



Ein cyf/Our ref: WQ89562

James.Evans@senedd.wales

16 July 2024

Dear James,

I am writing in response to the question you asked of my predecessor, Minister Griffiths, within the Written Assembly Questions on 16 November 2023.

I wanted to apologise for the delay in responding to you, and hope that the below provides a sufficient response.

You had asked a question relating to the Habitat Wales Scheme.

Will the Minister provide the supporting evidence and information that was used in determining the payment rates of £69/ha for habitat land and £62/ha for woodland habitat under the Habitat Wales Scheme? (WQ89562)

The payment rates of £69/ha for habitat land and £62/ha for woodland habitat under the Habitat Wales Scheme were calculated and independently verified as follows:

Habitat Wales Scheme payment rate – Habitat land

Management of eligible habitat land, supported through the Habitat Wales Scheme, will be based on 10 broad habitat classifications. 9 of those habitat classifications will be paid under one payment rate.

The vast majority of Habitat Wales Scheme payments will be made under this payment rate.

The following summarises the assumption used in calculating the payment rate for the management of habitat land. (2024)

Gross margin assumptions (sheep enterprise)

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

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

Farm Business Survey results:

	2019/21	2020/21	2021/22
Average for Hill sheep	£30.87	£42.16	£55.17
Average for Upland sheep	£40.91	£52.93	£75.56
Average for Lowland sheep	£48.63	£61.79	£89.38
3 year average	£40.13	£52.29	£73.37

The average Gross margin for the upland data averaged over three years is **£56.46**
This is used as the basis of income forgone calculation.

A reduction of 1.0 ewe / ha is included in the income forgone calculation.

Payment calculation:

Management actions on permanent grassland / habitat land, managed with no inputs.		£69.46/ha
Assumed mostly on semi-improved and reduction from 5.6 ewes / ha to 4.6 ewes / ha.		
Diary 0.30hr@£15	7.50	£7.50
Reduced GM on 1 ewe @56.46	56.46	£56.46
Management to control sward and weeds. Additional topping to manage sward height. Third of area topped/year@ £29.10 / ha	10.00	£10
Less saving on interest on capital @£4.50 per ewe. (Ewe value at sale £90, interest rate @ 5%)	-4.50	-£4.50
1 year re-imburement	69.46	£69.46
Intervention rate	99.33%	£69.00

Payment rate of £69.00 / ha is offered for all non-woodland habitat land.

Independent verification comment: A reduction in stocking rate proposed of 1 ewe/ha for the income foregone calculation is considered reasonable assumption to represent a one payment system to cover for the many different options under the present Glastir scheme.

Habitat Wales Scheme payment rate – Woodland Habitat

The following summarises the assumption used in calculating the payment rate for the management of woodland habitat, 2024 (Woodland/Scrub/Orchard/Individual trees/Wood pasture)

Gross margin assumptions (sheep enterprise)

Farm Business Survey results:

	2019/21	2020/21	2021/22
Average for Hill sheep	£30.87	£42.16	£55.17
Average for Upland sheep	£40.91	£52.93	£75.56
Average for Lowland sheep	£48.63	£61.79	£89.38

3 year average	£40.13	£52.29	£73.37
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The average Gross margin for the upland data averaged over three years is **£56.46**. This is used as the basis of income forgone calculation.

Payment calculation:

Management actions – Woodland stock excluded		£60.91/ha
Assumed average stocking density of 2.0 ewes/ha if woodland is grazed.		
Diary 0.30hr@£15	N/A	£0.00
Reduced GM on 2 ewes @55.26 per ewe	56.46	£112.92
Management to control sward and weeds. Additional topping to manage sward height. Third of area topped/ year@ £29.10 / ha	N/A	£0.00
Less saving on interest on capital @£4.50 per ewe (Ewe value at sale £90, interest rate @ 5%)	9.0	-£9.00
1 year re-imburement		£103.92
Intervention rate	60%	£62.00

Habitat Wales Scheme will not require woodlands to be stock excluded. The maximum payment rate calculation is based on stock exclusion.

Intervention rate applied due to no stock exclusion requirement.

Payment rate of £62.00 / ha is offered for all eligible woodland habitat.

Independent verification comment – There is little data available on stocking rates of sheep kept in grazed woodland. Therefore, the original assumption used of 2 ewes/ha reduction in the budget above is still valid with the proposed percentage reductions.

I hope you have found this information helpful.

Yours Sincerely,



Huw Irranca Davies MS
Cabinet Secretary for Climate Change and Rural Affairs