation (EU) 1305/2013?**
- **Is there a potential need for the Bill to prescribe a specific prices index for the calculation of any potential ANC payment in order to bring surety for DAERA and potential beneficiaries alike? Building on this issue, which specific price index should be utilised?**
- **Is it sustainable for any reintroduced ANC scheme to be subject to annual increases in value whilst other agricultural support scheme budgets remain static?**

7.7 Would receipt of ANC support exclude beneficiaries from availing of other support under the Sustainable Agriculture Programme?

The **Bill as introduced provides no detail on how a proposed ANC scheme would operate in terms of eligibility for other existing/planned funding streams under the Sustainable Agriculture Programme (SAP).**

Whilst recognising that such detail may be contained in any Regulations brought forward by DAERA if the Bill becomes an Act, there is a legitimate question as to how an ANC scheme would sit with other support schemes under the SAP. For example, would any potential ANC scheme beneficiaries still be able to access the Farm Sustainability Payment, Carbon Beef Reduction Scheme, Suckler Cow Scheme and forthcoming Sheep Scheme?

There is precedent within the current Farming with Nature Scheme Regulations (Northern Ireland) 2025<sup>75</sup> in terms of how DAERA can limit access to support. Within these Regulations, Regulation 4(b) excluded farm businesses with an active Environmental Farming Scheme agreement in place from Farming with Nature transitional support between 2025 and 2027.

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<sup>75</sup> [The Farming with Nature Scheme Regulations \(Northern Ireland\) 2025](#)

A clarification of this issue would seem to be essential to better understand the potential impacts for farmers operating in land which could be designated as ANC. There are two distinct aspects to this issue as follows:

- **What is the Bill proposer’s aspiration/intention for ANC support beneficiaries in terms of accessing additional SAP supports? Would being an ANC support beneficiary result in restricted access to other supports?**
- **What would DAERA’s aspiration/intention be if they had to introduce an ANC support scheme – would they seek to limit access for ANC support beneficiaries to other support schemes?**

## 7.8 Lack of detail on Regulation content

Whilst Clause 1 of the Bill, if enacted, would require DAERA to bring forward Regulations to make further provision in relation to ANC payments, there is a lack of detail around what the Regulations would actually contain other than to stipulate that payments are made, increased annually by at least the percentage increase in the prices index for that year, and shall not be less than the payment rates under Schedule 2 of the Areas of Natural Constraint Regulations (Northern Ireland) 2018.

On this basis, **the Bill is essentially an enabling piece of legislation, in that it hands DAERA the powers to do something without fully specifying how they are to do it.** In positive terms this would undoubtedly give DAERA a degree of flexibility but there are also potential risks in this approach, some of which are summarised below:

- **A failure to prescribe exactly who would be eligible for support could theoretically enable DAERA to write restrictive criteria that could limit the number of potential beneficiaries.**
- **A failure to specify that being an ANC beneficiary would not restrict access to other sources of support under the SAP could theoretically enable DAERA to discourage or limit access to any ANC scheme it brought forward.**

It should be noted that Regulations 4 and 5 of the Areas of Natural Constraint Regulations (Northern Ireland) 2018 contained specific eligibility criteria and these are summarised in table 12 below.

Table 12: Areas of Natural Constraint Regulations (Northern Ireland) 2018 – Regulation 4 and 5 requirements

<b>Regulation</b>	<b>Requirements</b>
4 – Claimant eligibility for ANC allowance	<ul style="list-style-type: none"> <li>• Claimant is an active farmer.</li> <li>• Claim is made in the single application submitted for the qualifying year.</li> <li>• Notional livestock density relating to the forage area on the claimant’s holding does not fall below 0.2 animals per hectare on any one of a number of dates determined by the Department during the minimum grazing period.</li> <li>• The Department may determine that a notional livestock density of less than 0.2 is sufficient to meet the eligibility requirement for the purposes of paragraph (1)(c) if it is reasonably satisfied that it is appropriate to do so in all the circumstances of the case, having regard, in particular, to the sensitivity of the land in question to a stocking density of more than 0.2 and any obligation of the claimant under or in pursuance of any statutory provision in relation to the maintenance of a stocking density of less than 0.2.</li> <li>• For the purposes of calculating notional livestock density in any case the number of heifers to be taken into account shall not exceed a number equal to two thirds of the number of suckler cows.</li> </ul>

Regulation	Requirements
5 – Land eligibility for ANC allowance	<ul style="list-style-type: none"> <li>• Land is a qualifying forage area.</li> <li>• Land lies within the severely disadvantaged area (SDA).</li> <li>• Land has been entered in the single application at column H under either of the land use codes in column 1 of Schedule 1 and satisfies the corresponding description set out in column 2.</li> <li>• Land is at least three hectares.</li> </ul>

Additionally, Schedules 1 and 2 of the 2018 ANC Regulations specified eligible land codes and payment rates.

The second stage debate<sup>76</sup> for the ANC Payments Bill saw a number of contributors, including DAERA Minister, Andrew Muir MLA, raise concerns around the Bill's failure to include provisions around environmental improvement conditions for potential ANC support beneficiaries.

Paragraph 21 of the Explanatory Financial Memorandum<sup>77</sup> that accompanies the Bill makes it clear that the Bill proposer intends for the new proposed ANC scheme to only be accessible by active farmers.

Given this information there are a number of questions that may be worthy of consideration as follows:

- **Would there be merit in providing further detail within clause 1 of the Bill in terms of what would be a requirement for ANC eligibility, and to stipulate the inclusion of the same in the Regulations DAERA would bring forward? Could this also potentially include conditions around environmental improvement?**

<sup>76</sup> [Northern Ireland Assembly, Official Report, Monday 23 March 2026, Volume 191, No 2](#)

<sup>77</sup> [Areas with Natural Constraints \(Payments\) Bill, Explanatory and Financial Memorandum](#)

- **Could such detail include similar data to that set out in table 12 above and as it relates to claimant and land eligibility and the active farmer reference in paragraph 21 of the EFM that accompanied introduction of the Bill?**
- **What would the Regulations DAERA would be required to bring forward contain in relation to areas such as offences and penalties? Is it the Bill proposer's intent that these provisions would be the same as those found in the Areas of Natural Constraint Regulations (Northern Ireland) 2018?**

## 7.9 Assembly approval of Regulations

The Bill does not explicitly identify the form of Assembly approval that the Regulations DAERA would be required to bring forward upon the Bill receiving Royal Assent would be subject to.

It should be noted the Bill is being brought forward under provisions under Part 1 of Schedule 6 of the Agriculture Act 2020. **Paragraph 2(3) of Part 1 of Schedule 6 of the Agriculture Act 2020 makes it clear that Regulations under this paragraph are subject to affirmative resolution procedure.**

Based on this information the following question may be relevant :

- **Would there be value in confirming and restating within the text of the Bill that any new ANC payments Regulations made under the auspices of the Bill would indeed be subject to affirmative resolution procedure?**

## 7.10 Need for additional Regulation to implement ANC Regulations

As alluded to by DAERA Minister Andrew Muir MLA, during the Bill's second stage debate, it would appear that DAERA may need to bring forward additional Regulation to enable any ANC payments Regulation emerging from the Bill to take effect.

The issue here relates to fact that the power to make payments under an ANC scheme were originally provided by Articles 48 and 49 of EU Regulation

1307/2013<sup>78</sup> which set the rules for direct payments to farmers under support schemes within the Common Agricultural Policy. As part of the UK's withdrawal from the EU process, EU Regulation 1307/2013 was incorporated into UK domestic law by the Direct Payments to Farmers (Legislative Continuity) Act 2020<sup>79</sup> which applied across the UK.

Articles 48 and 49 of Regulation 1307/2013 were omitted from UK statute by the adoption of the Rules for Direct Payments to Farmers (Amendment) Regulations 2020<sup>80</sup> which applied across the UK.

Within this context it may be useful for Members to clarify the following:

- **Would DAERA definitely need to bring forward additional Regulation to restore the powers omitted by the Rules for Direct Payments to Farmers (Amendment) Regulations 2020 as they relate to ANC payments?**
- **Would a failure to do so mean that any ANC payments requirements emerging from the Bill could not happen?**
- **Should the requirement for additional specific Regulations to be made to restore powers originally made under Articles 48 and 49 of EU Regulation 1307/2013 actually be added to the Bill?**
- **If additional Regulations were required to do this how long would it take DAERA to develop these and bring them forward for Assembly approval?**
- **What would be the costs of developing additional Regulations if they were required?**
- **Could any such Regulation development process run in tandem with the specific development of ANC Regulations emerging from the Bill by DAERA or would it need to precede or come after such a process?**

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<sup>78</sup> [Regulation \(EU\) No 1307/2013](#)

<sup>79</sup> [Direct Payments to Farmers \(Legislative Continuity\) Act 2020](#)

<sup>80</sup> [The Rules for Direct Payments to Farmers \(Amendment\) Regulations 2020](#)

### 7.11 Open ended nature of Bill and lack of review mechanism

The Bill as introduced would see a requirement for the DAERA Minister to make ANC payments but does not specify if this commitment is time limited or ongoing.

An ongoing commitment to ANC payments may be the intention behind the Bill but this is not clearly stated within the Bill itself.

This ambiguity could also theoretically enable the DAERA Minister to bring a single set of time limited Regulations and by so doing meet the obligation within clause 1 of the Bill.

Additionally, as introduced, the Bill has no provisions for a review of either the Act or the Regulations that it would enable if it became law.

On this basis the following questions may merit further investigation:

- **What is the Bill proposer's stance on the proposed ANC support scheme payments? Are they advocating an open-ended commitment to such a scheme?**
- **If the Bill proposer intends an open-ended commitment does this need to be incorporated into the wording of the Bill?**
- **Could any such wording potentially be incorporated into a potential review of the provisions within the Bill and the specific Regulations that would deliver the support?**
- **If the requirement for a review was added to the Bill provisions what would be an appropriate review period, and would this be an ongoing commitment?**

### 7.12 Lack of a Regulatory Impact Assessment

There is no requirement for Members to conduct a Regulatory Impact Assessment as part of the Members' Bill process, and as such the Bill proposer has met the requirements set out in the Handbook for Members' Bills for the 2022 to 2027 Mandate.

Paragraphs 25 and 26 within the EFM<sup>81</sup> that accompanied the Bill included a rudimentary assessment of equality impacts and human rights issues that could be impacted by the Bill provisions.

However, there may be merit in exploring whether the proposer gave more detailed consideration to any potential equality or rural impacts during the course of the Bill's development.

Part of the challenge here is that potential impacts could possibly be easier to assess through scrutiny of the specific details around how ANC support would be targeted in the resulting Regulations.

In light of this the following questions may merit investigation:

- **Did the Bill proposer conduct any more detailed equality or rural impacts assessment as part of the Bill development and if so, what conclusions were drawn?**
- **If no formal Regulatory Impact Assessment components were completed to date should/will any potential Regulations resulting from the Bill becoming an Act be subject to detailed consideration by DAERA?**
- **Would any Regulatory Impact Assessment completed by DAERA actively consider the impacts on farmers and farmland that did not meet potential ANC eligibility requirements?**
- **Will DAERA be in a position to complete any required Regulatory Impact Assessment work prior to the introduction of the Regulations within the required 12 months after the Bill provisions commence?**

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<sup>81</sup> [Areas with Natural Constraints \(Payments\) Bill, Explanatory and Financial Memorandum](#)



### Appendix 1 – SDA Distribution and extent by County in Northern Ireland

