

National Assembly for Wales
Public Accounts Committee

Glastir

March 2015

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



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Public Accounts Committee

The Committee was established on 22 June 2011. The role of the Public Accounts Committee is to ensure that proper and thorough scrutiny is given to Welsh Government expenditure. The specific functions of the Committee are set out in Standing Order 18. The Committee will consider reports prepared by the Auditor General for Wales on the accounts of the Welsh Government and other public bodies, and on the economy, efficiency and effectiveness with which resources were employed in the discharge of public functions.

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William Graham
Welsh Conservatives
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Delyn



Julie Morgan
Welsh Labour
Cardiff North



Jenny Rathbone
Welsh Labour
Cardiff Central



Aled Roberts
Welsh Liberal Democrats
North Wales

The following Member was also a member of the Committee during this inquiry:



Alun Ffred Jones
Plaid Cymru
Arfon

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Chair's Foreword

The Glastir agri-environment scheme was designed to improve the Welsh Government's support for environmental improvement in Wales's farms. The Auditor General's report of September 2014 showed that, while it is achieving more than previous schemes, further improvements can still be made.

Following in from the Auditor General's work, the Public Accounts Committee undertook a short inquiry, seeking evidence from some key environmental and farming organisations, as well as the Welsh Government. Our focus centred on three main issues: firstly, how the scheme could support greater change in practices at participating farms; secondly, the scheme's potential as one of a range of interventions to tackle poor practice at farms; and thirdly, whether the administration of the scheme could secure better value for money for taxpayers.

I trust that the findings and recommendations in our report will help to shape the future development of Glastir and assist the Welsh Government, landowners and others, to promote environmental improvement across the country for the benefit of all.

Recommendations

Recommendation 1. The Welsh Government should ensure that participation in Glastir Advanced provides genuine improvement in agri-environmental practices and enhancements of the natural environment, and does not merely reinforce existing practice. (Page 11)

Recommendation 2. The Welsh Government should consider further how it identifies and tackles poor practice in relation to water quality by using a range of interventions, including regulation and the payment – or withdrawal – of public funding. (Page 14)

Recommendation 3. The Welsh Government should identify where water quality issues are arising from land maintained by Natural Resources Wales and report what remedial action the organisation is taking to ensure compliance with requirements under the Water Framework Directive. (Page 14)

Recommendation 4. The Welsh Government should undertake a formal evaluation of customer experiences of the online application process and make any changes necessary should this be found to be a barrier or disincentive to participation in the scheme. (Page 17)

Recommendation 5. The Welsh Government should disaggregate the administrative costs associated with Glastir so the value for money of the scheme is clearly understood. (Page 18)

Recommendation 6. The Welsh Government should ensure the various inspection regimes targeted at farmers by its agencies are aligned as far as possible and that data is shared between inspectorates to minimise disruption to farmers and maximise administrative efficiency. (Page 19)

Recommendation 7. The Welsh Government should report back to the Committee by autumn 2015 on the challenging, but realistic, targets it has set for the uptake of Glastir, including the budgets to which the targets are aligned. (Page 22)

Recommendation 8. The Welsh Government should report to the Committee, or its successor, on its monitoring and evaluation work once it has progressed sufficiently, and certainly by May 2016. (Page 23)

1. Introduction

1. The Auditor General for Wales (the Auditor General) published his report on Glastir¹ in September 2014. The report considered whether the development and implementation of the agri-environment scheme had incorporated the lessons learnt from Tir Gofal and evidence from other agri-environment schemes, and been designed and implemented in a way that promotes the changes needed to achieve the scheme's objectives.

2. Launched in 2012, Glastir replaced four existing agri-environment schemes (Tir Gofal, Tir Cynnal, Tir Mynydd and the Organic Farming Scheme). It is partly funded by the European Union's European Agriculture Fund for Rural Development, with the Welsh Government match funding 45 per cent of the cost of the scheme. The Auditor General's report sets out, in Annex 2, the five elements of the scheme: Glastir Entry, Glastir Advanced, Glastir Commons, Glastir Efficiency Grants and Glastir Woodland.

3. The report found that:

- Glastir's aims align with key environmental policies but, although the scheme's design draws on the learning from previous agri-environment schemes, it also retains some of the flaws;
- The Welsh Government has strengthened its arrangements to administer Glastir, but there remains scope for improvement in some areas; and
- Participation in Glastir is well below the Welsh Government's targets, some of which were unrealistic, and measures to evaluate the scheme's success have yet to be developed.²

4. The Committee received a briefing on the report from the Auditor General and Wales Audit Office staff at its meeting on 16 September 2014 and decided to seek a response from the Welsh Government giving its views on the report. Having considered the Welsh Government response to the Auditor General's report, where it accepted four of the report recommendations in part and two in full, the Committee agreed to undertake a short, focussed inquiry on this report. The Committee held an oral evidence session with the Welsh Government and invited written responses from key stakeholders. The oral evidence session was with Gareth Jones, Director General, Sustainable Futures (the Director General), and Andrew

¹ Auditor General for Wales, *Glastir*, September 2014

² Auditor General for Wales, *Glastir*, September 2014, page 7

Slade, Director, Agriculture, Food and Marine. Written responses were received from National Farmers' Union Cymru (NFU Cymru), the Royal Society for the Protection of Birds (RSPB), and the Wye and Usk Foundation, whose comments gave specific suggestions for outcomes Glastir ought to support.

5. This report outlines the findings of the Committee's work and makes a number of recommendations to the Welsh Government building on those contained in the Auditor General's report and what the Committee heard in evidence.

2. Securing and measuring changes in land management practices

6. The Auditor General's report found that the Welsh Government does not collect information on existing farm management practices at the application stage for Glastir. This information would be beneficial to support the Welsh Government's decision making and to give it assurance that the landholder will be required to change their practices on joining the scheme. According to the Auditor General's report, the Welsh Government's explanation for this lack of information gathering is that because the only data available would be self-reported data from landholders and there would be concerns about the reliability of such data.³

7. This was a matter of concern for the Auditor General: without changes to land management practices, Glastir Advanced would be unlikely to deliver its objective of improving the Welsh countryside. However, the report does note that this risk is smaller than under previous schemes and will be further mitigated from 2015. For example, the report highlights the significant increase in capital expenditure payments compared to management payments which will reduce the risk of deadweight.

8. Recommendation 1 of the Auditor General's report sought to address these concerns. It called for the Welsh Government to draw on knowledge and experience of agri-environment schemes run by other jurisdictions, to develop an approach for Glastir Advanced which would ensure, in return for grant funding, landholders commit to making significant changes to their land management practices that directly support the delivery of Glastir's objectives.

9. The Welsh Government accepted this recommendation in part, acknowledging that it is fundamental that agri-environment schemes pay for the delivery of environmental goods and services and deliver real change. However, the Welsh Government believes that:

“ [M]anagement payments should continue to have a rightful place in agri-environment activity and that under some circumstances payments for the maintenance of status quo favourable environmental practices should continue, particularly where there is a

³ Auditor General for Wales, *Glastir*, September 2014, page 7, para 10

risk these favourable practices would be discontinued without the incentive of support payments.”⁴

10. The Committee had a number of concerns about the continuing practice of maintenance payments which mean that working practices will not necessarily be changed, particularly given the aims of Glastir to promote environmental and sustainable use of land. The Director General explained that he considered maintenance payments to be important because:

“First, maintenance payments are paid to farmers to ensure that they continue to keep their land in good environmental condition and that they continue to provide good environmental stewardship of their land over a long period of time. Some of these environmental changes take many, many years to come to fruition. Maintenance payments are also paid to farmers where it may look as though very little is changing, but actually their practices are changing. Perhaps I could give you an example, Chair. A maintenance payment may well be paid to a farmer to maintain a hay meadow for example that he might then cut later than he would otherwise have done. In those circumstances, we get not just the environmental benefits of that in terms of pollinators in particular, but the farmer does actually forgo some potential income that he might have got earlier on in the process. The third thing, and I think perhaps the most powerful thing, to say about maintenance payments, is that they provide an incentive for farmers to retain land in high-quality environmental stewardship. At times when commodity prices are particularly good, as we know, we do not want farmers who have high-quality environmental land to be tempted towards intensification of livestock farming, and, when commodity prices are very good, there is always that possibility that farmers will come out of these multi-annual agreements and move back into livestock farming practices.”⁵

11. NFU Cymru appeared supportive of the Welsh Government’s position in this regard.⁶ They stated that maintenance options, as well as bringing farmers into agri-environment schemes, provides protections for existing habitats – which may be securing past investment. They argued that this recommendation ought to be considered in the wider context, particularly the reform of the Pillar 1 of the Common Agricultural Policy.

⁴ Letter from Director General for Natural Resources to the Committee, 3 November 2014

⁵ Record of Proceedings, 2 December 2014, paragraph 9

⁶ NFU Cymru Consultation Response, 19 November 2014

12. The RSPB noted⁷ that a similar recommendation to this one was made in the November 2007 Auditor General for Wales report on Tir Gofal. The RSPB were concerned that there was no evidence that Welsh Government's approach to Glastir would lead to a large-scale change in land management that their environmental objectives required.

13. In further correspondence,⁸ the Welsh Government confirmed that 20 per cent of farms who were approached by the Welsh Government to participate in Glastir Advanced declined to participate in the required activities (these farms would already be participating in Glastir Entry, or participated in the Tir Gofal scheme previously). Given the low uptake, the Committee is of the view that the Welsh Government should take further action to encourage participation in the scheme.

14. Noting the improved position from predecessor schemes, the Committee is concerned that the practice of maintenance payments for the continuation of good environmental stewardship, whilst laudable, does not provide assurance that Glastir will adequately support the Welsh Government's objectives – particularly in respect of Glastir Advanced.

Recommendation: The Welsh Government should ensure that participation in Glastir Advanced provides genuine improvement in agri-environmental practices and enhancements of the natural environment, and does not merely reinforce existing practice.

⁷ RSPB Cymru comments on the Wales Audit Office report and the Welsh Government Response, November 2014

⁸ Letter from Director General for Natural Resources to the Committee, 8 January 2015

3. Tackling poor water quality

15. An area of significant concern raised in the Auditor General's report was the risk of failing to tackle poor agricultural practices on a small number of farms that may be responsible for wider water quality problems. The Auditor General recommended (Recommendation 2 of his report) that the Welsh Government explore the scope to develop a risk-based approach to identify and target appropriate interventions at farms where poor agricultural practices were causing wider water quality problems. The Welsh Government accepted this in part, and suggested that although Glastir has improved water quality it would not represent value for money to target Glastir support in this way, and could even result in rewarding poor management or negligence. The Director General set out his views on tackling bad practice:

“[T]he whole question of agricultural bad practice, if you like, rather than agricultural benefit, is one where I am very clear that, first, we should not be paying for people to, effectively, drag themselves out of bad practice, and, secondly, that regulation is actually the way to deal with people who employ bad practices on their farms.”⁹

16. NFU Cymru highlighted in their written response that some of the Water Framework Directive failures can be traced back to land under public ownership and under the management of Natural Resources Wales.¹⁰ The Director General stated he was not aware of this evidence:

“I do not have that evidence. It is true to say that there is a mixture of landowners who will be polluting at levels that breach the water framework directive. Glastir, of course, provides an opportunity for the improvement of run-off from farms. I have seen examples where farmers have dug significant ponds to hold run-off so that it is diluted in terms of the diffuse pollution that it provides. However, I do not have the evidence available to say whether or not farmers or public land is responsible, principally, for any breaches of the directive.”

Jenny Rathbone: “It is something that I think probably the public would like to know...”

⁹ Record of Proceedings, 2 December 2014, paragraph 53

¹⁰ NFU Cymru Consultation Response, 19 November 2014

Mr Jones: “Yes, I would like to know, too, because the public land in question is owned by the Welsh Government. It is looked after by Natural Resources Wales, but it is actually our land. So, if that is true, I would be interested to see the evidence. I will certainly talk to the NFU about that.”¹¹

17. In further correspondence with the Committee,¹² NFU Cymru suggested that up to 9.5 per cent of Water Framework Directive Framework failures were attributable to forestry, compared to 15 per cent for agriculture. The Committee would like an assurance from the Welsh Government that it is working closely with Natural Resources Wales to ensure that any land they manage is maintained and compliant with requirements under the Water Framework Directive. This is essential to ensure that anybody else infringing this directive can be held to account.

18. The RSPB were supportive of the Welsh Government using regulation to enforce the polluter pays principle.¹³ They were also supportive of Glastir providing additionality, beyond supporting existing practices, to achieve greater improvements in agricultural practices – noting that supporting existing practices had caused Wales to not meet the Water Framework Directive. We agree with the use of regulatory action primarily to address the concerns around water quality to reinforce what the RSPB refer to as the 'polluter pays principle'. However, the Committee notes the Auditor General's recommendation that this be considered as part of a range of interventions. It therefore believes that the Welsh Government should revise its response to this recommendation to accept it fully so that Glastir has a clear role to play in addressing these important water quality issues.

19. In responding to the Auditor General's report, the Welsh Government objected to rewarding poor practice but also stated that they did not have access to available information about individual farms which are contributing to wider water quality problems. The Committee would welcome further clarity on the extent to which the Welsh Government is able to access such information from Natural Resources Wales and Rural Inspectorate Wales. Given the responsibilities of different organisations for monitoring and preventing poor land management practice or negligence, the Committee would expect collaboration and information-sharing to happen routinely,

¹¹ Record of Proceedings, 2 December 2014, paragraph 61-3

¹² NFU Cymru Consultation Response, 8 January 2015

¹³ RSPB Cymru comments on the Wales Audit Office report and the Welsh Government Response, November 2014

both to increase efficiency and to minimise disruption to farmers. This is discussed further below in paragraphs 33-36.

20. As with the issues raised above in relation to using Glastir to improve practice, the Committee believes that the scheme itself could be used to tackle issues of water quality, in addition to the regulatory inspection regime, especially given that that not all poor practice is illegal. We are of the view that a wider range of interventions, including the potential withdrawal of public funding, should also be used as tools to secure and promote good practice and tackle issues of water quality.

Recommendation: The Welsh Government should consider further how it identifies and tackles poor practice in relation to water quality by using a range of interventions, including regulation and the payment – or withdrawal – of public funding.

Recommendation: The Welsh Government should identify where water quality issues are arising from land maintained by Natural Resources Wales and report what remedial action the organisation is taking to ensure compliance with requirements under the Water Framework Directive.

4. The administration of the scheme

Applications

21. The Welsh Government introduced online-only applications for Glastir Advanced and Organic, with the remaining Glastir schemes being phased to online-only over time. It is anticipated that Glastir applications will be fully online by the end of 2016-17. There have been concerns raised by stakeholders that this may preclude some people from applying due to issues around broadband access and IT literacy.

22. The Auditor General's report found that IT support would be made available for applicants but that the Welsh Government had yet to confirm the exact nature of this support.

23. In addition to the concerns raised by stakeholders in the Auditor General's report, in their written response to the Committee, NFU Cymru also raised a concern about the length of time available for online applications, as by the time applicants have accessed the necessary support it often takes up the majority of the timescale for applying.¹⁴ When questioned about this, the Welsh Government suggested that, regardless of the timeframe, people often leave applications to the last minute.

24. When the Committee asked the Director General about the application process, it was told:

“I think that it is a fair criticism that we, at the outset, made it rather complex for people to apply for Glastir. I have spent time sitting with a contract manager and a cartographer, and I have spoken to farmers about the experience that they have had. Even from a relative layman’s perspective, I have found it quite complex for people to go through the application process.

“Again, there is a balance in all of this. We have to get sufficient sign-up by the farmer, sufficient buy-in by the farmer, and sufficient rigour in the process to be able to demonstrate to the Commission that we are getting real environmental benefit from the money that is being paid out. Otherwise, as I have said before, there can be very significant penalties. Having said that, I am all in favour of simplicity. If one looks at the recent Glastir Organic online application process that farmers went through—and 580-odd of them went through very

¹⁴ NFU Cymru Consultation Response, 19 November 2014

successfully earlier this year—I think that that is an example of how you can make something simple and digital at the same time, and therefore efficient, by really bearing down on the complexity that has the potential to weave itself into the system. I was absolutely delighted to see 99.75% of applications for Glastir Organic done online. That is an extraordinary achievement from a complete zero base, particularly when you take into account that only 5% of those farmers who applied for Glastir Organic had to seek some sort of digital assistance from our divisional officers and from our staff.”¹⁵

25. When asked further about the European Commission’s requirements and broader issues of ICT access, the Director General responded:

“We can look at the length of the application window within the contexts of the rules that are set for us by the European Commission, Chair. I do sympathise greatly with those who are digitally excluded, for whatever reason. It may be because of a lack of broadband coverage—as you will know, the Welsh Government is doing a great deal to roll out broadband across Wales—but it could be as a result of simply being of a generation or of a nature that they do not want to get involved in online applications. It is those people who are digitally excluded, for whatever reason, that I think that we, as a Government, have a responsibility to help. We have a great record, I think, in my department of providing help with on-farm farm liaison officers, with events at local communities, and with individual divisional officers who are providing help and guidance to people. I most certainly will want to see that continuing.”¹⁶

26. The Welsh Government gave further information on its efforts to assist online applications in correspondence with the Committee – this included telephone and face-to-face support, as well as awareness-raising of Superfast Cymru and the Access Broadband Cymru schemes.¹⁷

27. The Committee believes that as part of the Welsh Government's undertaking to collect feedback on people's experience in submitting online applications that targeted questions should be asked about the timeframe and access to support to ensure that the move to online applications does not result in a number of potential applicants being unable to participate in the schemes.

¹⁵ Record of Proceedings, 2 December 2014, paragraph 112-3

¹⁶ Record of Proceedings, 2 December 2014, paragraph 116

¹⁷ Letter from Director General for Natural Resources to the Committee, 8 January 2015

Recommendation: The Welsh Government should undertake a formal evaluation of customer experiences of the online application process and make any changes necessary should this be found to be a barrier or disincentive to participation in the scheme.

Administration

28. The Welsh Government operates a multi-skilled team approach to deliver the schemes it operates under the Common Agricultural Policy. The Auditor General's report found that this resulted in the Welsh Government being unable to break down fully the administration costs for individual components of Glastir.

29. The Committee had a number of concerns about how the Welsh Government assesses the overall value for money of its Glastir administration without a clear appreciation of the administration costs for each component. In response to the Committee's questions on this, the Director General told the Committee that:

“...You are right to say that, at the moment, we cannot disaggregate the costs of Glastir from the multiskilled teams, compared to the cost of everything else that they do, in terms of Common Agricultural Policy payments—both Pillar 1 and Pillar 2. I was head of the department when we introduced multiskilled teams, back in the early 2000s. I still believe that it is absolutely the right thing to do, because it provides a variety of functions and varied jobs for people. It is more efficient, because it smooths out the peaks and troughs in people’s work and it gives people the opportunity to have better relationships with our stakeholders, with farming communities, because they are not just dealing with their Pillar 1 payments—if a farmer rings up with an issue on his farm, he can talk to an individual who can talk to him about either his Pillar 1 payment or his Pillar 2 payments.

“Having said that, I think that the Wales Audit Office has a point here in terms of our being able to better benchmark our efficiency in running agri-environment schemes compared with others. I am pretty confident that we will come out well here compared with others who deliver it, but I have asked the teams to do some work on trying to apportion the amount of time and effort that goes into Glastir, compared with the other work that they do within those multiskilled teams. That will take us some time to do. I do not want us to go down the full time-recording process, because I think that that is

costly and it is demotivating for staff to have to do that, but there is, I think, some halfway point to which we can come to try to apportion our costs. I would be happy to let you have a note on that once we have come up with some figures.”¹⁸

30. While we acknowledge that there are potential savings to be derived from the multi-skilled team approach, the Committee remains concerned that the cost of administering Glastir cannot be identified and that it is therefore difficult to demonstrate that value for money is being achieved.

Recommendation: The Welsh Government should disaggregate the administrative costs associated with Glastir so the value for money of the scheme is clearly understood.

Inspections

31. The Committee raised with the Welsh Government the concerns of farmers about the number of inspections they experience, for example inspections relating to their participation in Glastir along with those from Natural Resources Wales. The Director General responded that:

“I cannot give you the exact numbers of inspectors who are doing Glastir inspections. The number of our inspectors, or our field inspection staff in total, is something like between 40 and 50. We also have a number of commons development officers, as the report makes clear, and, as the report also makes clear, those are going to begin—in fact, have already begun—to be trained and developed to do some broader work, particularly with groups of farmers in Wales. I do not think that I would accept that we adopt a heavy-handed approach to inspection. The vast majority of farmers I talk to are very complimentary about the way in which our inspectors work with them. Looking, for example, at the rates of penalties, across Wales, as a result of the inspections that take place, they are relatively small both in terms of cash and numbers. So, I would not agree that we have a heavy-handed approach. We are trying very hard to work with other agencies, in terms of our inspection effort. The one thing I do not want to see is, one day, one of my inspectors arriving on a farm, and then, the next day, a Natural Resources Wales inspector turning up, and, another day, a health and safety inspector coming there.”

Alun Ffred Jones: “I think that that was the criticism.”

¹⁸ Record of Proceedings, 2 December 2014, paragraph 130-1

Mr Jones: “And you are right—it does happen. We want to continue to work hard with those other agencies, to make sure that we work together, so that farmers can get on with running their businesses, and farming, and not spend their whole time feeling that they have to account to us for the compliance of their work. Having said that, Chair, the European Union is very stringent in the rules that it applies, and is very, very able to apply significant levels of disallowance—that is, to reduce the amount of cash that comes to Wales as a result of our subsidy payments. Wales has an enviable record in terms of disallowance. Our rates of disallowance, compared with other UK countries, are minuscule, and our rates of disallowance, compared with other European countries, are extremely small indeed.”¹⁹

32. In further exchanges, the Director General confirmed that he shared his inspection programme with Natural Resources Wales and other agencies involved in inspections.²⁰

33. In further correspondence from the Director General,²¹ it was noted that the average Glastir Inspection for Entry/Advanced in 2014 was four days of one person’s time. This includes time for the preparation, physical inspection and writing up of the report. Clearly this average figure is derived from a range of farm sizes. The Committee believes there may be scope for increasing the efficiency of inspections through greater collaboration and data sharing.

34. Acknowledging that the Director General stated he worked with other agencies to reduce the disruption to farmers from inspections, the Committee would welcome a greater effort to align inspection regimes.

Recommendation: The Welsh Government should ensure the various inspection regimes targeted at farmers by its agencies are aligned as far as possible and that data is shared between inspectorates to minimise disruption to farmers and maximise administrative efficiency.

¹⁹ Record of Proceedings, 2 December 2014, paragraph 44-6

²⁰ Record of Proceedings, 2 December 2014, paragraph 47-50

²¹ Letter from Director General for Natural Resources to the Committee, 8 January 2015

5. Participation rates, target-setting, monitoring and evaluation

35. The Auditor General's report found that the Welsh Government had missed most of the targets set for the five elements of Glastir. The report states that:

“As at 31 December 2013, the Welsh Government had missed most of these targets, only achieving some of the targets for woodland creation. For example, only 2,190 Glastir Entry contracts had been agreed by 31 December 2013 compared with the target of 7,000 contracts, although an additional 2,382 Glastir Entry contracts had been agreed to start on 1 January 2014. In addition, for Glastir Advanced the Welsh Government had agreed 291 contracts to start on 1 January 2013, compared with its target of 500 contracts.”²²

36. To address concerns in this area, the Auditor General recommended (recommendation 5) that:

“The Welsh Government should review its targets for Glastir to ensure an adequate evidence base to support each target, and to ensure that the targets are challenging yet achievable, affordable and reflect the scale of change the Welsh Government is expecting the scheme to deliver. The Welsh Government should also ensure that its internal targets for Glastir are consistent with the targets it agrees with the European Commission.”²³

37. The Welsh Government accepted this recommendation in part stating that it accepts the report findings that the initial targets for the scheme were unrealistic when compared to what could be expected based upon analysis of historic participation in agri-environment schemes in Wales. The Welsh Government stated it will set revised targets for the uptake of all elements of the Glastir scheme for the new Rural Development Programme once the budget allocation to Glastir is finalised, and will detail the policy behind these targets. The Welsh Government has emphasised that it is not always possible throughout the duration of the programme to ensure that the targets in documentation held by the European Commission are consistent with its own targets.

²² Auditor General for Wales, *Glastir*, September 2014 paragraphs 3.1-3.10

²³ Auditor General for Wales, *Glastir*, September 2014 paragraphs 3.1-3.10

38. In their written evidence to the Committee,²⁴ the NFU Cymru raised some concerns with the approach outlined by the Government because:

“Previous forecasting by Welsh Government of scheme uptake has been woeful and if this approach is adopted, we foresee a significant allocation of much needed RDP resource ring-fenced and held within the budget for land-based measures and not utilised elsewhere. We would refer to the budget allocated to Sustainable Production Grant as an example. NFU Cymru would argue that the current allocation is inadequate for industry needs and does not adequately acknowledge the fact that measures/interventions that contribute to efficiencies in production will also deliver ‘additionality’ in the form of wider environmental/climate change benefits.

“We would agree with the findings of the WAO report, in that it is vital that targets are challenging yet achievable, affordable and reflect the scale of the change Welsh Government is expecting the scheme to deliver. We would reiterate that there is a need to recognise that delivery of environmental actions on the ground relies on the development and implementation of agri-environment schemes like Glastir that farmers are willing and able to participate in. It is also vital that all farmers who wish to join a farm-scale agri-environment scheme are able to do so.”

39. NFU Cymru went on to suggest why uptake may be lower than anticipated, suggesting the complexity of the Glastir Entry application process, the perceived lack of transparency of the Glastir Advanced Application process, and the administrative burden for farmers participating in the scheme.

40. The RSPB noted the Welsh Government’s response related largely to the setting of targets in terms of uptake of Glastir, but believed that the scheme itself be targeted more toward positive action that can improve environmental practices.²⁵

41. Asked about the setting of realistic targets, the Director General stated:

“it is true to say that we are not reaching the targets that were originally set out for the scheme. Members will know that the original target for Glastir was to try to reach around 14,000 agreements. Over

²⁴ NFU Cymru Consultation Response, 19 November 2014

²⁵ RSPB Cymru comments on the Wales Audit Office report and the Welsh Government Response, November 2014

time, it has become clear that that particular target was unlikely to be reached and, in the event, events conspired against that target being reached. In the very early days of Glastir, again, as Members will know, there was a great deal of pressure from farming unions to extend the provisions of Tir Gofal. There was a great deal of pressure from the farming unions to extend Tir Mynydd, which, although not an agri-environment scheme, was a less favoured area scheme—it was a scheme for upland farmers. It is true to say, I think, that the extension of those schemes had a detrimental effect on the take-up of Glastir in the early days.”²⁶

42. The Director General suggested that the more favourable commodity prices from 2008-09 onward have resulted in farmers not having as great an incentive to participate in an agri-environment scheme as when commodity prices were lower and alternative sources of income are more readily sought.²⁷

43. The Committee welcomes that the Welsh Government has accepted the Auditor General’s recommendation that it reviews its targets for the uptake of Glastir, and would like to revisit this issue to ensure the revised targets are challenging, but also realistic.

Recommendation: The Welsh Government should report back to the Committee by autumn 2015 on the challenging, but realistic, targets it has set for the uptake of Glastir, including the budgets to which the targets are aligned.

Measuring Success

44. The Auditor General’s report found that the Welsh Government has an extensive monitoring and evaluation programme, but has yet to develop success criteria to show if Glastir is meeting its objectives.²⁸ A consortium commissioned to deliver the Glastir monitoring and evaluation programme completed a modelling exercise in March 2014 to assess the anticipated effects of combining different interventions at farms. The Welsh Government intends to use the results of the modelling exercise to inform future decisions about the design of Glastir Entry.

45. Recommendation 6 of the Auditor General’s report stated that the Welsh Government should use the results of the March 2014 impact modelling

²⁶ Record of Proceedings, 2 December 2014, paragraph 41

²⁷ Record of Proceedings, 2 December 2014, paragraph 42

²⁸ AGW Report paragraphs 3.11 to 3.27

exercise to help quantify the scale of the improvements it expects Glastir to deliver. Through setting appropriate targets for the scheme, the Welsh Government should also determine how and by when it expects Glastir to deliver its objectives and contribute to wider objectives such as those included in the *Environment Strategy for Wales*.

46. The Welsh Government fully accepted this recommendation stating that the scientific evidence base required for quantifying the level of environmental change from agri-environment activities is often somewhat poorly established. The Welsh Government accepts that for Glastir's success to be evaluated effectively, some attempt to quantify the changes which could be expected to occur is required. The response explains that the 'pioneering' Glastir Monitoring and Evaluation Programme uses advanced modelling techniques to predict environmental outcomes based on scheme uptake scenarios and expected land use changes. The Welsh Government has indicated that officials will work closely with the monitoring and evaluation programme team and interested stakeholders to identify quantitative targets for the next programme. The RSPB welcomed this commitment in its contribution to the Committee, and agreed with the concerns around the monitoring and evaluation.²⁹

47. The Committee heard from the Director (Mr Slade) in oral evidence that the Welsh Government were confident about their monitoring and evaluation work:

"...[W]e are two or three years into what I think around Europe is regarded as a pretty strong set of arrangements on monitoring and evaluation. We have had a lot of people across Europe interested. A Finnish delegation recently talked to us about how we have been developing the scheme and what we intend to get out of it, and the Centre for Ecology and Hydrology in Bangor, as Gareth just mentioned, has done a lot of work to develop the approach. We are going to carry on with that, moving forward"³⁰

Recommendation: The Welsh Government should report to the Committee, or its successor, on its monitoring and evaluation work once it has progressed sufficiently, and certainly by May 2016.

²⁹ RSPB Cymru comments on the Wales Audit Office report and the Welsh Government Response, November 2014

³⁰ Record of Proceedings, 2 December 2014, paragraph 25

Witnesses

The following witnesses provided oral evidence to the Committees on the dates noted below. Transcripts of all oral evidence sessions can be viewed in full at www.senedd.assembly.wales/mgIssueHistoryHome.aspx?Ild=1311

Tuesday 2 December 2014

Gareth Jones Director General, Natural Resources, Welsh Government

Andrew Slade Director, Agriculture, Food and Marine, Welsh Government

Written evidence

The following people and organisations provided written evidence to the Committee. All written evidence can be viewed in full at www.senedd.assembly.wales/mgIssueHistoryHome.aspx?Ild=10716&Opt=0

National Farmers' Union Cymru

Royal Society for the Protection of Birds (RSPB)

Wye and Usk Foundation