EXPLANATORY MEMORANDUM TO

The Sustainable Farming Investment Scheme Regulations (Northern Ireland) 2026

S.R. 2026 No. 101

1. Introduction

1.1. This Explanatory Memorandum has been prepared by the Department of Agriculture, Environment and Rural Affairs (DAERA) to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2. The Statutory Rule is made under the powers conferred by section 6(1)(f) of the Agriculture Act (Northern Ireland) 1949 and is subject to the negative resolution procedure.

2. Purpose

2.1. The purpose of this Statutory Rule is to introduce the Sustainable Farming Investment Scheme (the Scheme). The Scheme is a capital grant scheme which will support on-farm investment for farm businesses to improve their environmental performance and business efficiency.

3. Background

3.1. Agriculture plays an important role for the Northern Ireland economy and local food security, as a provider of quality raw materials for the production of food and drink, and also underpins much of our rural social fabric. However, the sector faces challenges in terms of environmental impact.

3.2. Engagement with industry has shown that farm businesses prioritise investments which improve economic viability and are less likely to invest in environmental improvements. Also, the affordability of extra debt is a concern for most farm businesses.

3.3. The Scheme is required to incentivise investment in a range of eligible equipment, which has been assessed and selected against the potential to deliver a range of benefits, in terms of air quality, water quality, soil health and biodiversity, along with greenhouse gas reduction.

3.4. By enabling primary agricultural and horticultural food producers to purchase and use the eligible equipment, the Scheme will help contribute to overall targets and outcomes within the Sustainable Agriculture Programme, as well as wider Departmental objectives outlined in the DAERA Corporate Plan 2025-27, and priorities within the Programme for Government 2024-2027.

3.5. The maximum grant rate is 40%, where the eligible costs of an investment are equal to or exceed £3,000 but do not exceed £62,500, and a farm business may receive a maximum of £25,000 grant under the Scheme. Item prices, and the maximum amount therefore available in grant aid for

each item will be determined by DAERA, and will be published as part of the eligible equipment list when the Scheme opens for applications.

3.6. The Statutory Rule sets out the powers of the Department, and specifies the actions it may take in relation to paying grant support; conducting inspections and checks; approving or rejecting applications; varying approvals previously granted; and determining that a Scheme beneficiary has breached scheme conditions, attracting a potential penalty (such as a claim payment reduction).

4. Consultation

4.1. A formal written consultation on Future Agriculture Policy Proposals for Northern Ireland was carried out between 21 December 2021 and 15 February 2022. Stakeholder responses received in respect of these proposals were considered and provided the foundation for the establishment of the Sustainable Agriculture Programme.

4.2. The Department conducted an Attitude to Investment Survey across the farming sector in 2023, specifically gathering information from farm businesses on potential or planned future investments, and key barriers to investment.

4.3. Details of the proposed Scheme have been discussed on a number of occasions with the Agricultural Policy Stakeholder Group (APSG). The Group brings together representatives across food, farming and the environment on a regular basis. It was established by DAERA to ensure that stakeholder and industry views are understood and considered in a process of co-design. The APSG feedback on the Scheme's development, provided both orally and in writing, has shaped the final Scheme design.

5. Equality Impact

5.1. The equality implications of the Statutory Rule have been assessed, and no adverse equality impacts have been identified under the Equality and Human Rights screening procedures. DAERA considers that the Statutory Rule complies with section 75 of the Northern Ireland Act 1998, and has screened it out for a full equality impact assessment.

6. Regulatory Impact

6.1. DAERA considers that a full regulatory impact assessment is not required for the Statutory Rule, as there will be no additional mandatory compliance or administrative burdens placed on farm businesses as a result of the Scheme (or the underpinning legislation).

7. Financial Implications

7.1. The Sustainable Farming Investment Scheme will have a capital cost of up to £40 million, for grant support to farm businesses, and a resource / delivery cost of up to £4.4 million.

7.2. The grant funding will be delivered in a series of application rounds, from 2026 to 2030, subject to uptake and budget availability. It is anticipated that grant funding of £40 million will leverage an overall investment of £100 million, largely in rural areas.

7.3. Bids for the necessary Capital and Resource DEL are being taken forward within the current budget setting exercise.

7.4. A business case has been developed, using the 'Five Case Model' set out Better Business Cases NI, and approved by the Department of Finance. The processes followed to achieve agreement on the funding requirements for the Scheme properly reflect the requirements of Managing Public Monies NI (MPMNI).

8. Section 24 of the Northern Ireland Act 1998

8.1. The Statutory Rule does not discriminate on the grounds of religious belief or political opinion, nor does it modify the European Communities Act 1972, the Human Rights Act 1998, or the statutory provisions listed in section 7 of the 1998 Act. The regulations are not incompatible with the Windsor Framework (the Protocol on Ireland / Northern Ireland in the EU Withdrawal Agreement).

9. EU Implications

9.1. Not applicable.

10. Parity or Replicatory Measure

10.1. The Statutory Rule applies to Northern Ireland only. It does not replicate, nor is it required to maintain parity with legislation in other administrations.

11. Additional Information

11.1. Not applicable.