



Cynulliad National
Cenedlaethol Assembly for
Cymru Wales

Audit Committee



Tir Gofal

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THE NATIONAL ASSEMBLY FOR WALES

AUDIT COMMITTEE

Report presented to the National Assembly for Wales on 17 September 2008
in accordance with section 143(1) of the Government of Wales Act 2006

Tir Gofal

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Summary

1. Tir Gofal is the Welsh Assembly Government's main agri-environmental scheme. It pays farmers to manage agricultural land in an environmentally beneficial way, and is open to any landholding in Wales judged to have sufficient actual or potential environmental value. The scheme has paid more than £100 million to landholders since it began in 1999, and covers around 3,000 farms and about 20 per cent of agricultural land in Wales. Tir Gofal's core objectives are to:
 - a) protect and enhance habitats of importance to wildlife;
 - b) protect the historic environment;
 - c) protect and restore rural landscapes; and
 - d) promote public access to the countryside.
2. On the basis of a report from the Auditor General,¹ we examined the extent to which Tir Gofal is meeting its objectives. We took evidence from two officials of the Assembly Government: Huw Brodie, Director of the Department for Rural Affairs and Heritage; and Dr Michael Dunn, Head of the Environment, Conservation and Management Division.
3. We concluded that there are promising signs that Tir Gofal is contributing towards its objectives, but the scheme's actual impact is difficult to assess largely because of limitations in the evidence base. The basic design of Tir Gofal is sound, but the scheme is not sufficiently tailored to specific needs and local conditions.

There are promising signs that Tir Gofal is contributing towards its objectives, but the scheme's actual impact is difficult to assess largely because of limitations in the evidence base

4. **Tir Gofal has achieved good coverage of most habitats, although some types of habitat are under-represented.** The scheme covers 20 per cent of agricultural land in Wales, which compares well with similar schemes in England and Scotland. It is probable that it has achieved at least adequate coverage of the most important habitats, although the intensive nature of dairy farming means that dairy farms are somewhat under-represented. We agree with the witnesses that there is no need for a system of targets for coverage of particular habitat types, which would be difficult and inflexible to operate. However, the Assembly Government should keep

¹ Auditor General for Wales report, *Tir Gofal*, 15 November 2007

habitat coverage under review and take action to close any significant gaps that emerge in the future.

5. **The nature and extent of Tir Gofal's impact on farming practices is unclear.**

The impact of Tir Gofal will depend to a great extent on the difference it makes to the agreement holders' farming practices. If the scheme is paying farmers mostly to do what they would have done anyway, the value for money of the scheme is highly questionable. In a survey of participants in 2003, only four per cent thought they had made "a lot of changes" to their farming practices since joining the scheme, while 54 per cent had made "very few" or "no" changes. A later survey, in 2004, found that 72 per cent of those respondents who had changed their farming practices would not have made any changes in the absence of Tir Gofal.

Unfortunately, the surveys did not define the type or scale of change, so it is difficult to assess the significance of the farmers' answers but they do not allay the concern that the money paid out may not make much difference to farmers' practices.

6. Tir Gofal encourages the creation of new habitats and has wider socio-economic benefits. We were told that it might also discourage farmers from making changes to their practices that would be environmentally harmful, although there is no evidence about the nature and extent of such discouragement. In assessing how far the scheme is leading to beneficial change, the Assembly Government could make better use of existing information (for example, calculations of likely reductions in stocking rates for farms entering the scheme).

7. **The impact of Tir Gofal on habitats and species is inconclusive at this stage, and some uncertainties will remain despite ongoing improvements in monitoring.** Tir Gofal seeks to protect and enhance habitats of importance to wildlife, and this should ultimately be demonstrated by improvements in the state of habitats and an increase in the key animal species that rely on them. The first results from the Assembly Government's ecological monitoring study were inconclusive, and the witnesses agreed that it could take many years for habitats to reach the desired state. It will be necessary, therefore, to continue the monitoring study for at least the full 12-year period, and preferably longer, to assess the longer-term impact of the scheme. This longer-term impact measurement was missing from previous schemes. The Assembly Government has also commissioned a study to examine the scheme's impact on wildlife.

8. Although the Assembly Government has taken appropriate measures to monitor changes in Tir Gofal habitats, it cannot relate these changes to changes in farming practices, or assess the impact of Tir Gofal relative to other factors. The Assembly Government does not collect the relevant information on changes in farming practices, and has decided not to use control groups of farms or wider scale habitat surveys to compare trends on Tir Gofal farms with those on farms outside the scheme. The witnesses cited serious practical and methodological constraints on using control groups and wider-scale habitat surveys. We acknowledge these difficulties, but note that the current approach means that the overall impact of Tir Gofal on habitats and species will remain inconclusive.
9. **There is limited evidence about Tir Gofal's impact on the historic environment, but improvements to monitoring are planned.** Tir Gofal contains a series of prescriptions aimed at protecting the historic environment. Officers check that historic features have not significantly deteriorated while they have been in the scheme, but there has been no formal monitoring or evaluation of the condition of historic features. Cadw is now undertaking a survey of scheduled ancient monuments that will compare the condition of monuments on Tir Gofal farms with those outside the scheme. However, because there has been no baseline assessment of the condition of the monuments on Tir Gofal land, such assessments of the overall impact of the scheme will be restricted. We suggested the use of photographs to record the condition of historic monuments, and the witnesses told us that Tir Gofal officers are considering the wider issue of using photographic evidence to help manage the scheme.
10. **Tir Gofal is likely to protect and enhance the beauty of the countryside, although the scheme's impact in this regard is not measured.** The beauty of the countryside is a subjective judgement and is difficult to measure, and officials do not formally monitor or evaluate outcomes for this element of Tir Gofal. However, a survey in 2004 indicated that the scheme had increased the scale of investment in traditional field boundaries, and had made it happen more quickly. Furthermore, it is likely that Tir Gofal will have encouraged farmers to invest in environmentally beneficial hedgerows, rather than cheaper but less attractive wire fences.
11. **Tir Gofal has potential to improve public access to the countryside, but the value to the scheme to date is unproven.** The scheme requires farmers to meet

their legal obligations to keep public rights of way unobstructed, but the all-Wales Rights of Way Condition Survey in 2002 found that the condition of footpaths on Tir Gofal land was little better than the average for Wales. In response to these disappointing results, the Countryside Council for Wales (CCW) overhauled its procedures, but the impact of the changes has not been measured. Tir Gofal also provides the option of creating permissive routes or access areas. These are of doubtful value because they are limited to the duration of the agreement with the farmer, are not widely publicised, and the constraints of operating within farm boundaries means that it is difficult to create useful routes that connect to the wider path network.

12. Tir Gofal also pays for school visits to farms, but the take-up has been low, probably because of the heavy workload involved in organising the visits. We hope that a pilot project in Powys to help farmers arrange the visits more easily will lead to a more successful programme of visits across Wales.
13. **The Assembly Government is reviewing all land management schemes included in the Rural Development Plan for Wales, which provides an opportunity to develop a sound exit strategy for Tir Gofal.** The environmental benefits of Tir Gofal are mainly long-term, and it will be necessary to continue sensitive farming practices after the end of each agreement to ensure that any environmental gains are sustained. This is likely to require a degree of ongoing financial support, and the Assembly Government needs a clear exit strategy for expiring agreements (the first ten-year agreements will expire in 2010). The Assembly Government is currently reviewing all land management schemes included in the Rural Development Plan for Wales, including Tir Gofal, and intends to introduce a suite of new schemes that will operate more at the landscape scale. This approach should make it easier to address wider-scale challenges on climate change, water quality and bio-diversity. Preparations are at a relatively early stage, and officials are still wrestling with the many trade offs that will be needed in designing the new schemes. In particular, the Assembly Government will need to strike a balance between allocating limited funds to existing agreement holders to sustain the environmental benefits on their farms, and expanding the scheme to cover more of the countryside and to meet the likely high demand for new agreements.

The basic design of the Tir Gofal is sound, but the scheme is not sufficiently tailored to specific needs and local conditions

14. **The basic design of the scoring system and the application procedure is sound.** Tir Gofal fits well with the Assembly Government's strategies for the environment and farming, and is designed to address the main risks to the Welsh countryside. The scheme is targeted on farms with relatively high environmental value through a scoring system. The scoring criteria were reviewed and amended in 2002, and officials are confident that the scheme operates more smoothly and efficiently as a result. One drawback of the current system is that all applications exceeding a threshold score are eligible to join the scheme, leading to a long waiting list. However, the practical problems with the previous quota approach, which required the ranking of farms by score, indicate that a waiting list is the lesser of two evils. The challenge of managing the high demand needs to be considered, in the context of payment rates and entry thresholds, as part of the design of successor schemes from 2010.
15. **The scheme is not sufficiently tailored to specific needs and local conditions.** Tir Gofal is a relatively uniform scheme, with a common set of scheme criteria, prescriptions, rules and procedures that apply across Wales. The Environmental Stewardship Scheme in England is tailored more to local conditions and project officers there have more discretion to vary prescriptions. The witnesses said that they would like to see a greater element of tailoring to local conditions in the successor schemes to Tir Gofal, especially to work with groups of farmers rather than individuals.
16. The Assembly Government has already introduced some tailoring by introducing species packages (combinations of particular prescriptions that create a favourable environment for particular species on a particular site), but the take-up has been disappointing. We agree with the witnesses that the current structure of standard prescriptions makes it difficult to deliver the very local solutions that are needed, but other factors may be hindering progress. These include a lack of familiarity arising from the recent introduction of the species packages, and the fact that the packages themselves carry no specific financial benefit for the farmer. These factors need to be considered as part of the review of Tir Gofal, and project officers need the confidence and authority to negotiate robustly with farmers to introduce packages where they are most needed.

17. The Assembly Government has also begun to target Tir Gofal on Sites of Special Scientific Interest (SSSIs) by giving preferential access to applicants in the latest application window who have an SSSI on their farm. Officials hope to use Tir Gofal to improve the condition of SSSIs in Wales, which are in significantly poorer condition than in other parts of the United Kingdom. The scheme's prescriptions ought to be suitable for improving habitats, especially by creating buffer zones around sensitive sites, but there is no firm evidence that Tir Gofal is more effective than specific management agreements in bringing SSSIs into favourable condition. CCW is currently developing its monitoring framework to enable such comparisons in the future.
18. Farmers participating in focus groups held by the WAO had also expressed a wish for more flexibility to vary standard prescriptions, especially to increase stocking rates on some land and to graze certain areas intensively for a short period of time. However, officials were sceptical about these claims and emphasised that they acted on expert advice. We accept the need to act primarily on expert advice, but officials should also acknowledge the possibility of genuine concerns about stocking rates, and that local problems might occur regardless of the high level advice given at the national level. We therefore welcome Mr Brodie's commitment to look at the whole issue of flexibility, in terms of tailoring arrangements to local circumstances, as part of the Assembly Government's review of land management schemes in Wales.
19. **The transfer of Tir Gofal to the Assembly Government has been smooth and has provided an opportunity to strengthen the management of the scheme.** The Countryside Council for Wales transferred responsibility for managing the scheme to the Assembly Government in October 2006, without there being any interruption to services or problems in retaining staff. The Assembly Government has made efficiency savings of £240,000 by reducing the number of staff, and acknowledges the need to do more to maintain staff morale in these circumstances. The morale of the staff is particularly important, as their experience and expertise is crucial to the efficient functioning of the scheme.
20. Although the scheme is generally well managed, there were some shortcomings. Total running costs had not been monitored previously, staff costs were not analysed to assess the unit cost of each main part of the management process, and targets were not set consistently. Officials assured us that total costs are now

monitored, but did not commit to additional targets, and it is not clear whether unit costs are being monitored to provide a sounder basis for targets and budgets.

Recommendations

- (i) There is only limited evidence about the outcomes actually achieved, and about the impact that can be attributed to Tir Gofal rather than other factors. We recognise that outcomes for a wide-ranging scheme like Tir Gofal are difficult to measure, and that environmental change can take a long time to happen. The Assembly Government has a substantial programme of work to measure the impact of Tir Gofal on habitats and wildlife, but we believe that a more comprehensive programme is needed to fully assess the impact of the scheme. **We therefore endorse the Auditor General's recommendations in this regard. In particular, we recommend that the Assembly Government further develops its monitoring and evaluation strategy for Tir Gofal and successor schemes so that it:**
 - a) incorporates and builds on the monitoring and evaluation work completed or planned so far, such as the ecological monitoring survey;
 - b) covers all objectives and major prescriptions of the scheme;
 - c) adopts a common approach for all agri-environment schemes under the Assembly Government's control, as far as possible, so that comparisons can be made between them;
 - d) includes surveys of landholders that assess the nature and extent of changes in management practices;
 - e) collates evidence obtained during the application process, for example on reductions in stocking rates and the opinions of project officers on added value, to provide qualitative data on impact where robust quantitative data might not be available;
 - f) includes baseline assessments of the condition of habitats, features and rights of way to be enhanced or protected by the scheme; and
 - g) makes use of photography to record the condition of habitats and historical features.
- (ii) We are concerned about the significant number of farmers who appear to make few or no changes to their management practices as a result of joining Tir Gofal. The

nature and extent of these changes is uncertain. In a context of high demand for agri-environment schemes, the Assembly Government needs to do everything reasonably possible to analyse the impact of schemes on farming practices and ensure that they do not pay for work or farming practices that would have happened anyway. **We recommend that the Assembly Government uses the opportunity of its review of land management schemes in Wales to analyse their impact on farming practices more systematically, drawing on a range of available evidence, and adjust the design of Tir Gofal or its successor schemes to maximise their added value.**

(iii) Tir Gofal has potential to promote public access to the countryside by improving and extending footpaths and by enabling people with little knowledge or experience of farming to see a working farm at first hand. The Assembly Government has taken some measures to improve the impact of the scheme in this regard, especially on public rights of way, but the value derived from this aspect of the scheme remains uncertain. **We recommend that the Assembly Government:**

- a) **measures the impact of Tir Gofal on public rights of way by comparing the condition of paths on entry to the scheme with the condition later on;**
- b) **works with rights of way officers in local authorities and National Parks to check that farmers comply with the law on maintaining statutory rights of way;**
- c) **ensures that any other footpaths or areas that the public can access that are funded by Tir Gofal are well publicised and likely to add significant value to the existing network; and**
- d) **applies the lessons learned from the project in Powys to help farmers organise school visits across Wales, in time for the launch of the successor schemes to Tir Gofal in 2010.**

(iv) Tir Gofal is a relatively uniform scheme with standardised prescriptions and selection criteria, and it is clear that these prescriptions are not always sensitive and flexible enough to reflect local needs and conditions. **We recommend that, when developing successor schemes to Tir Gofal, the Assembly Government considers practical measures to tailor the scheme to be more responsive to local needs and conditions, for example by:**

- a) **varying scoring criteria in different geographical areas;**
 - b) **giving project officers more discretion to negotiate agreements that add value by reflecting local circumstances and conditions; and**
 - c) **providing clear guidance and authority for project officers to require the introduction of species packages where this would be beneficial.**
- (v) The Assembly Government intends to transfer the first Tir Gofal agreements that expire in 2010 into a suite of new agri-environment schemes that will arise from the current review of land management schemes in Wales. Funds are gradually being transferred from general farm support to rural development schemes (including agri-environment schemes), but the overall increase in resources is unlikely to be substantial. **We recommend that the Assembly Government develops a clear exit strategy for Tir Gofal, explicitly addressing the issue of how to balance the demand from farms to enter new high-level agri-environment schemes with the need to sustain the environmental gains from existing schemes.**
- (vi) Tir Gofal generally operates smoothly and is well managed, but there is some scope to tighten performance management. **We recommend that the Assembly Government:**
- a) **collects information on the resources required for the different elements of the scheme's administration, and uses this information to set budgets and targets and identify potential efficiency gains; and**
 - b) **sets a small number of targets to cover all the main aspects of scheme activity, and monitors performance against targets on a consistent basis each year, so that the performance of the programme over time can be assessed.**

There are promising signs that Tir Gofal is contributing towards its objectives, but the scheme's impact is difficult to assess largely because of limitations in the evidence base

21. The core objectives of Tir Gofal are to:

- protect and enhance habitats of importance to wildlife;
- protect the historic environment;
- protect and restore rural landscapes; and
- promote public access to the countryside.²

Tir Gofal has achieved good coverage of most habitats, although some types of habitat are under-represented

22. One of the four key objectives of Tir Gofal is to protect and enhance habitats of importance to wildlife. The impact of Tir Gofal therefore depends to a large extent on its coverage of key habitats – those of most value and most at risk from modern farming practices and environmental change.³ Such habitats include unimproved grassland, upland heath, semi-improved grassland, peat bogs and broadleaved woodland.⁴
23. As at 31 August 2007, the scheme covered 20 per cent of agricultural land in Wales – a proportion that compares well with England and Scotland, although differences in the design of the relevant schemes mean that direct comparisons are difficult to make. The scheme covered a greater proportion of the most valuable areas (Sites of Special Scientific Interest and Special Areas of Conservation) than the 20 per cent average.⁵ Taking into account Tir Cynnal and other schemes, about 50 per cent of our agricultural land is covered by some form of agri-environment agreement.⁶
24. It is probable therefore that Tir Gofal has achieved extensive coverage of key habitats, although it was not possible to assess the proportion of each habitat that was covered because of limitations in the available data.⁷ Mr Brodie said that he was broadly content with the range and number of habitats covered by the scheme, but felt that dairy farms and, to a lesser extent, coastal habitats were under-represented. He believed that dairy farmers are difficult to bring into Tir Gofal because they are

² AGW report, paragraph 1.2

³ AGW report, paragraph 1.5

⁴ AGW report, Figure 3 on page 19

⁵ AGW report, paragraph 1.9 and 1.10, and Annex A, paragraph 9

⁶ Annex A, paragraph 10

⁷ AGW report, paragraph 1.5

under financial pressure, and therefore very sensitive to income foregone as a result of joining the scheme.⁸

25. Mr Brodie thought that it would be wrong to set targets for Tir Gofal's coverage of key habitats. He felt that such an approach would be difficult, inflexible and quite bureaucratic to operate. Instead, the Assembly Government had relied on the scoring framework (which allocates points to particular habitats) and payment rates (which also vary by type of habitat) to signal its priorities and to target the scheme on the most important habitats.⁹
26. We accept that it would be difficult to introduce targets for the coverage of particular habitats, and note that using the current approach the scheme appears to have achieved at least an adequate coverage of key habitats. Nevertheless, it is important that officials periodically review habitat coverage and assess whether a degree of targeting is necessary to meet specific needs. We support the principle of keeping the scheme as simple as possible, and such targeting should be the minimum needed to achieve the desired outcome.

The nature and extent of Tir Gofal's impact on farming practices is unclear

27. The impact of Tir Gofal will depend on the difference it makes to the agreement holders' farming practices. The scheme is based on encouraging farming practices that protect and enhance habitats of importance to wildlife. If Tir Gofal does not cause farmers to change what they would otherwise have done, the value of the scheme will be highly questionable.¹⁰
28. There is mixed evidence about the scheme's impact on farming practices. A survey in 2003 found that only four per cent of farmers made "a lot" of changes to their management practices as a result of joining Tir Gofal, while 42 per cent had made "some" changes. Conversely, 45 per cent of farmers made "very few" changes to their management practices, while nine per cent made no changes at all. The survey also found that up to half the respondents had reduced the use of various types of fertilisers and crop protection chemicals as a result of the scheme. A later survey in 2004 found that 72 per cent of those respondents who had changed their farming practices would not have made any changes in the absence of Tir Gofal. However, it is not possible to conclude from the surveys how significant the changes to farming

⁸ Annex A, paragraphs 5 and 7

⁹ Annex A, paragraph 5

¹⁰ AGW report, paragraph 1.11

practices were in environmental terms, and therefore how much added value the scheme has delivered.¹¹

29. We were concerned that more than half of respondents to the 2003 survey had made no changes or very few changes to their farming practices. This suggested that Tir Gofal might be paying for a lot of activities that would have happened in the normal course of events, even if the scheme had not paid for them. Mr Brodie, however, said he felt reasonably confident that the scheme had delivered a significant impact on farming practices. He told us that the scheme is intended to protect, as well as enhance, habitats. Therefore, in many cases the scheme is paying for farmers to maintain existing beneficial practices and not to make harmful changes.¹² For example, the nine per cent of farmers who made no changes might have made harmful changes if they had not joined Tir Gofal.¹³ To illustrate the point, he explained how the recent sharp rise in grain prices might have encouraged a farmer to plough up a valuable habitat to plant cereal crops – but Tir Gofal might restrain them from doing so.¹⁴ While agreeing that the evidence of the effect of Tir Gofal on farming practices was inconclusive at this stage, Mr Brodie felt there was stronger evidence of impact where capital works were involved, as many of these would not have happened, or would not have happened as quickly, without Tir Gofal.¹⁵
30. Mr Brodie pointed to further difficulties in identifying the impact of the scheme on farming practices. He argued that farmers are not likely to be completely open with Tir Gofal staff about what they would have done in the absence of the programme. And the more that officers probe such issues, the more farmers collectively understand what answers to give when applying for the money.¹⁶ Furthermore, the impact varies over time, depending on the economic incentives provided by market prices (as the rise in grain prices shows), and changes to a host of other factors might influence farmers' decisions during the course of a ten-year agreement.¹⁷
31. Mr Brodie told us that given all these difficulties his officials did what they could to mitigate the risk to value for money and ensure that they were not being wasteful with public funds, by taking into account knowledge gained at the farm level, and by

¹¹ AGW report, Figure 4 on page 21, paragraphs 1.15 and 1.17

¹² Annex A, paragraph 14

¹³ Annex A, paragraph 20

¹⁴ Annex A, paragraph 15

¹⁵ Annex A, paragraph 17

¹⁶ Annex A, paragraph 28

¹⁷ Annex A, paragraphs 14 and 15

keeping the tariff points system and payment rates under review.¹⁸ Mr Brodie suggested that Tir Gofal was likely to have a more significant environmental impact than the Single Farm Payment, which provided substantial sums of money to farmers for keeping land in good environmental and agricultural condition – a much less demanding requirement than the prescriptions of Tir Gofal.¹⁹ It was also clear that Tir Gofal had delivered wider socio-economic benefits in rural areas.²⁰

32. We accept many of these arguments, and recognise that it is difficult to measure the impact of the of Tir Gofal on farming practices. Although it is not appropriate to judge the impact on farming practices simply through survey evidence, there is little alternative if surveys are the only evidence available. We are reassured to a limited extent by the evidence from focus groups of agreement holders held by the Wales Audit Office, which indicated that most farmers had made changes to their farming practices, if only marginal ones, as a result of the scheme.²¹ However, it is impossible to take much assurance from the suggestion that Tir Gofal prevents farmers from making harmful changes they would otherwise have made, and we found no reliable evidence to support this assertion. The only way to assess this effect would be to compare over a prolonged period trends in farming practices in farms that are within the scheme with trends in similar farms that are outside the scheme. Such an assessment has not been done.
33. At present, therefore, the Assembly Government has only limited evidence on which to judge the impact of Tir Gofal on farming practices. Relevant surveys do not define the terms “a lot” or “some”, in the context of the extent of changes to farming practices, nor do they identify the importance of the farming practices concerned. Project officers probably calculate likely changes in stocking rates (the number of livestock units per hectare of grazing land) when negotiating agreements, and this information could be systematically recorded and collated to assess changes in one important area of farming practice. The opinions of project officers on the added value created by individual agreements could also be recorded more systematically, providing qualitative evidence of the scheme’s likely impact. Therefore, although no single source of evidence on changing farming practices will be definitive, taking a number of sources together should provide a more robust basis for assessing the

¹⁸ Annex A, paragraph 28

¹⁹ Annex A, paragraph 22

²⁰ Annex A, paragraph 28

²¹ AGW report, paragraph 1.16

scheme's impact on farming practices. It is at the individual farm level that added value is most easily secured.

34. There is currently a risk that many farmers receive substantial sums for making very limited changes to their farming practices. And the high demand for the scheme suggests that this risk could be significant. It is incumbent, therefore, on the Assembly Government to analyse the nature and extent of the impact on farming practices as far as it is reasonably practical to do so. The Assembly Government is reviewing all its rural development schemes, including Tir Gofal, and plans to introduce changes from 2010.²² The review presents an ideal opportunity to assess the impact on farming practices more systematically, and to make any corresponding adjustments as part of the design of successor schemes.

The impact of Tir Gofal on habitats and species is inconclusive at this stage, and some uncertainties will remain despite ongoing improvements in monitoring

35. Tir Gofal seeks to protect and enhance habitats of importance to wildlife, and this should ultimately be demonstrated by improvements in the state of habitats and an increase in the key animal species that rely on them. The Assembly Government has established a twelve-year ecological monitoring study to assess the scheme's impact on habitats. Four hundred sites are surveyed each year and re-surveyed four years later, with the first re-survey taking place in 2005-06. Mr Brodie told us that a statistical analysis of the results of this re-survey had just been received, and was being considered by officials. The results are not as clear-cut as he would have liked, but in most cases it will take habitats longer than four years to reach the desired state.²³ Often it would take longer than the ten-year timescale of a Tir Gofal agreement.²⁴
36. Dr Dunn summarised the results of the first re-survey. In many cases there was more vegetation than there had been four years previously, but there were some contradictory results. As with species numbers, differences in the seasonal conditions between the two survey years will affect the results, so it is difficult prove that there is a consistent improvement between the first and second surveys. In Dr

²² Annex A, paragraph 86

²³ AGW report, paragraph 1.20 and Annex A, paragraphs 30 and 31

²⁴ Annex A, paragraph 3

Dunn's view, it will take considerably longer than four years for major change to occur and before we get consistent positive results.²⁵

37. The Auditor General reported that there is a widespread consensus that the best way to measure local impact was to set targets for each site that reflects its unique character, and return to measure progress at regular intervals.²⁶ However, the Assembly Government had decided not to adopt this approach, relying instead on the ecological survey of a sample of sites. Mr Brodie told us that it would be much too costly and complicated to set targets for each site, and that the Assembly Government simply could not pay for an analysis at this level of detail. He was confident that the ecological monitoring study would enable officials to draw sound conclusions on the impact of the scheme over an appropriate period of time.²⁷
38. The ecological monitoring survey will not cover all habitat types, nor does it measure the impact on birds and animal life.²⁸ Mr Brodie assured us that the survey would cover all the main habitat types over time, with only some smaller areas excluded.²⁹ The Assembly Government has commissioned a two-stage study to see whether the improvements to habitats are leading to an increase in animal species. The first stage is complete: it concluded that agri-environment schemes, including Tir Gofal, had the capacity to improve the range and distribution of key species. The second phase is an in-depth field survey of the distribution and density of certain indicator species, to take place over three years. This project is currently out to tender, and Dr Dunn expected to have some results before the end of the three-year period.³⁰ We welcome these developments, which should help fill an important gap in the evaluation of Tir Gofal.
39. The impact of Tir Gofal relative to other factors can be assessed most objectively through control groups or through wider-scale habitat surveys, both of which would need to cover sites outside Tir Gofal to enable comparisons between farms in the scheme and those outside.³¹ However, Mr Brodie considered that neither of these options was practical. For control groups, it would be necessary to pay farmers not to enter the scheme for ten years, which might distort their business decision making and would be a highly questionable use of public money. The Countryside Survey,

²⁵ AGW report, paragraph 1.24 and Annex A, paragraph 32

²⁶ AGW report, paragraph 1.31

²⁷ Annex A, paragraph 34

²⁸ AGW report, paragraph 1.26

²⁹ Annex A, paragraph 36

³⁰ Annex A, paragraphs 37, 39 and 41

³¹ AGW report, paragraphs 1.29 and 1.30

which undertakes surveys of various habitats across Great Britain at seven year intervals, did not provide information at the level of detail needed and, until 2007, did not cover enough sites in Wales to yield reliable results. Mr Brodie did not provide alternative ideas for assessing the net impact of the scheme.³²

40. We note that Tir Gofal prescriptions are based on evidence and experience of what has worked in previous schemes.³³ And, on the whole, we are satisfied that the Assembly Government is taking appropriate measures to monitor the ecological impact of Tir Gofal. We agree that setting site-specific targets for ecological change would be expensive, and in any case it would not be practical to change to a different monitoring system now that the current survey is established and provides a baseline against which to measure progress. We are very keen for this study to continue for at least twelve years, and ideally beyond that time to demonstrate the long-term impact of the scheme. We need to know whether the benefits provided by agri-environment schemes can be sustained after agreements have ended, which is something that has not been fully evaluated before.³⁴
41. One advantage of site-specific targets is that they reflect the initial condition of the site and the farming practices that have helped create this initial condition. The ecological monitoring study does not cover the drivers of change,³⁵ and this will limit the ability of officials to relate changes in habitats to the farming practices before a site enters the scheme and during the course of an agreement. It would be valuable to know, for example, what ecological changes have occurred on sites where stocking density has been significantly reduced, compared with the changes made in areas where there has been no significant change in stocking density.
42. Even at a scheme level, it will be difficult to draw firm conclusions about how much ecological change is attributable to Tir Gofal, because no comparisons can be made with farms outside the scheme. We acknowledge the difficulties of setting up control groups, but are disappointed that the Countryside Survey appears to offer so little scope for making comparisons with farms outside Tir Gofal. We do not dispute Mr Brodie's assessment of the difficulties here, which we presume is based on expert advice, but it means that there is no practical way of measuring how much of the carefully recorded ecological change on Tir Gofal sites is attributable to Tir Gofal,

³² Annex A, paragraphs 43 and 44

³³ AGW report, paragraph 1.8

³⁴ AGW report, paragraph 1.28

³⁵ AGW report, paragraph 1.25

and how much is due to other factors. And what ecological changes there are cannot be linked to changes in farming practices. In these respects, it appears to us that the impact of the scheme on habitats and species will remain inconclusive, not just at this stage but also at the end of the scheme.

There is limited evidence about Tir Gofal's impact on the historic environment, but improvements to monitoring are planned

43. Tir Gofal contains a series of prescriptions aimed primarily at protecting the historic environment. As at 31 July 2006 the scheme covered over 16,382 historic features, including 651 scheduled ancient monuments. Project officers check during site visits that no obvious deterioration has taken place, but no formal monitoring or evaluation has been undertaken to assess the scheme's impact on the condition of historic features.³⁶
44. Mr Brodie informed us that monitoring procedures were being strengthened. Cadw is undertaking a survey of scheduled ancient monuments on land that has been in Tir Gofal for at least three years, and is comparing their condition with that of scheduled monuments on land that is not in Tir Gofal. Mr Brodie also drew some comfort from the monitoring of the previous Environmentally Sensitive Areas scheme in Wales, which showed that the scheme had had a beneficial impact on the condition of historic features.³⁷ We welcome this assurance and the additional monitoring being undertaken by Cadw. However, there is no baseline assessment of the condition of those monuments on Tir Gofal land, such that assessments of the impact of the scheme on the historic environment will be restricted.
45. Mr Brodie agreed that photographic evidence might well be useful to record the condition of monuments, and to create a record of historic features generally. He agreed to ask Cadw to reflect on the idea. Greater use of photographs to assess change in the condition of habitats and features would also be a useful source of evidence for compliance and monitoring work. Mr Brodie told us that Tir Gofal officials are considering the wider issue of using photographic evidence to help manage the scheme.³⁸

³⁶ AGW report, paragraphs 1.32 to 1.36 and Figure 6

³⁷ AGW report, paragraph 1.38 and Annex A, paragraph 46

³⁸ AGW report, paragraph 2.56 and Annex A, paragraphs 47 to 49

Tir Gofal is likely to protect and enhance the beauty of the countryside, although the scheme's impact in this regard is not measured

46. Tir Gofal helps to protect and enhance the beauty of the landscape through a wide range of measures, such as the maintenance and creation of traditional field boundaries, creating a mixed landscape of crops and pasture, preserving field trees and historic features, and keeping farms free of scrap. The Assembly Government does not have a formal approach to evaluating outcomes for this element of Tir Gofal, which are very difficult to assess because they depend upon perceptions of landscape beauty. Monitoring, therefore, has been restricted to ensuring that landscape features have been maintained or capital works (new boundaries) undertaken to an acceptable standard, in accordance with Tir Gofal agreements.³⁹
47. There has been significant expenditure on traditional field boundaries: £7.5 million up to 31 March 2007. However, there is no reliable information on the overall length and condition of these boundaries, nor on trends over time.⁴⁰ The socio-economic evaluation published in 2005 found that although 64 per cent of farmers would have made some investment in field boundaries even without Tir Gofal, most of them had brought forward the timing of their investment, and / or had increased the scale of their investment as a result of the scheme.⁴¹
48. Mr Brodie said that there was quite strong evidence that capital works under Tir Gofal had created quite a lot of added value. He emphasised the importance of the type of boundary – Tir Gofal paid for traditional boundaries rather than cheaper, less attractive and less environmentally beneficial wire fences that might otherwise have been erected.⁴² However, the survey for the socio-economic evaluation did not ask farmers about the type of boundaries they would otherwise have established. Dr Dunn told us that project officers reviewed the situation at each farm when they negotiated an agreement with the farmer, and would ensure that any provision for capital works added value to what was already there. And the farmers themselves had emphasised the overall landscape benefits in the focus groups held by the WAO.⁴³

³⁹ AGW report, paragraphs 1.39, 1.40 and 1.42 and Annex A, paragraph 54

⁴⁰ AGW report, paragraph 1.41

⁴¹ AGW report, paragraph 1.44

⁴² Annex A, paragraph 52

⁴³ Annex A, paragraph 54

49. We accept that quantitative evidence for assessing Tir Gofal's impact on the landscape is difficult to come by, but the evidence that is available suggests that the scheme has a real beneficial impact in this regard. The survey evidence on payments for field boundaries suggests that some work would have been done anyway. However, without Tir Gofal, farmers are much less likely to invest substantial sums in traditional field boundaries than in cheaper alternatives, and that project officers are well placed to make assessments of the added value from any capital works in an agreement. While extensive monitoring work is not necessary, we note that the Environment Strategy for Wales commits the Assembly Government to developing a series of indicators to measure the quality and diversity of landscapes and seascapes. We agree with the Auditor General that such indicators would provide a useful tool for assessing the impact of Tir Gofal upon the landscape and potentially for further targeting of the scheme.⁴⁴

Tir Gofal has potential to improve public access to the countryside, but the value of the scheme to date is unproven

50. Tir Gofal requires all farmers to keep public rights of way unobstructed, and offers the option of creating permissive access routes and areas. The scheme also funds optional educational visits to let schoolchildren see a working farm at first hand.⁴⁵
51. Around 12 per cent of the public rights of way network lies on Tir Gofal land. Although landholders are required by law to keep public rights of way unobstructed, a comprehensive rights of way survey in 2002 found that many did not do so – and Tir Gofal farmers were little better than the average, despite the additional incentive of the Tir Gofal agreement. The Countryside Council for Wales overhauled its procedures to remedy this disappointing situation, improving links with highways authorities, involving user groups and setting clear deadlines for farmers to remedy problems.⁴⁶ The witnesses said that they were confident that these measures had substantially improved the situation, but there was little quantitative evidence to support their case because the 2002 rights of way survey had not been repeated.⁴⁷
52. In contrast to statutory rights of way, for which farmers do not receive specific Tir Gofal payments, Tir Gofal pays farmers to create permissive access on their land, although such rights of way are not permanent.⁴⁸ The Auditor General found that

⁴⁴ AGW report, paragraph 1.43

⁴⁵ AGW report, paragraphs 1.47, 1.48 and 1.55

⁴⁶ AGW report, paragraphs 1.47, 1.49 and 1.50

⁴⁷ Annex A, paragraphs 65 and 69

⁴⁸ AGW report, paragraph 1.48

much of the permissive access land was not adequately signposted or publicised, although efforts were underway to improve the situation.⁴⁹ The witnesses acknowledged the importance of publicity, otherwise paths are not used. The value of permissive routes is greatly constrained by the need to stay within farm boundaries: this makes it difficult to create useful footpaths that connect to long-distance footpaths, for example, although good circular walks can be created within a farm.⁵⁰

53. The witnesses acknowledged the low take-up of school visits to farms, which many farmers were reluctant to organise because of the workload and risk involved. A project is underway in Powys to help farmers arrange visits, for example by matching them to schools and providing guidance on health and safety. Mr Brodie hopes that the lessons can be applied more widely in Wales to improve take-up of this option.⁵¹
54. The scheme should provide a strong impetus to keep statutory rights of way that are on Tir Gofal land in better condition than the average for Wales. It is not clear whether the changes to procedures that followed the 2002 survey have led to real improvements in the conditions of rights of way on Tir Gofal land, as there is anecdotal evidence only, but we would be surprised if there had not been some improvements. However, there still appears to be some scope for closer working with highways authorities to resolve incidents of non-compliance, and for improved publicity of permissive routes.⁵²
55. We have significant doubts about the value of permissive access funded by the scheme, given the constraints on creating routes of any value that link with the existing network and can be widely used. The lack of publicity and the non-permanent nature of the paths does not help. Unless project officers can create routes of real value on a farm the priority, in terms of public access to the countryside, should be on opening and improving the quality of the statutory network and increasing the number of school visits to Tir Gofal farms. We welcome the project to assist farmers with educational visits, and hope that practical solutions to the problems faced by farmers are rolled out to the rest of Wales as quickly as possible.

⁴⁹ AGW report, paragraphs 1.53 and 1.54

⁵⁰ Annex A, paragraphs 65 and 67

⁵¹ AGW report, paragraph 1.55 and Annex A, paragraph 83

⁵² AGW report, Box A on page 31

The Assembly Government is reviewing all land management schemes included in the Rural Development Plan for Wales, which provides an opportunity to develop a sound exit strategy for Tir Gofal

56. The environmental benefits that Tir Gofal aims to achieve are mainly long term, and it will be necessary to continue sensitive farming practices after the end of each agreement in order to ensure that any environmental gains are sustained. This is likely to require a degree of ongoing financial support, and points to the need for an exit strategy that provides a clear route out of the scheme for those reaching the end of their agreements.⁵³ There was no specific succession planning or monitoring to ensure that the benefits of Tir Cymen and Environmentally Sensitive Area agreements were sustained after the introduction of Tir Gofal, and the Assembly Government does not know how many of these farms transferred to Tir Gofal.⁵⁴
57. The Assembly Government is undertaking a review (known as the Axis 2 review) of all land management schemes, including Tir Gofal, included in the Rural Development Plan for Wales.⁵⁵ Mr Brodie explained that the aim is to create a suite of new schemes to be implemented from 2010. Officials expect to consult on the schemes shortly. The Assembly Government wants to move towards a set of schemes that operates more at the landscape level to achieve a greater impact on environmental challenges such as water quality, bio-diversity and soil carbon. The factors driving these aspects of the environment operate over a wide area, and farm-based schemes are not best placed to deal with them. Mr Brodie emphasised that climate change would feature much more strongly in the new suite of schemes, and there was a particular need to conserve the 400 million tonnes of carbon stored in Welsh soil, mostly in upland peat bogs.⁵⁶
58. We asked how an exit strategy for Tir Gofal might be incorporated into this new suite of schemes. We were particularly interested in the likely demand for Tir Gofal in the future, and how the cost of such demand could be accommodated within a limited budget when the benefits created by existing agreement holders needed to be sustained. Mr Brodie said that there was a strong commitment to maintaining funding for agri-environment schemes and to continue the transfer of resources from pillar 1 (general farm support) to pillar 2 (rural development) of the Rural Development Plan.

⁵³ AGW report, paragraphs 1.59 and 1.60

⁵⁴ AGW report, paragraph 1.61a

⁵⁵ AGW report, paragraph 1.60

⁵⁶ Annex A, paragraphs 86 and 88

The resources for pillar 2 would increase fairly slowly, but the intention was to pick up the first agreements to expire from Tir Gofal in 2010 and transfer them into the new schemes. In terms of management and financial capacity, Mr Brodie acknowledged the need to balance out a whole set of trade-offs, and that officials were wrestling with the issues raised.⁵⁷

59. It is clear that the development of the new schemes is at an early stage, and that a lot of work is still needed to design schemes that will provide a suitable exit strategy for Tir Gofal. However, time is getting short to have new schemes ready for the expiry of the first Tir Gofal agreements in 2010: the schemes need to be consulted on, finalised and approved by the European Union. We hope that the Assembly Government will fully consider the issues raised in the Auditor General's report, and design a set of schemes that retain the many sound features of Tir Gofal, while making the changes recommended in both this report and the Auditor General's report.

⁵⁷ Annex A, paragraphs 85 to 88

The basic design of Tir Gofal is sound, but the scheme is not sufficiently tailored to specific needs and local conditions

The basic design of the scoring system and the application procedure is sound

60. Tir Gofal fits well with the Assembly Government's strategies for the environment and farming, and is designed to address the main risks to the Welsh countryside.⁵⁸ The scheme is targeted on farms with relatively high actual or potential environmental value through a scoring system, which awards points for the presence of habitats, particular farm features and the willingness of the farmer to follow particular prescriptions.⁵⁹ Applications must obtain 100 points to be eligible to join a waiting list for the scheme, which is processed on a first come, first served basis. Until 2003, applications were ranked in order of score and a fixed quota admitted based on the score, but this had led to various practical problems.⁶⁰
61. In 2001, the Assembly Government undertook a major review (known as the Stocktake review) of Tir Gofal in response to complaints about the complexity of the scheme, the long time taken to process applications, and a perception that the scheme favoured very small and very large farms. The Assembly Government introduced a series of changes in April 2002 that aimed to reduce the dropout rate, improve value for money and provide better support for mixed and medium-sized farms.⁶¹ Mr Brodie believed that the changes had achieved these objectives. The adjustments had been sensible and had enabled the scheme to operate more smoothly and effectively.⁶² The number of medium sized farms had increased, making Tir Gofal more representative of Welsh farms, although the average farm size had fallen only slightly.⁶³
62. The demand for the 2003 applications round was so high that it took three years to process all farms on the waiting list that wished to join the scheme. For the 2006 applications round the Assembly Government had intended to revert to a quota system, in order to contain the number of agreements to a manageable level. In the

⁵⁸ AGW report, paragraphs 2.1 to 2.11

⁵⁹ AGW report, paragraph 2.12 and Figure 13

⁶⁰ AGW report, paragraphs 2.14 and 2.15

⁶¹ AGW report, paragraph 2.11

⁶² AGW report, paragraph 2.15 and Annex A, paragraph 108

⁶³ Annex A, paragraph 112

event, the Minister decided to retain the waiting list to avoid having to open another application window just before the scheme was planned to end in 2010.⁶⁴ The 1,410 applications received in 2006 was almost double the original quota of 750, but Mr Brodie felt that the number was manageable given the likely drop-out rate and the additional year that would be available to process applications.⁶⁵

63. We agree that the fundamental design of the scheme is sound, and that the changes to the scoring and applications systems were appropriate and have improved the operation of the scheme. A long waiting list is inherently undesirable, but the evidence we have considered suggests that it is the lesser of two evils. The long waiting list reflects a high demand for the scheme, which consistently exceeds the capacity to process all applications within a single year. This is an issue that needs to be considered in the context of payment rates and the threshold for entry into the scheme, which we hope the Assembly Government will take into consideration in the design of successor schemes to operate from 2010.

The scheme is not sufficiently tailored to specific needs and local conditions

64. Tir Gofal is a relatively uniform scheme, with a common set of scheme criteria, prescriptions, rules and procedures that apply across Wales.⁶⁶ This contrasts with the Environmental Stewardship Scheme in England, where priorities are set for each distinct geographical area, tailored to local needs and conditions, and the scoring system is adjusted accordingly.⁶⁷ Project officers in England also have more discretion to vary prescriptions than their counterparts in Wales, and Tir Gofal officers make only limited use of the mechanisms for flexibility that already exist within the scheme.⁶⁸ Mr Brodie told us that he would like to see a greater element of tailoring to local conditions in the successor scheme to Tir Gofal, especially to work with groups of farmers rather than with individuals.⁶⁹

Species packages

65. Species packages (combinations of prescriptions that create a favourable environment for particular species) provide one opportunity to tailor Tir Gofal to local requirements. The species packages were introduced in 2006, to reflect the limited

⁶⁴ AGW report, paragraph 2.15

⁶⁵ Annex A, paragraphs 113 and 114

⁶⁶ AGW report, paragraph 2.30

⁶⁷ AGW report, paragraph 2.35

⁶⁸ AGW report, paragraphs 2.33 and 2.34

⁶⁹ Annex A, paragraph 132

capacity of Tir Gofal as it currently operates to reverse the decline of farmland birds, such as lapwing, but take-up has been disappointing. Dr Dunn thought the problem was due to the difficulty of tailoring the scheme sufficiently to very local areas and that it was something they wanted to do more about. Officials are working with the Royal Society for the Protection of Birds to tackle the problem and to define key bird areas for particular iconic species.⁷⁰

66. We welcome this commitment to make species packages a success. The population of iconic farmland birds, such as lapwing and yellowhammer, must be regarded as key indicator of the scheme's overall success. Dr Dunn gave examples of some notable successes at specific sites, but these are exceptional cases.⁷¹ On the whole, it is clear that the standard prescriptions, mediated through a negotiated agreement using national criteria, are not sensitive and flexible enough to deliver the very local solutions that are needed. This may well be due to a lack of familiarity arising from their recent introduction, but also because the packages are optional and do not themselves carry any financial benefit. It would not make sense to make the packages mandatory, when local conditions and needs vary greatly, but project officers must have the authority and the confidence to negotiate robustly with farmers to introduce the packages where they are most needed. We believe that the development of clear guidance and appropriate local criteria would help to achieve this.

Sites of Special Scientific Interest

67. The Assembly Government has introduced an additional element of targeting by granting preferential access to farms with a Site of Special Scientific Interest (SSSI); these were granted additional points and are dealt with at a faster rate than other applications.⁷² The intention was to target Tir Gofal in SSSIs, which are in a significantly poorer condition in Wales than in any other part of the United Kingdom. The management regime prescribed by Tir Gofal is usually suitable for bringing SSSIs into a favourable condition, and is particularly useful in creating protected buffer zones around smaller SSSIs.⁷³
68. The witnesses told us that the policy has resulted in a much higher proportion of new agreements having an SSSI, thus ensuring greater coverage of these most valuable

⁷⁰ AGW report, paragraph 2.36 and Figure 15, and Annex A, paragraph 135

⁷¹ Annex A, paragraph 137

⁷² AGW report, paragraph 2.39 and Annex A, paragraph 116

⁷³ AGW report, paragraphs 2.38 and 2.39

habitats.⁷⁴ Dr Dunn told us that the effectiveness of the policy would be assessed through the normal monitoring surveys, and through the Countryside Council for Wales's monitoring of biodiversity specifically. Dr Dunn expected this monitoring to indicate that Tir Gofal was most effective in maintaining a favourable environment for SSSIs, not just on the site itself but in the surrounding areas.⁷⁵ However, we note the opinion in the Auditor General's report that a specific management agreement is likely to be most effective at achieving or maintaining good condition on a SSSI itself, as it is tailored to the particular needs of the site and has statutory force. The Countryside Council for Wales monitors the condition of SSSIs specifically, but the methodology is not yet sophisticated enough to determine whether Tir Gofal agreements or specific management agreements are most effective; the Countryside Council for Wales hopes to develop the monitoring framework to enable such comparisons in the future.⁷⁶

Cattle Grazing Premium

69. Tir Gofal staff believed that the current financial incentive for introducing cattle onto upland pastures – a 10 per cent premium over the estimated cost – was insufficient to induce enough grazing in the right areas. The European Union has set a maximum payment of 120 per cent of estimated cost, but this cost can include incidental costs, such as transport, which are excluded from the Assembly Government's calculation of cost. The payment could be increased if all typical costs of stocking cattle in difficult locations were included in the calculation of the payment rate.⁷⁷ Mr Brodie acknowledged the need to keep payments under review, but thought that the existing payments had been reasonably effective: around 60 per cent of all agreements have some cattle grazing, indicating that payments are sufficient for most farmers.⁷⁸

Flexibility in applying prescribed farming practices

70. The focus groups of farmers held by the Wales Audit Office revealed a number of concerns about the flexibility of the scheme. Many participants thought that prescribed stocking rates were too low, and that pastures were in some cases overrun with bracken, heather and purple moorgrass. They wanted the flexibility to vary stocking rates within their farms, including mob stocking (heavily grazing certain

⁷⁴ Annex A, paragraphs 140 and 141

⁷⁵ Annex A, paragraph 143

⁷⁶ AGW report, paragraph 2.41

⁷⁷ AGW report, paragraphs 2.22 and 2.23

⁷⁸ Annex A, paragraphs 125 and 127

areas for a short time). Some also wanted to plant conifers rather than native trees at higher altitudes, drain or lime grasslands, and defer capital works from one year to another.⁷⁹

71. Mr Brodie declared that he was pretty sceptical about claims that stocking rates were too low. He said that the Assembly Government works on the basis of expert advice and adjusts policy if expert advice changes. He felt that it was natural for farmers to try to push the boundaries of the scheme for their own benefit, and suggested that we should take comfort that the Assembly Government does not simply go along with such requests.⁸⁰
72. We take Mr Brodie's point, and we are pleased to see that he and his officials do not accede to any request from the farming community without the support of expert advice. However, Mr Brodie's answer on stocking rates did not acknowledge the possibility of genuine concern about low stocking rates and the effect on vegetation, and the possibility that local problems might occur regardless of the quality of advice given at the national level. We therefore welcome his commitment to look at the whole issue of flexibility, in terms of tailoring arrangements to local circumstances, as part of the review of all land management schemes in Wales.⁸¹

The transfer of Tir Gofal to the Assembly Government has been smooth and has provided an opportunity to strengthen the management of the scheme

73. The Countryside Council for Wales administered Tir Gofal from its inception in 1999 until October 2006, when responsibility transferred to the Assembly Government. The transfer caused some concerns among staff and agreement holders, but it went relatively smoothly, without any disruption of service or operation.⁸²
74. The transfer provided an opportunity to strengthen certain aspects of the management of Tir Gofal now that all farm support and agri-environment schemes are managed by one organisation. The scheme had two headline targets, on land coverage and the number of farms entering the scheme, and the Countryside Council for Wales had recorded a variable performance against them, due partly to factors outside its control. The targets had not been set consistently (in some years one or both targets were missing) so it is difficult to assess the performance of the

⁷⁹ AGW report, paragraphs 2.31 and 2.32

⁸⁰ Annex A, paragraph 132

⁸¹ Annex A, paragraph 132

⁸² AGW report, paragraph 2.65 and Figure 20, and Annex A, paragraph 147

programme as a whole.⁸³ Mr Brodie acknowledged that the approach to target-setting had focused very much on area covered and number of agreements signed, and suggested that efficiency savings were now coming to the fore as an area of attention. However, he stopped short of committing to any new targets.⁸⁴ The Auditor General recommended that scheme managers set a small number of targets covering all the main aspects of programme activity, and report performance at a senior level.⁸⁵ We endorse that recommendation.

75. Until management of the scheme transferred to the Assembly Government in October 2006, the overall running costs of Tir Gofal were not routinely monitored, as the costs were distributed between various budget headings in the Countryside Council for Wales and the Assembly Government. As part of preparations for the transfer of the scheme to the Assembly Government, the running costs were estimated at £4.27 million in 2005-06, 16 per cent of total scheme costs.⁸⁶ However, staff costs have not been analysed to determine how much time (and cost) was attributable to Tir Gofal, so it was not possible to assess whether the original assumptions about staff time – for example, eight days to appraise an application – were soundly based. It is not possible to set robust budgets and targets – or to identify areas for improvement – without a clear understanding of the staff time and other resources actually needed to meet the scheme’s requirements.⁸⁷ Mr Brodie assured us that total costs were being monitored now that running costs are more clearly identifiable within the Assembly Government.⁸⁸ We welcome this assurance, but also hope that the information is put to good use to analyse unit costs as well as overall expenditure against budget.
76. Mr Brodie told us that officials have identified £240,000 of efficiency savings by reducing staff numbers, and was actively seeking further savings.⁸⁹ However, we note that the extra cost for staff transferred from the Countryside Council for Wales to have access to the Assembly Government’s IT system will also be £240,000 a year, suggesting that the net saving at present is zero.⁹⁰ We do, of course, welcome efficiency savings, but were concerned that staff morale is not damaged by these

⁸³ AGW report, paragraphs 2.42 and 2.44

⁸⁴ Annex A, paragraph 145

⁸⁵ AGW report, page 14, recommendation 5

⁸⁶ AGW report, paragraphs 2.59 and 2.60

⁸⁷ AGW report, paragraph 2.61

⁸⁸ Annex A, paragraphs 155 to 162

⁸⁹ Annex A, paragraphs 145 and 163 to 166

⁹⁰ AGW report, paragraph 2.66

staff reductions or by other changes arising from the transfer of the scheme into the Assembly Government. Mr Brodie acknowledged that there was more work to do in this regard, but said that there had been no problems yet in retaining Tir Gofal officers.⁹¹ We hope this remains the case, and that morale is improved, because the experience and expertise of the officers is vital in many aspects of the scheme's delivery. Their knowledge and judgement is crucial in negotiating efficient and effective agreements, especially when there is little quantitative data available.⁹²

⁹¹ Annex A, paragraphs 168 and 170

⁹² Annex A, paragraph 169

Annex A



Cynulliad Cenedlaethol Cymru
The National Assembly for Wales

Y Pwyllgor Archwilio
The Audit Committee

Dydd Iau, 17 Ebrill 2008
Thursday, 17 April 2008

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau Cynulliad yn bresennol
Assembly Members in attendance

Lorraine Barrett	Llafur Labour
Eleanor Burnham	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Chris Franks	Plaid Cymru The Party of Wales
Lesley Griffiths	Llafur Labour
Irene James	Llafur Labour
Bethan Jenkins	Plaid Cymru The Party of Wales
Huw Lewis	Llafur Labour
David Melding	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)

Eraill yn bresennol
Others in attendance

Huw Brodie	Cyfarwyddwr, Yr Adran Materion Gwledig a Threftadaeth, Llywodraeth Cynulliad Cymru Director, Department for Rural Affairs and Heritage, Welsh Assembly Government
Jeremy Colman	Archwilydd Cyffredinol Cymru Auditor General for Wales
Paul Dimblebee	Swyddfa Archwilio Cymru Wales Audit Office
Dr Michael Dunn	Pennaeth, Is-adran yr Amgylchedd—Cadwraeth a Rheoli, Llywodraeth Cynulliad Cymru Head of Environment—Conservation and Management Division, Welsh Assembly Government
Ian Gibson	Is-bennaeth, Yr Uned Llywodraethu Corfforaethol, Llywodraeth Cynulliad Cymru Deputy Head, Corporate Governance Unit, Welsh Assembly Government
Ben Robertson	Swyddfa Archwilio Cymru Wales Audit Office

Swyddogion Gwasanaeth Seneddol y Cynulliad yn bresennol
Assembly Parliamentary Service officials in attendance

John Grimes	Clerc Clerk
Abigail Phillips	Dirprwy Glerc Deputy Clerk

Dechreuodd y cyfarfod am 9.30 a.m.
The meeting began at 9.30 a.m.

Ymddiheuriadau a Dirprwyon Apologies and Substitutions

[1] **David Melding:** Good morning and welcome to this meeting of the Audit Committee. As usual, I will start with the routine household announcements. These proceedings will be conducted in Welsh and English, and when Welsh is spoken there is a translation available on channel 1 on the headset; channel 0 will amplify proceedings for those that require that. Please switch off all electronic equipment completely, because it interferes with our recording equipment. We do not anticipate a fire drill this morning so, should we hear the fire alarm, please follow the instructions of the ushers, who will lead us to safety. We have had apologies from Darren Miller and Janice Gregory.

9.31 a.m.

Tir Gofal

[2] Moving to the substantive item on today's agenda, we will now discuss the findings of the Auditor General for Wales's report on Tir Gofal, the Assembly Government's flagship agri-environment scheme, which pays farmers to improve and manage their land in ways that will benefit the rural environment. Tir Gofal has proved very popular with landowners, with a large number of applications and a waiting list to enter the scheme. The auditor general says that Tir Gofal is likely to benefit the rural environment, but that evidence of its actual impact relative to other factors is inconclusive. Today we can explore the likely impact of the scheme and how it can develop in the future in the context of changes to the common agricultural policy and the new rural development plan for the period 2007 to 2013. I welcome to this meeting Huw Brodie, Director of the Rural Affairs and Heritage Department, and Michael Dunn, who is the former head of the Environment Conservation and Management Division; both are from the Welsh Assembly Government. Good morning to you both. I suspect that at least one of you has been before an Audit Committee previously; we have a set number of questions that we have agreed between us in a pre-meeting, and Members will put those questions to you. I will start, but I want to stress that this is an introductory question, and that there are many aspects of the report that we will drill down to, so I do not want an exhaustive answer—more an impressionistic overall account. Looking at the overall records of the scheme since it was launched in 1999, how well do you think Tir Gofal has performed?

[3] **Mr Brodie:** First, the report that you have in front of you is helpful and constructive, and we do not disagree with the broad assessment that it makes. I would highlight a number of points that the report makes in terms that indicate that Tir Gofal is meeting its core objectives—it is protecting the historic environment, helping to protect and enhance the beauty of the landscape, and delivering broader socioeconomic and cultural benefits. As the report rightly shows, the area where we want to strengthen our analysis is on the impact that the programme is having on the habitats that it is intended to look after, as well as the subsequent impact on biodiversity. I think that you used the word 'inconclusive' a minute ago, Chair; the caveat that I would add is 'at this stage', because the report recognises in one or two places that it is bound to take quite a long time to bring about changes in habitats. The example given in the report is perhaps extreme—a hay meadow, which can take up to six years to restore. However, there is a whole legion of cases where, depending on just how bad the habitat condition was in the first place, it can take much more than four years—indeed, more than ten years, and more than the lifespan of a single agreement—to achieve the objective. So, that is the area that we are focusing on, and it is of great importance to us.

[4] **David Melding:** If we look at the habitat coverage, there are no targets at the moment, and you hint that you hope to see improved performance on the range of habitat that is covered. Presumably, that is so that we get more selective, and cover those areas of

particular importance. Is that your aspiration, or are you currently broadly happy with the range and number of habitats that are covered?

[5] **Mr Brodie:** I was making a slightly different point, which is that we are paying a lot of attention to how we can ensure that our monitoring and evaluation will detect the impact that the agreements have on the condition of the habitats that are covered. The question of the range of habitats is a related, but slightly different, issue. We are, at the moment, broadly happy with the range of habitats that have been brought in. The report asks whether we should not have had set quotas for different habitat types; that would have been difficult, and inflexible and quite bureaucratic to operate. What we have done—the way in which Tir Gofal has been operating—is on the basis of a policy assessment of which habitats are under threat, and what the priorities are. That has led to a national framework with a tariff of points and a set of funding arrangements that create a kind of market, if you like. Farmers have then been invited to make applications and set out what they are prepared to offer in terms of that market. So, it has been a fairly flexible approach, and any waiting has occurred because of the way that points were set for the different priorities. Therefore, when we look at the outcome in terms of coverage, we are broadly content at the moment.

[6] **David Melding:** Just to probe that, are there any areas of concern where you feel some kinds of habitat are over or under-represented?

[7] **Mr Brodie:** One area of concern is around dairy farms. We are slightly under-represented in the number of dairy farms that have come into the programme; that is because a lot of dairy farmers are under commercial pressure, and therefore the calculations about lost income are scrutinised particularly closely by farmers in that area. However, we have a significant number of dairy farms in the programme. Obviously, the report highlights a number of areas around the coastal environment that are fairly weakly represented at the moment and, as we look to the future, we would wish to see more being done in that area. However, considering the current stage of the programme, we are pretty happy with the overall coverage.

[8] **Bethan Jenkins:** I wanted to go on to the rate of uptake for Tir Gofal. Paragraph 1.9 of the report states that the scheme covers a greater proportion of agricultural land in Wales than similar schemes in England and Scotland. The amount of land covered exceeds initial expectations, but there are fewer participating farms than expected. What are the underlying reasons for the higher uptake figures in Wales, compared with similar schemes in England and Scotland?

[9] **Mr Brodie:** It is hard to give a definitive answer to that, because we are not comparing like with like. The schemes in England and Scotland are different, and not just in detail, but in some of their basic arrangements. For instance, the countryside stewardship scheme in England was a part-farm scheme, based on a fundamentally different approach. So, it is hard to give a forensically accurate answer as to why take-up has been higher in Wales.

9.40 a.m.

[10] We have obviously given this whole area a high priority. It is worthwhile pointing out that should not just focus on the 20 per cent of agricultural land that comes under Tir Gofal. There is very good diagram in the report—I cannot remember on which page—that indicates how Tir Gofal fits with Tir Cynnal, and also with our pilot catchment-sensitive farming schemes, and so on. If we take all of those schemes together, about 50 per cent of our agricultural land in Wales comes under some form of agri-environment agreement.

[11] **Bethan Jenkins:** So, it is not because there may be larger upland farms taking part in this scheme?

[12] **Mr Brodie:** I do not think we have the evidence to say that that is a particular reason why there has been a higher uptake in Wales. We have tapered the payments to the large upland farms, so if you are trying to come at this via a suggestion that we have been overcompensating upland farmers, and therefore have had a higher take-up, I would not agree.

[13] **Huw Lewis:** I would like to refer to paragraphs 1.11 to 1.18, which explain how Tir Gofal is likely to affect farming practices for different types of land, and so on. You tell us that there is limited evidence available about the impact of Tir Gofal on farming practices; for anyone who has stewardship of public funds, that is enough to make you rather nervous. How confident are you that Tir Gofal has changed farming practices?

[14] **Mr Brodie:** There is an issue around deadweight with this programme that we are very concerned to understand. The table in figure 4 of the report is important one; it reflects the analysis and evaluation that we conducted as part of the mid-term review of the rural development plan, and you can read that table in two ways. On one hand, there is strong evidence that 91 per cent of agreement holders have made at least one change to their farming practices since entering Tir Gofal. Equally, there are those who have not made many changes. However, the issue about deadweight needs to be seen quite carefully. First, the objective of the programme, which is set out in the report, is not just to enhance but also to protect. Therefore, if the programme is protecting an environment, that does not necessarily imply that a farmer has to change his practices. So, some degree of deadweight is implicit, or possibly explicit, in the programme's objectives. Deadweight is a difficult issue in any Government programme—very difficult to analyse. Just to give you an idea of this complexity in relation to Tir Gofal, it is not just a question of trying to work out the counterfactual—what a farmer have done in the absence of the programme. When a programme officer goes along to talk to a farmer, would a farmer tell him objectively, completely honestly, what he would have done in the absence of the programme? Moreover, because the programme is going out over 10 years, farmers' decision taking could change significantly anyway over that period.

[15] To give you an example, you all know that grain prices have shot up enormously in the last year. That could potentially work two ways. On the one hand, under Tir Gofal, we are paying farmers, in some instances, to plant cereals. However, it may be that something that was not deadweight at the start, when the farmer entered the agreement, would become deadweight now because the market price has risen. Equally, it could work the other way around, and farmer who was not going to plough up some important habitat to grow cereals before has now got a strong incentive and, therefore, the Tir Gofal agreement may be restraining him. In that sense, there may be cases where we could not previously have been confident we were securing a change of agricultural practice, but we are now doing so. This is not easy territory. However, to come back to what we are trying to do with the programme, and the way it was set up, it created this national tariff of points and rewards, and we tried to set that up in such a way as to ensure that, overall, we are getting a decent outcome on both protecting and enhancing.

[16] **Huw Lewis:** I suppose at a very fundamental level, when we are talking about protection and enhancement of the environment, the question for the public purse is: what does this scheme add in the way of protection or enhancement? If the farmer had been left to carry on as before, with the natural protection and enhancement that that farming practice would provide for the landscape, would that have been good enough? Why is this scheme any better than nature, left to itself, in protecting and enhancing the environment? Is nature no good at it?

[17] **Mr Brodie:** The answer is that there is clear evidence in some areas that certain things would not have done without the scheme. For instance, if you look at the capital works, there

is strong evidence of things that either would not have been done at all, or would not have been done as quickly. We are on pretty solid ground in our understanding of that—we know what additional value the public purse is paying for. In terms of the fundamental issue about what we are doing to the natural environment that would not have happened otherwise, it comes back to the issue that the Chair raised at the start—namely, that the results at the moment are inconclusive, though I would add the caveat: ‘at this stage’. They are bound to be inconclusive at this stage given that, as I was trying to explain, changes in natural habitats of this type would be difficult to pick up on a large scale until a number of years have gone by. Therefore, it is impossible to give a definitive, pat answer about results at this stage. However, I agree that this a key issue that we as officials, as well as our Ministers, are keen to continue to work at, so that we can develop the answers.

[18] **Huw Lewis:** So far, this has cost £100 million. That is no small sum of money, especially in the tight budgetary environment that we find ourselves in. Therefore, it strikes me that a lot is being asked here, in terms of taking things on trust, or waiting to see that this will work out. However, I will draw your attention to page 21 and the paragraphs that I highlighted. Nine per cent of farmers—and let us say that that roughly translates as £9 million of funding over the period of the scheme—have made no changes at all. What is the public paying those farmers for? They have made no changes; they have just carried on as before, and millions of pounds have been handed over. For what?

[19] **Mr Brodie:** Again, all I can do is refer you back to the basic objective of the programme, which is not only to enhance, but also to protect.

9.50 a.m.

[20] First of all, that does not mean that someone necessarily needs to change their farming practice in order to protect a feature that already exists. You cannot say that deadweight exists automatically in that 9 per cent that made no changes, because they might have been about to make changes—they might have been planning to intensify. Given the way that grain prices, for instance, have risen, they might have intended to plough up a valuable habitat to make a profit. So, I do not think that you can look at that 9 per cent and say that there is no added value in that, because we might have been protecting a habitat from a damaging change that a farmer was going to bring in.

[21] **David Melding:** If we look at figure 4, we have over 50 per cent of participants—this is a sample, but let us assume it is an accurate picture—that have either made no changes or have made very few. Does that give you any cause for unease? Do you think that needs to be explored, or is it broadly what you would expect on the grounds of protection?

[22] **Mr Brodie:** I would not want to give the impression that we have any sense of complacency about these figures. There are genuine questions here, and the signal that I have been trying to give you all the way through is that we think this report is helpful and constructive, and underlines a number of the issues that we are concerned about ourselves. However, that does not mean to say that those figures can be read simply as showing that the programme is not delivering value for money. It underlines that, as you were saying, there are issues that we cannot provide categorical answers to at this stage, and we have to continue to work on those. The only other point that I would make is that this programme needs to be seen against the overall background of the reform of common agricultural policy. The fundamental process is moving money out of what is called pillar 1 of the CAP—which is where we are paying farmers what used to be the direct coupled payments for individual sheep, and so on, but is now a decoupled payment, or single-farm payment—and into pillar 2, which is made up of the rural development measures, including these agri-environment programmes. Therefore, to a significant degree, the question is whether we are likely to get better value for money via pillar 2 in this area, given that pillar 1 involves paying the farmer

to keep the land in good agricultural condition without any association with the production level at all. So, I think that, even on the evidence here, there is a strong case for saying that it is beneficial to move that funding across to pillar 2.

[23] **David Melding:** I am keen to move on because I think the official has answered the questions clearly. However, Lorraine indicated that she had a small point to make.

[24] **Lorraine Barrett:** This is one of the biggest issues with the whole programme, and I am a bit concerned at the notion that a farmer might do this, or might do that, so we will give the farmer some money to make sure that he does not do it. I just think of the hoops that people have to go through when they apply for a home improvement grant, where they have to fill in 20,000 forms and are lucky if they get anything. I am concerned that there may be a farmer who is not intending to do anything at all, but realises that you could not know that, and therefore decides that he can get the grant by claiming that that he intended to develop his land in some way, but will hold back from doing so if he is given the money. There are lots of mights and maybes.

[25] **David Melding:** I will take Eleanor's point briefly.

[26] **Eleanor Burnham:** I suppose that the corollary argument could be made. You have obviously got a long waiting list of applicants; you are looking at this in the holistic context of what is happening in rural life; and everyone knows that the evidence is there that rural life and the income of most farmers in upland Wales has been severely restricted. If a lot of them went out of business anyway, with the average age of farmers now hitting 60, many of these communities would collapse. Is that what you have in mind when you spend this money? Also, if you look beyond the immediate issue, as you said earlier, the CAP might have to change to reflect global food prices and the localisation of food. So, this a hugely subjective area where there are many intangibles—it is a very moveable feast.

[27] **David Melding:** I do not want to be drawn in too much for justification for the policy. We are here to see how it is applied. There is an issue that, when these schemes are designed, the compliance officers presumably do not just turn up at a farm and say, 'Yes, get on with it, then'. Even if practices are not changing, there has been some examination of those practices. I think that was essentially the point that Lorraine was seeking to have confirmed.

[28] **Mr Brodie:** First of all, in terms of the socioeconomic benefit to rural areas, the evaluation evidence on that, as the report notes, is quite solid. So, that point that is well made. In terms of deadweight, the key thing that Lorraine brought out very well is just how difficult it would ever be for a Tir Gofal project officer to forensically pin down with a farmer what is deadweight and what is not. The more someone probes these questions, the more farmers collectively understand what answers to give in applying for the money. This is a very difficult issue across all areas. It is difficult in terms of regional selective assistance, if I may say so—trying to understand whether a firm that applies really needs the funding. So, this is not an issue that is unique to Tir Gofal, by any means. We are trying not only take that into account as best we can through knowledge at the farm level, but also by keeping the tariff points system under review, along with the overall payment settings for the different habitat types. We have that broad safeguard to ensure that we are not being wasteful with public money, which is the that we are all concerned about.

[29] **Lesley Griffiths:** I am looking at paragraphs 1.19 to 1.31, which report on the monitoring and evaluation of the impact on habitats, and the ecological monitoring study, which seems to be quite limited. What does the analysis of the ecological monitoring data indicate about the impact of the scheme on the habitats covered?

[30] **Mr Brodie:** In response to that we are in the process of conducting a 12-year habitat

monitoring study, as the report shows, and that is intensive. It means that we take 400 sites and re-survey them at four-yearly intervals, starting a new set of 400 sites every year. We started that process in 2001. I should also mention, just to explain the context here, that it is not just a question of looking at habitat types; there is also the question also of how we look at species, and at the moment there is no reliable, one-to-one link between the improvement you might make to a habitat type and the impact that might have upon wildlife. That is another phase of research, on species monitoring, that we are developing, and we will be commissioning that. At this stage, we have just had the results of the first re-survey. If you think of the 400 sites that were surveyed initially in 2001, they were the first to go through a re-survey four years later, and that was done at the end of 2005, or early 2006. We have had a statistical analysis done, and the report refers to that. The results of that have been received this last week, but we are still in the process of analysing them. I will ask Mike to say more in a second about the initial results and what we can read into them, but we are still in the process of refining this monitoring mechanism.

10.00 a.m.

[31] We have to try to pick up changes in habitat before they reach their full effect. Going back to what I was saying earlier, in most cases it will take much more than four years for a habitat to reach the desired state. Therefore, we need a yardstick for monitoring that is sufficiently sensitive to pick up the changes that you might expect to see at the four-year stage. At the moment, it is clear that we have to refine that yardstick, and that is what we are in the process of doing. We are introducing changes to the yardstick, the monitoring process, for instance for this next year, to try to give us a better fix on that. However, this is not the kind of stuff where there is a set of track records, or established best practice—we are having to work this out. This is the first time that agri-environment schemes have been run with this complexity and on this scale and, therefore, we are having to hammer out these monitoring methods as we go along. That is a long-winded way of saying that we do not have as clear a set of results at this first four-year resurvey stage as I would have liked. Mike will give you the interim picture.

[32] **Dr Dunn:** The important paragraph is paragraph 1.24, which gives some indications of what has happened with the second re-survey. We have seen that, in many cases, there is an increase in sward height, so that there is more vegetation than there was four years ago. It is not the case in all the sites that were re-surveyed; there are some contradictory results, and it is quite clear, as Huw has said, that it will take a lot longer than four years for major change to occur. It is rather similar, I suspect, to some of the species work, where it is quite possible, with some birds, to see a change in a single breeding season. If you were to make the ground wetter, for example, in one season, you will find that, if it is the right place for lapwings and curlews to breed, there will be more of them breeding there the following year. With many other species, you will not see that relationship so clearly over so short a period of time, and it is the same with the vegetation, so we are having difficulty in proving that there is a consistent improvement between the first and the second re-surveys. It will take considerably longer than four years before we get consistent positive results.

[33] **Lesley Griffiths:** You decided not to set unique targets for ecological change for each individual site. How will that affect the ability to assess the impact of the scheme, and could you also explain why you did not set those conditions?

[34] **Mr Brodie:** Simply for reasons of cost, and the fact that it is fantastically complicated to do this, even on the basis of the sets of 400 sites each year that I described. If we were to do it for each individual site, then I am sure that I would be appearing in front of you with regard to the cost and the number of staff that we would have. In terms of the monitoring and evaluation, we just could not get into that level. However, if we get this approach right, I do not think that it will diminish our ability to say what we are getting in

terms of the broad habitat areas.

[35] **Irene James:** Paragraph 1.26 states that the ecological monitoring study does not cover all habitat options, such as, for example, the conversion of grassland to arable crops. Also, it cannot measure the impact on birds or other animal life. How will you assess the impact of the scheme on the habitats that are not covered by the ecological survey and the impact on wildlife? I am thinking specifically of things such as dormice, rats, slowworms and, dare I say, Chair, badgers.

[36] **Mr Brodie:** The way in which this is working is that, because we started off with 400 sites coming in each year, the number of habitat types that we are able to evaluate builds up over time. So, it is wrong to draw the conclusion that we will only ever be looking at three habitat types. In the second re-survey, 10 of the 19 habitat options were covered, and we expect that to go up. We will not ever cover all of them for the reason that, for instance, three of them, as you will see from the table later on in the report, have got so little land brought into them that there is not point in assessing them—the example of the sand dunes and so on. Over time, we will cover all the important habitat types within that programme, so we will have decent coverage.

[37] On your point about species, what I was trying to say just now—and this underlines the complexity in what we are trying to do—was that there are two legs to working out what we are getting environmentally from this programme. The first is to work out whether we are actually getting the habitat types to conform to what the agreements say that we want. The second is to see whether that is leading to an increase in species—as I, said, a different leg of our evaluation is being commissioned in that regard. We have done a phase 1 study looking at that, and we are just about to commission an in-depth field survey of the changes of distribution and density of species, and that is currently out to tender. So, we will have both legs of that evaluation in place.

[38] **Irene James:** When are we actually looking at that taking place? You say that it is ‘in place’, but is there a timescale?

[39] **Dr Dunn:** As far as the phase I study is concerned, that is complete. It was a desk study and, effectively, it attempted to discover whether agri-environment schemes, including Tir Gofal, had the scope to affect species’ range and distribution. The conclusion is that, yes, they do—they need to be targeted a bit more, but there is certainly scope to do so. The second phase, as Huw said, is out to tender at the moment. We expect it to be a three-year study, which will effectively look at a number of indicator species and see, through fieldwork, the extent to which changes have occurred in those species that will, effectively, be focal species for each type. There will therefore be some birds, there will be dormice and so on, and they will be covered in depth in the field as part of the second phase of the study.

[40] **Irene James:** You said that it is going to be a three-year study, so are we looking now at a report three years, four years, or five years down the road?

[41] **Dr Dunn:** I think that we are looking at reports during the course of those three years and, quite possibly, a need to extend the study beyond the three-year timeframe, although we will certainly have some results before the three years are up.

[42] **Irene James:** Thank you very much. Moving on, paragraph 1.30 explains that control groups on wider-scale habitat surveys can be used to assess the impact of a scheme relative to other factors, but neither method is used for Tir Gofal. So, you do not use control groups or wider-scale habitat surveys to assess the contribution to environmental change of Tir Gofal relative to other factors. Is there anything that you think you can do to measure the net impact of the scheme in a much more systematic way?

[43] **Mr Brodie:** I certainly agree that this is an important issue, but I am afraid that, basically, our conclusion at this stage is that it is very difficult to do either of those things. This is one of the few areas where we do not go along entirely with the analysis in the report, in that the countryside survey is not, in our view, the kind of survey that is able to be used to provide a benchmark against which to judge Tir Gofal. The reason for that is that, certainly, until the most recent countryside survey, in 2007, there were not any reliable results for Wales as a whole.

10.10 a.m.

[44] The Assembly Government has boosted the sample for the countryside survey for Wales, so the survey that was done in 2007 does provide reliable, broad-brush results for Wales, but it is still not at the very detailed level that you would need to be able to measure up and provide a detailed comparison for Tir Gofal. In addition, obviously, consideration was given to whether we could have a control group of farms, but if you think it through, it is very difficult territory. You would need to have a group of farms to volunteer to enter into an agreement not to enter Tir Gofal for 10 years or more. It is very difficult to see how we could persuade farmers to forego the option of entering the scheme unless we were to pay them. We would have to pay them on a sufficient scale to be sufficiently representative, and that would raise very important issues. Quite apart from the fact that that would not be permissible under European regulations, it is a pretty difficult thing to do. Even then, if you think about it, if we were paying farmers to be a control, we would have to ensure that the money that we were paying them was not changing their farming practice, because it would be money that they could otherwise use to invest in improving their farms. Improving a farm, to a farmer, would normally mean increasing production. So the very fact of making them a control and giving them funding might make it very difficult to use them as a control. It is very problematic; it is not easy territory and we would have to have been very bold in our confidence that the use of public money to purchase a control group would have been value for money. Rightly or wrongly, the conclusion has been, so far at least, not to go down that road.

[45] **Lorraine Barrett:** I am looking at paragraphs 1.32 to 1.38 on the historic environment. The report talks about the lack of routine monitoring and evaluation of the impact of Tir Gofal on the historic environment. Do you have any plans to strengthen the monitoring of the scheme's effect on historic features?

[46] **Mr Brodie:** Yes. I should stay at the start that the report correctly notes that in terms of environmentally sensitive areas, there was good evidence that agri-environmental schemes do help the historic environment. So, we have that background level of comfort, Cadw is working on this. First of all, it is currently carrying out a survey of the condition of scheduled monuments on land that has been in Tir Gofal for at least three years, and it is comparing that with the condition of monuments on agricultural land not in Tir Gofal. It has also just received a report with recommendations about how it might monitor historic features more generally, which do not have scheduled monument status. It is pressing on with that very much.

[47] **Lorraine Barrett:** When I was reading the report, something came to mind when I was looking at the comments about it being difficult to detect whether fine variations in condition have taken place and what might need to be done to conserve a site. How feasible would it be to have some sort of photographic evidence? I do not know whether it would be yours, the farmers' or Cadw's responsibility, but it seems a shame for the 13,000 historic features—16,000 different features altogether—not to have some sort of catalogue for historical purposes, if nothing else, but also as a measure of the deterioration of particularly important monuments.

[48] **Mr Brodie:** The whole issue of photographic evidence is something that we want to think about for the future generally, but you make a good point about the historic environment. There are costs with photography but, certainly, I will ensure that Cadw reflects on that point.

[49] **Lorraine Barrett:** It is just a thought, Chair, and I don't know how this might happen, but some grants may be available somewhere for some sort of pan-Wales photographic project. It is to everyone's benefit that we preserve what we have, and we can measure it then over the years.

[50] **David Melding:** Thank you, Lorraine. Bethan Jenkins.

[51] **Bethan Jenkins:** Paragraphs 1.39 to 1.46 describe how Tir Gofal can help to protect and enhance the beauty of the landscape, but there are no formal criteria for assessing how the scheme addresses its objective. Many farmers say that they would have invested in new field boundaries even if Tir Gofal had not paid them the money—only 36 per cent said that they would not have invested without this scheme. Do you therefore believe that you are paying too much for field boundaries, or do you believe that what you do pay represents value for money in this respect?

[52] **Mr Brodie:** A farmer obviously has an incentive to invest in field boundaries, but not necessarily of the type that we would pay for under Tir Gofal. There is an enormous difference between putting up a quick bit of fencing and barbed wire and laying a hedge or rebuilding a stone wall. I think that we have a decent grip on what we are paying for in that area and, as I said, more generally, the evidence for capital works is that we are getting quite a lot of additionality overall in that area. You are right in that we have to keep that under careful review. Many farmers would have preferred us to have not run a whole-farm scheme, but just a particular hedge-laying scheme. That would have fallen into the potential trap that I think you are referring to, which is why we did not go down that road. I think this is an area where we just have to keep the number of points and the financial awards that we provide under careful scrutiny to make sure that it stays in proportion to what we are trying to do overall.

[53] **Bethan Jenkins:** Thank you for that answer. My only concern is that the report mentions that there is no overall information on existing traditional boundaries and how you can compare the effectiveness of the boundaries with those in areas outside Tir Gofal. With that in mind, how do you go about measuring and keeping it, as you said earlier, in context and quantifying its effect when the matter of existing boundaries inside and outside Tir Gofal is quite a grey area?

[54] **Dr Dunn:** Yes, it is a grey area to a certain extent, but at the individual-farmer-and-project-officer level, there is that interaction between them as an agreement is negotiated and drawn up to ensure that what is being paid for enhances what is already there, to make sure that there is not any suggestion of payments that are not necessary. The whole area is really quite difficult because an awful lot depends on people's perceptions of the beauty of the landscape, rather than on any hard and fast data that we can provide. Field boundaries are used only as a proxy for the wider impact of Tir Gofal on the landscape. Certainly, there is quite a bit in the report, such as, for example, the discussion on the farmers' focus groups, to suggest that a very strong feeling that the scheme is having a significant effect on the overall beauty of the landscape, ensuring that it is protected and enhanced.

[55] **Bethan Jenkins:** But if a large percentage of the farmers are already going to carry out that work, they are going to say that if they had more grants, it would affect them, because obviously, they can do it with somebody else's money.

[56] **Dr Dunn:** The report makes it clear that the works would not have been carried out as quickly or on the same scale without the scheme having been in place. So I think there is an important acceleration of investment in the rural landscape there and, of course, it also has, as the socioeconomic study found, a big multiplier effect because a lot of the money is reinvested in the local economy.

[57] **Mr Brodie:** As I said, there is a big difference between a farmer putting up a very cheap bit of fencing with some barbed wire, which frankly does not look very nice, and taking the time and trouble to lay a hedge. That is the kind of improvement that we are, in many cases, buying.

10.20 a.m.

[58] **Bethan Jenkins:** Is that what you know would have happened had you not invested in these farms?

[59] **Mr Brodie:** Well, you come back to the philosophical debate about deadweight, because we never know the counterfactual.

[60] **David Melding:** You expect your project officers to make these qualitative judgements, do you not? Quantitative data are weak across the scheme really, but that does not mean that we should not have a scheme. There has to be some robustness in the process.

[61] **Mr Brodie:** We rely on a certain degree of understanding and commonsense at that level.

[62] **Bethan Jenkins:** Thank you.

[63] **David Melding:** I think that we can move on. Chris Franks.

[64] **Chris Franks:** Thank you. I am looking at pages 30 and 31 regarding rights of way. I accept that the Tir Gofal concept is large-scale, but it was disappointing to see the statistics relating to rights of way on the land that we are talking about. Are you content, if that is the right word, that the changes that you have put in place will result in significant improvements in public rights of way, or the condition of public rights of way?

[65] **Mr Brodie:** We are doing the best we can within the framework of the programme that we have. First of all, as you say, the survey undertaken in 2002 was extremely disappointing, and a whole set of remedial action was taken, which we are confident has resulted in a significant improvement. The other two problem areas that we are trying to work at are with regard to how people will know that a new path exists as a result of Tir Gofal. One of the problems there, of course, is that the Ordinance Survey has, perhaps understandably from its point of view, not been willing so far to put Tir Gofal paths on its maps. The reason is that it only shows the paths that are, in its view, going to be permanent. The paths exist on the CCW website and, in addition, we are trying to promote them. Work is going on with ramblers' associations, with local authorities, and with National Parks to ensure that we are doing what we can. Boards have been put up and so on. But then you come up against the fundamental issue with Tir Gofal—because it is an all-Wales scheme that operates on the basis of an individual farm, intrinsically it can often be difficult to create a path that is part of a wider route. We are doing what we can with ramblers and the local authorities to try to ensure that the paths that are created under Tir Gofal actually makes some sense in terms of being joined on to other paths, but we can only go so far, given the nature of the scheme. I might mention here that, as the report notes, we are conducting a review of all of the schemes under axis 2 of the rural development plan. In other words, with all the agri-environmental schemes, not only Tir Gofal, but Tir Cynnal, the organic scheme, the woodland planting

grants and also Tir Mynydd, our minister intends to go out to consultation shortly on what a new framework of schemes would be in this area, potentially sweeping up Tir Gofal into all of that. The whole focus there, for a variety of reasons, is to look more at the landscape scale. It might be useful at some point if I were to explain a little bit more about this. However, in terms of getting better potential for more logical routes that are of benefit to local residents and tourists alike, that kind of landscape-scale approach would obviously give us much more scope to do things that really make sense.

[66] **Chris Franks:** Thank you for that, but it has not really given me an idea of what improvements there have been since this study was undertaken. In spite of the points made in paragraph 1.50a to 1.50d, I do not get an idea that, yes, although only half of the 500 miles of public footpath were accessible, we now have three quarters of them. I think that much of your answer was on new footpaths.

[67] **Mr Brodie:** No, it was the extent to which existing footpaths are publicised and known about, because there is not much point in having a footpath otherwise. This is one of the problems with these footpaths on Tir Gofal land: if people don't know about them, they are not going to use them, and if they are not on the OS maps, which are what any walker would always look at first, how can they be used? I have been saying that it is about asking what steps we must take. Our compliance officers are ensuring that the footpaths do exist and are walkable, but if they are not known about, they might as well not exist. So, I was trying to describe the steps that we have been taking to try to publicise them. However, there are issues there and limitations in the way in which the scheme operates on the basis of individual farms.

[68] **Chris Franks:** If we could just focus on historic rights of way that will be on the OS maps, can you give the committee some indication of the level of improvement in the maintenance of those since the 2002 survey?

[69] **Dr Dunn:** There has not been a comprehensive resurvey to the same extent since the 2002 discovered the problems. However, as the report says, a number of steps were put in place to try to minimise problems that have been discovered in that survey, and we have been working in particular with the local authorities and the Rambler's Association to monitor the position and to ensure better communication between users, local authorities and Tir Gofal offices when problems are found to exist. The level of problems being reported is undoubtedly less than it was in 2002, given that these steps have been put in place. However, I cannot say that the number of problems per 10 km is 20 or 10 or whatever, as that information does not exist on a consistent basis for all Wales. We do feel, however, that there has been significant improvement.

[70] **David Melding:** I think we have established the evidence anyway. Huw, you did indicate on this; can we be brisk?

[71] **Huw Lewis:** I will be brisk. Added value is a key issue, particularly as far as the public is concerned, as these large payments are for the protection and enhancement of the landscape. This is the main means by which the public could enjoy that protected and enhanced environment. Are you saying that there is a proportion of what I think you called 'not permanent paths'—that is, 'impermanent paths', to paraphrase what you were saying—that do not link with other paths? That is, a proportion of the paths that have been paid for by the public are, essentially, purposeless. They are impermanent, so they are not really intended for proper public access, and they do not link with any other kind of path network. Is this not just a case of paying people to dig a hole and then fill it in again?

[72] **David Melding:** Before I reopen, I wonder if this is an important issue. You have wandered, if that is an appropriate way of putting it. *[Laughter.]*

[73] **Huw Lewis:** Sorry; I was not intending to.

[74] **David Melding:** Hold on, I will just allow Eleanor's question.

[75] **Eleanor Burnham:** That is okay; he has helped me because I was going to ask for clarification. What is the legal difference between a footpath, a right of way and permissive access? I am having a bit of difficulty with it all. I am a farmer's daughter, and I have to say that when you have answered that, I would be quite interested in the legality of people using this kind of land, should they have an accident or whatever. You talk about disabled access, and I notice that in box A on page 31, you are talk about officers suggesting gates rather than stiles, which is obviously a brilliant idea for mobility and people in wheelchairs. However, in this litigious era of ours, it begs the question about issues of accidents or whatever if one is on a footpath, a right of way or using a permissive access route. Also, if gates are left open, stock will then roam everywhere. Have you thought about all these little nuances that might be of great importance?

10.30 a.m.

[76] **Dr Dunn:** There is a difference between rights of way and permissive access, in that rights of way are permanent, and they form part of the road and footpath network. What we are talking about with permissive access here is new footpaths created by farmers in Tir Gofal areas. We have to regard them as impermanent to the extent that their existence cannot be guaranteed beyond the end of the agreement, because that is the point at which we stop paying the farmer. We would expect a significant proportion of them to remain open because, by that time, they would have established a level of use. On the question of whether they go anywhere, which Huw Lewis referred to, they can in some cases come back to the point at which they started, in the sense that they are new circular walks created for the enjoyment of people in the countryside. Huw was saying that we could do more if we were able to take a more strategic and landscape-scale approach, which we would hope to do in the future. An example is a very good permissive path on a farm in the Vale of Glamorgan by the heritage coast. It is only a circular walk, but it would be so much better if it was linked to the heritage coast path to provide a more enjoyable and a bigger experience for people in the countryside. At the moment, we cannot guarantee that, but we need to work to find ways in which we can take a more strategic approach to access in the future.

[77] **Eleanor Burnham:** What about the some of the legal issues of gates and stiles and all the rest of it? If the farmers stop roaming because gates are left open, where does that leave them, you and all the rest?

[78] **Dr Dunn:** I think it leaves people in exactly the same position as people walking along a public right of way and leaving gates open. That can be quite a difficult position to sort out legally.

[79] **David Melding:** We need to press on but I think committee members have made the point that this is an area where you could establish added value, which would mean a lot to the general public who may not have a very direct connection to farming.

[80] **Lesley Griffiths:** Paragraph 1.55 explains that agreement holders have the option to host educational visits. Looking at the paragraph, the take-up seems to be very low, presumably because the farmers have the additional work of health and safety requirements, and so on. What evaluation have you made about this project, and have you been able to find a way to help to lighten the burden of administrative work for the farmers?

[81] **Mr Brodie:** We certainly agree that this is an important area for a variety of reasons.

We have had a project designed to make it easier for farmers to arrange educational visits, providing guidance and introducing standard health and safety requirements. Understandably, farmers are nervous if they do not understand what standards they should adhere to in that regard. We are working with a good project in Powys that is designed to help farmers offer educational visits, matching them to schools and so on. I would hope that, if we can learn the lessons from that, we could try to apply that experience elsewhere in Wales.

[82] **Lesley Griffiths:** Do you feel that the project is not working? The take-up is really low: only two of the 32 farmers who attended the focus groups had organised such visits.

[83] **Mr Brodie:** The report correctly exposes this as an aspect of the programme that clearly has not been working. All I am trying to say is that we are keen to get it to work, and with the guidance that is out there and with the kind of approach that is being developed and is working in Powys, we have ways forward to make progress.

[84] **David Melding:** Huw Lewis.

[85] **Huw Lewis:** Paragraph 1.59 talks about the long-term management required, re-emphasising quite sensibly that landscape protection, restoration and so on is a long-term business. What do you expect to happen when individual farm agreements come to an end? When they approach their expiry date, is some kind of exit strategy formulated? Do we manage the transition out of the scheme?

[86] **Mr Brodie:** Yes, indeed. This is probably the point at which to refer back to the review we are doing of all the axis 2 schemes. We will be going out to consultation on that shortly. The aim is to have a new suite of schemes agreed with the commission, and for them to be capable of being introduced in 2010. They will be operating, as I have been keen to explain, on a broader set of objectives and on a landscape scale. As part of that, our first cohort of farmers coming out of Tir Gofal would be coming out at that point, and our aim is to pick them up to ensure that the important gains are not lost. So that is our overall strategy. In terms of the rural development plan, if you look at the funding profile, there is a very strong ongoing line for funding for agri-environmental schemes, which is rising relatively slowly, it has to be said, but that is due to the pace at which money moves across from pillar 1 into pillar 2 of the rural development plan. That provision is in there, and it is designed to enable us to meet the point that you make.

[87] **Huw Lewis:** So 2010 will be a time of transition, and we will move to landscape take-up, which strikes me as where we should perhaps have started in the first place, because the piecemeal farm-by-farm approach has led to a lot of the difficulties in terms of monitoring added value that we have seen reflected in your report. So, in the transition to 2010, do you anticipate finding more farmers knocking at the door to enter into these schemes? How will we manage this across Wales as a whole? There has been a high level of demand. Do you think that that is going to continue? When we move to a whole landscape picture, will that give you capacity problems in terms of managing all this?

[88] **Mr Brodie:** Those are all good questions that we are wrestling with, and it depends on how we design the schemes and how they can be operated. You are right to say that we have to balance out a whole set of trade-offs. I should say that one of the first things that we will be consulting on is with regard to the objectives. Obviously, climate change has come to the fore much more strongly than it did in the late 1990s when Tir Gofal was originally designed. Therefore, from our perspective, we will be proposing that the objectives are cast more broadly and that they look at what are known in the jargon as ecosystem services more generally. They will look at how we protect soil carbon and how we protect and get the right management of water and biodiversity. Biodiversity at the moment is the central objective of Tir Gofal, and that will be put much more in context in the new suite of schemes. That is

intrinsically linked to the move to operate at a landscape level. On the question about uptake by farmers, it will depend precisely on how much we ask of them and how much we offer to pay them. One of the points that some farmers make is that with grain prices rising, they will have a greater incentive to focus on production, rather than on coming into schemes. That is one of the issues that we will have to take into account in working out payment rates and in terms of looking at the budget and how far it will stretch.

[89] **Huw Lewis:** Can I wander a bit?

David Melding: Yes; some of the questions that we brought up earlier are trumped by the fact that there will going to be fairly substantial change, it seems, in the scheme. I will give you another crack at it, Huw.

10.40 a.m.

[90] **Huw Lewis:** I think that we have to reflect on the build-up to that scheme and how we maintain best value for money in the build-up to that scheme. As a point of personal interest, continually, the emphasis has been in Tir Gofal on maintaining a farmed environment, perhaps one that would have existed some decades ago, returning to hay meadows, for instance. If we move in 2010 to a whole landscape look, will we be giving consideration, particularly in terms of the impact this might have on climate change, to the fact that, actually, the farmed landscape is not natural? There may be places here of returning to a natural Welsh landscape—for instance, a forested landscape—as might have existed before, which would have implications for climate change and so on. Are we going to have those discussions in the run-up to 2010; are we going to put our minds to this?

[91] **David Melding:** You are welcome to answer that question in the context of the Tir Gofal scheme and how it is likely to develop between now and 2010.

[92] **Mr Brodie:** I am sure the consultation will provide an opportunity for people to have that debate. The point I would like to make is that if we really are taking climate change seriously, then it has to be a key priority for us to look after our soil carbon in Wales. We have about 400 million tonnes of carbon in Welsh soil, and most of that is in the form of peat in the upland landscapes. Planting trees there would be one of the worst things you could do.

[93] **Huw Lewis:** You plant trees in other places.

[94] **Mr Brodie:** Conserving that soil carbon is incredibly important because, if roughly 1 per cent of that soil carbon were to oxidise in a year, the net effect would be to double Wales's greenhouse gas emissions. That is a fairly significant thing for us to bear in mind and, therefore, conserving that soil carbon has got to be a key objective of the axis 2 review. That objective is of importance to everyone who lives in Wales, whether you are a farmer or not.

[95] **Huw Lewis:** You are latching on to one very small aspect of a throwaway example that I made. The basis of what I am asking here is, in the run-up to 2010, are we going to start thinking about natural landscapes as well as farmed ones?

[96] **David Melding:** I think, in fairness, Mr Brodie, that that can be addressed in the consultation. These are philosophically very important issues about how to design effective interventions, but they are a little bit beyond our current enquiry. Eleanor?

[97] **Eleanor Burnham:** In the same context that you talk, my understanding is that if you start cutting down forests to erect wind farms, you are equally going to allow carbon into the atmosphere and all kinds of destruction of areas where, if you left them alone, it would be far

better.

[98] **David Melding:** You may answer that question, if you wish, otherwise I will move swiftly on.

[99] **Mr Brodie:** It is precisely for that reason that the forestry have gone for keyhole felling for their new programme. Also, we will be ensuring that the siting of any turbines takes careful account of soil carbon to ensure it does not release carbon that way.

[100] **David Melding:** Thank you. We need to press on. Lorraine Barrett.

[101] **Lorraine Barrett:** Looking at paragraph 1.61, regarding the considerations given when you plan the form and value of ongoing support for land management, I was a little bit concerned to read that Tir Gofal did not prioritise applications from farms that were previously in other schemes, there being no succession planning or monitoring in regard to the benefits derived from participation in those schemes and whether they had been sustained. What sort of data system do you have to compare who was in what previously and how they sustained themselves, and who has come into the new scheme who was not in the old scheme and why, and that sort of thing? What progress has been made in the review that you are conducting of land management schemes run by the Government, and what is the likely outcome in terms of the impact of Tir Gofal?

[102] **Mr Brodie:** Ministers took the decision at the time not to give an automatic priority to farmers who were leaving ESA to come into agreements.

[103] **Lorraine Barrett:** For the record, can you say what the ESA is, because I have been trying to work it out

[104] **Mr Brodie:** It stands for 'environmentally sensitive areas'. The whole point was that those schemes had operated in a few very restricted parts of Wales, and if we had given a priority to those automatically, it would have really frustrated the ability for Tir Gofal within the available budget to have operated credibly as an all-Wales scheme. Having said that, many of those farms have come through. I am sure that we can track which farms have been in the different schemes. In terms of going forward, I was trying to outline the fact that, in the axis 2 review, we are trying to identify broadly the important services and functions that these natural environments need to be playing for us, in safeguarding soil carbon, in playing their role in combating greenhouse gas emissions, in helping to protect our water resources as regard their purity and in managing them against floods, and in looking at the richness of the countryside, and not just with regard to its beauty, but its habitat and its wildlife as well, and in helping wildlife to adapt to the big adaptation pressures that climate change will bring. All those things point you in the direction of looking at landscape-level approaches, because, as with the issue of how we develop access meaningfully and help people to enjoy the countryside—which you mentioned—it is much easier to tackle on a landscape level than farm by individual farm. That is the overall philosophy behind the ongoing review of the axis 2 schemes. Now, the devil is always in the detail, and there is a whole variety of different options for how we take that philosophy forward. That will really be what the consultation will have to focus on.

[105] **Lorraine Barrett:** I wish to ask a question about Tir Cynnal. Does Tir Cynnal now provide much of the benefits that Tir Gofal provides and for less money?

[106] **Mr Brodie:** No. Tir Cynnal is very much a basic scheme. It is a coat of very light green paint, if you like, in comparison to Tir Gofal.

[107] **Irene James:** I wish to refer to paragraph 2.11, which shows us that the Assembly

undertook a major review, known as the stock-take review, in response to lots of complaints about Tir Gofal. The biggest problems were that there were lots of dropouts and it was seen that there needed to be an improvement in the value for money by allowing a greater number of farms to enter the scheme for a given budget. Did the changes to the scoring system in 2002 have the desired impact of reducing the dropout rate, improving value for money and providing better support for mixed and medium-sized farms?

[108] **Mr Brodie:** I think that we would say that they did. It was a very big shift from the old quota-based entry system which, as you say, meant that a lot of farmers became extremely frustrated because they had to reapply year after year. I also think that the other adjustments that we made to rebalance the way in which the points system was working and the tapering of the payments, and so on, all resulted in a sensible adjustment to the scheme, which has enabled it to run more smoothly and effectively since then.

[109] **Irene James:** Has that supported everyone equally?

[110] **Mr Brodie:** As I was saying earlier on, there is a better distribution of farms now, but we still have some under-representation from the dairy sector. I think that is probably fairly inevitable, given the type of landscape that they happen to have and the commercial pressures on those farms, which have been very acute.

10.50 a.m.

[111] **David Melding:** Have the farm sizes, for example, come down, because they are twice as large as was initially anticipated?

[112] **Mr Brodie:** The average farm size is still almost 100 ha. It has come down slightly but not by a great amount. What has happened, and certainly started happening as part of the response to the stock take when we implemented those changes, is that we have moved away from the position that we had early on of having a disproportionate number of large farms and a disproportionate number of very small farms in the scheme to the extent that medium-sized family farms seemed to find it less attractive. I think that we have done quite a lot in the intervening years to make it more attractive to those farms and to have a more even-sized profile.

[113] **Huw Lewis:** I am looking at paragraphs 2.12 to 2.18, which are taking an historic look at the management of the demand for the scheme. It is a popular scheme and there is lots of demand for it. Initially, there was a quota system, which stated that there would be a set number of schemes and that that would be that. However, we have had a move towards a waiting-list type of demand management. My understanding is that officials wanted to go back to the quota scheme in 2006, but that the Minister overruled this and decided to process the applications on a waiting-list basis. What that essentially meant was that the original quota of 750 farms, I think, doubled to 1,400. I can see that there might be political imperatives behind what happened there, and we are obviously still in that situation now. However, was there any kind of value for money argument behind shifting from a quota system to a waiting-list system? Is the doubling of the number of farms engaged in the scheme perhaps partly behind some of the difficulties that are reflected in the report in terms of monitoring the effectiveness of this scheme?

[114] **Mr Brodie:** No, I do not think so. I think that the decision was made in August 2007. That does not mean to say that all of those 1,400 farms are guaranteed to come into the scheme. All of them are subject to an appraisal in exactly the same way that all farms have been since the scheme started operating in 2002, or whenever we moved away from the original quota system. A farm that does not have 100 points does not come into the scheme, so the expected drop-out rate that we have will mean that over 1,000 of those 1,400 would

come in. Given that we are heading into the axis 2 review and introducing a new suite of schemes for 2010, it is very sensible to deal with this last tranche of Tir Gofal applicants, rather than setting up another application round for a scheme that is reaching the end of its natural life. So, I do not think we should read more into it than that.

[115] **Huw Lewis:** No, but we are concerned with the historical side of the value for money here as well, and even going to 1,000 farms is a 25 per cent increase, which causes a substantial capacity issue in terms of monitoring effectiveness. In terms of the prioritisation and points, and so on, has there been a prioritisation of sites of special scientific interest within that, because that was part of the original intention?

[116] **Mr Brodie:** Yes, SSSIs are given not only weighting in terms of the points but are given a faster entry route into the programme. So, they are prioritised in terms of how fast we bring them in. I wish to go back to what you were saying a minute ago. The fact that that position was taken does not mean to say that we are going to be spending any more money in Tir Gofal than was originally anticipated; it means that we are going to be spending it over that one window of applications, rather than setting up another window of applications. Under the quota system, what was tending to happen was that money was being focused on the farms that scored the highest number of points, which had the effect of concentrating expenditure on a relatively small number of farms. So, the reason why we moved away from the quota system was effectively to spread the money over a broader number of farms, and that does not affect the total amount of money in the budget.

[117] **Huw Lewis:** Spreading it across larger numbers of farms has given you monitoring problems though; they are shot right through the report, are they not?

[118] **Mr Brodie:** I do not think that the monitoring problems are so much to do with the scale; they are to do with the quality and nature of the monitoring process and how we pin down what is happening. So, I do not think that the move away from the coverage in terms of the number of farms has really anything to do with our monitoring problems. Our monitoring is, as I have explained, focused on taking in 400 selected sites each year. So, it is not linked to the pattern of entry into the scheme.

[119] **David Melding:** Can you just remind us how the waiting list is managed, in terms of those that are on the waiting list, which have 100 points or more? It is not just about the length of time that they are on the waiting list, is it?

[120] **Mr Brodie:** There are two categories: those applicants that include SSSIs and those that do not. We arrange for two-thirds of the in-flow to be from the category that includes SSSIs, compared to the other, to give them that degree of priority in the system.

[121] **David Melding:** So, in terms of the other third, it is about the length of time on the waiting list.

[122] **Mr Brodie:** They are both dealt with in terms of the data that they have received, so they are in order in that sense, but we adjust the in-flow for two farms from one category for every one from the other.

[123] **Dr Dunn:** If I could just clarify that, Huw says that they are dealt with in date order, but in fact almost all the applications in the November 2006 window arrived on the day that the window opened so, really, they are dealt with in random order but divided into the two categories of SSSIs and non-SSSIs. So, that is the way in which they are being worked at the moment.

[124] **Bethan Jenkins:** Paragraphs 2.19 to 2.23 of your report indicate that Tir Gofal is

well placed to address the environmental risks that are likely to arise from the reform of the common agriculture policy but that, often, the incentives to encourage cattle grazing on upland pastures are not leading to enough take-up. Do you intend to adjust the payment rates for introducing cattle grazing in difficult locations to encourage greater take-up of this subscription?

[125] **Mr Brodie:** We are certainly going to look very carefully in the design of any new scheme at the weightings that we have given for cattle. However, I do not think that we would accept that the current scheme is quite as ineffective in that regard as perhaps the report implies at this point. We currently have 1,685 agreements that include a cattle-grazing premium, so we have significant take-up from farmers for that option. That is around 60 per cent of all the agreements that we have. The amount of incentive that we can give is constrained by the European rules, but we certainly accept the sense of what you are saying: that this is an important element and that we need to ensure that we keep sufficient incentive in the scheme and keep it under review in that way.

[126] **Bethan Jenkins:** So, you believe that the premiums have been effective and that perhaps the report does not reflect that fact. It says that the 10 per cent premium on the estimated cost is not—

[127] **Mr Brodie:** I think that this is one of those few areas where we do not absolutely go along with the sense in the report. If the incentive had been really unattractive for farmers, I do not think that 60 per cent of the agreements would include that element. The cattle in the uplands are not profitable at the moment in terms of market economics and, therefore, it is quite clear, particularly with the decoupling of subsidies, as the report makes clear, that unless we provide some degree of incentive through other arrangements—the agri-environmental scheme is the most obvious one—we will not see them there. So, yes, we will keep this under close review to ensure that we can get the right outcome in that regard.

11.00 a.m.

[128] **Bethan Jenkins:** Do you foresee any other changes or anything else that you need to take into consideration in this area with the reform of CAP?

[129] **David Melding:** You may have answered that question previously, but how comprehensive are the changes going to be in 2010?

[130] **Mr Brodie:** The other thing that we have done is that, in the review of the payment rates that came into effect in 2007, we have taken account of the decoupling of farm subsidies. So, previously, for instance, one of the reasons why we were paying a lot to the big upland farms was that we wanted them to reduce their stocking rates, which is important, not only for biodiversity reasons, but also in terms of protecting soil carbon. One of the factors that used to be taken into account in calculating income foregone was the amount of sheep annual premium that a farmer would be losing if he did not have as many sheep. Because the CAP is, hopefully and positively, now decoupled, that perverse incentive is no longer in the system and, therefore, we do not have to compensate for that in how we calculate the Tir Gofal payments.

[131] **Lorraine Barrett:** I am looking at paragraphs 2.31 and 2.32 with regard to the scheme prescriptions and flexibility. Concern was expressed by some farmers about the inflexibility and the stocking rates; they have to keep them fairly low, which they felt had a detrimental effect on the pastures and the environment, in terms of damaging biodiversity. Do you intend to take any actions to address the concerns expressed by those farmers about the scheme prescriptions, and especially the stocking rates, the flexibility and the targeting, which they feel are very restricting?

[132] **Mr Brodie:** I think that the whole issue of flexibility, in terms of having arrangements that are tailored to local circumstances, is very much something that we want to develop as part of the axis 2 review. I think that there is great scope there for us to work with groups of farmers rather than just with individuals. On the precise point of stocking rates being too low, I am afraid that we are pretty sceptical about that. We are working on the basis of our expert advice and we do adjust that if our expert advice changes. However, it is natural that farmers will, from time to time, try to push the boundaries of the scheme and say that we are asking them to reduce their stocking rates too much. You should take some comfort from the fact that we do not simply go along with what farmers always say would be convenient for them.

[133] **David Melding:** We are going to rattle through our last few questions now.

[134] **Chris Franks:** I am focusing on figure 15 on page 49. I was quite taken aback to read the comments regarding the impact or lack of impact that this scheme has on birds. I took it that there would be comprehensive packages to ensure that the bird population thrives. There is reference here to the lapwing, which of course is quite iconic as a result of its decline, but I was extremely depressed to read that the series of measures in place does not necessarily flow. What can be done to address that, because if we are seeing a continued drop in the bird population, that undermines the whole principle of this scheme?

[135] **Dr Dunn:** I think that it is absolutely true to say that the species packages have not been as popular as we hoped they would be. The Tir Gofal agreement typically consists of a whole-farm agreement, which is basically about protection, together with a selection of the optional prescriptions. There is also the possibility to design species packages and we would have liked to have seen those used much more frequently in areas that are important for particular bird species or other species. That has not happened. We are now working with the Royal Society for the Protection of Birds to define key bird areas for particular iconic species, and then we want to work with project officers and farmers to ensure that they take more notice of what is required in local areas. I think that it is a problem that we have had in getting the scheme tailored sufficiently to very local areas and it is something that we are certainly going to do more about. As I said, we are working with the RSBP to try to tackle the problem.

[136] **Chris Franks:** It does work, does it not? We have seen the red kite and even ospreys returning, so the principles are known. It is so disappointing, but you are saying that you are now addressing this problem. When will we see the fruits of your labour?

[137] **Dr Dunn:** The fruits are already there to be seen in a certain number of instances. For example, at a site in Gwent, triticali has been sown, which is particularly attractive to yellow hammers and the population there has risen dramatically. Equally, there are very good examples of Tir Gofal agreements where new wetlands have been created and lapwing, curlew and water fowl have considerably increased in numbers because of that. I am not saying that we have not done it or that we do not know how to do it; we are just as disappointed as you that it has not been done sufficiently widely.

[138] **David Melding:** It will presumably be important to address the deficiencies in the new scheme.

[139] **Lesley Griffiths:** You decided to prioritise applications with sites of special scientific interest by awarding additional points, and you mentioned in an answer to Huw that you offer these sites a faster entry route into this scheme. Has this resulted in a higher proportion of farms with these specific sites entering the scheme?

[140] **Mr Brodie:** Yes. I do not have the precise figures, but Mike might have them. We

certainly recognise, as the report makes clear, that we have a long way to go in Wales in getting all of our designated sites up to the right favourable condition that is specified by the European Commission. Certainly, Tir Gofal and any successor scheme will have an important role to play in that.

[141] **Dr Dunn:** In the last application round, there were around 350 applications from farms with SSSIs on their land. They are all being processed in the first batch, as it were. We are now in a position where we have offered 100 agreements to farms that were in that application round, and almost all of those are to farmers with sites of special scientific interest.

[142] **Lesley Griffiths:** You have just mentioned bringing them up to a favourable condition because, obviously, many of them are at risk and in unfavourable conditions. How will you assess the effectiveness of using this scheme as a tool to improve their condition?

[143] **Dr Dunn:** I think that we will assess it using the habitat monitoring surveys that we have already been talking about. In terms of meeting the Assembly biodiversity targets, monitoring will be carried out by the Countryside Council for Wales. We would expect that monitoring to indicate, as it has in the past, that Tir Gofal is probably the most important lever that the CCW has to meet those wider global conditions and requirements.

[144] **Irene James:** I wish to move on to paragraphs 2.42 to 2.44, which look at running costs and administrative performance. It is indicated that Tir Gofal has variable performance with regard to meeting targets. Can you explain your approach to setting targets for Tir Gofal?

[145] **Mr Brodie:** Certainly. I think that, up until now, the approach has focused on the number of farmers brought in each year and the amount of land covered. In addition to that, we are keeping a very close watch on the overall administrative costs, and that has been particularly the case since the administration came back into the Assembly Government.

11.10 a.m.

Since that work has come across, we have managed to reduce the administration costs for the scheme by just under £240,000 per year. We will be continuing to look at any other opportunities that we have to do more in that regard.

[146] **Irene James:** I think that answers any supplementary question that I was going to ask because you have told us how the scheme has been developed since it has come back into the Assembly Government. Is there anything else that you wish add?

[147] **Mr Brodie:** I think that it was a sensitive time, but we have managed to ensure that the transition was made without any disruption of service or operation. The links with CCW are still working extremely well; farmers have not seen a change in terms of the individuals who work with them and so I think that we managed to get over the potential problems of that transition satisfactorily. As I say, we have to continue to look not only at how we administer Tir Gofal in its remaining stages, but how we actually pitch administrative arrangements for the future so that we get the right balance between providing a light touch that is sensitive and cost-efficient and ensuring that there is the right focus on the relationship with the farmer, understanding what we are getting and the monitoring and evaluation that we have been talking about so much. You can see that it is quite a tricky balance to pull off.

[148] **Irene James:** But obviously the building blocks are in place.

[149] **Dr Dunn:** Yes.

[150] **Eleanor Burnham:** I wish to refer to mapping, which is mentioned on page 54. Obviously, there are problems regarding the accuracy of recording the farms that enter the scheme, and so on. In 2.51, it is stated that the Tir Gofal officers expressed frustration and wanted to be able to amend the maps without having to go through the cartographic unit. That seems rather strange because I would have thought that the cartographic unit was the key to this.

[151] **Mr Brodie:** Indeed, it is. Even if we had managed to equip our field officers with the technology to do their own mapping when they were out in the field, the fundamental problem is that these maps must all be reconciled with the maps that underpin the single farm payment. The auditors from the European Commission are red hot at spotting any inconsistencies, even down to fractions of a hectare, as I can see that you are well aware. So, that is why we cannot have Tir Gofal just administered in a silo; it has to link up with the integrated mapping system.

[152] **Eleanor Burnham:** I think that certain members of the Westminster Government want to use satellite technology for back gardens and extensions. I wonder what kind of different schemes they would be using; would they use helicopters or satellite?

[153] **Mr Brodie:** I am not quite sure how to respond to that, chair.

[154] **Eleanor Burnham:** I will move on swiftly to the running costs. There are difficulties with the mapping, which might mean that you have to visit farms more often than you thought. I was particularly interested in point C on page 55 about seasonal requirements. Weather conditions can be variable; we had a wet, cold April last year, but the year was much dryer and hotter. That surely needs to be accounted for in this. Is that one of the reasons why the costs are expanding or are bigger than you thought initially?

[155] **Mr Brodie:** I do not think so, in all fairness. I think that the report says that the costs were more than was originally expected. I am not sure whether that quite conveys the position. CCW always kept within the limits of the money that it was given to administer the scheme. The point is rather that, in a sense, in that early stage the total administration cost that was spread over the Assembly Government and CCW was not actually being aggregated and being focused on in the way that we would all recognise that it needs to be, and which it subsequently has been.

[156] **Eleanor Burnham:** But the total cost of administering Tir Gofal was not monitored as staff costs and overheads were not routinely apportioned to the scheme. Is there a reason for that?

[157] **David Melding:** They are now, as you said.

[158] **Mr Brodie:** Yes, that is exactly what we have been doing since the transfer; it is one of the benefits that we can actually look at all these costs in the round.

[159] **Eleanor Burnham:** So, you will be analysing the staff costs, as suggested in paragraph 2.61.

[160] **Mr Brodie:** Yes. We are not only doing that, but we are making some progress where we can by streamlining some of the costs.

[161] **Eleanor Burnham:** So, looking at figure 19, you have been paying even more attention to this.

[162] **Mr Brodie:** Yes.

[163] **David Melding:** You said, if I understood you correctly, in response to my colleague, Irene James, that you think that there are administrative savings of about a quarter of a million.

[164] **Mr Brodie:** It is just under £240,000.

[165] **David Melding:** That is correct. Where have they been generated and how robust are they?

[166] **Mr Brodie:** That was generated just by reducing staff numbers.

[167] **David Melding:** What effect has that had on staff morale and retention?

[168] **Mr Brodie:** I think that we still have more work to do with staff who have come across from CCW. Changing organisations is an unsettling process and that is something that we are very keen to work on. We have a session coming up within the next month, if I remember correctly, and obviously trimming back staff is never easy. However, that is something that we have to work at as managers.

[169] **David Melding:** In terms of the retention of key staff, we feel that Tir Gofal officers are hugely important in the running of this scheme because it is so difficult to get quantitative data, among other things, and so their judgements are crucial. Have we had difficulty retaining such staff?

[170] **Mr Brodie:** Not so far.

[171] **David Melding:** That concludes the set of questions that we wanted to put to you. On behalf of the committee, I wish to thank Huw Brodie and Dr Michael Dunn for appearing this morning. It has been quite a long and, at times, technical session, but I think that the evidence has been drawn out and you have given admirably clear answers, which will help our work. A transcript of our proceedings will be sent to you so that you can comment on its accuracy.

[172] **Mr Brodie:** Thank you.

11.17 a.m.

**Trafod ymateb Llywodraeth Cynulliad Cymru i adroddiad y Pwyllgor Archwilio
‘Adolygiad o’r Contract Gwasanaethau Meddygol Cyffredinol Newydd
yng Nghymru’
Consideration of the Welsh Assembly Government’s response to the Audit
Committee report ‘Review of the New General Medical Services Contract
in Wales’**

[173] **David Melding:** Under this item, you have seen the Minister’s letter. I think that all the recommendations have been accepted, at least in part. Jeremy, do you wish to bring anything in particular to our attention?

[174] **Mr Colman:** I think that the response is satisfactory—it is perhaps a bit more satisfactory even than it appears. It was written in a period when the Assembly Government was preparing consultation documents on the considerable reconfiguration of the NHS in Wales. There has also been publicity in England about the potential renegotiation of the contract with general practitioners. I suspect that these factors rather constrained the

Assembly Government as to what could be said when it replied. This is a very important area as a huge amount of money is involved. We will be watching it very closely but, for now, I think that these are satisfactory answers.

[175] **David Melding:** Yes. Of course, we will be able to return to this and to monitor it further. Are there any other comments?

[176] **Eleanor Burnham:** I suppose that, by then, you will be reviewing any possible changes that are in the offing in respect of the amalgamations of the NHS trusts and the possible changes to the local health boards, and so on.

[177] **David Melding:** It is important that the lessons will be applied as appropriate.

[178] **Jeremy Colman:** What is particularly relevant in this area is whether the proposed reconfigurations will make it easier or harder to transfer money between secondary care and primary care, which is a key part of the discussions that the committee had on this subject. We will just have to wait and see.

11.20 a.m.

Cynnig Trefniadol Procedural Motion

[179] **David Melding:** I propose that

[180] *the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 10.37(vi).*

[181] I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion carried.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11.20 a.m.
The public part of the meeting ended at 11.20 a.m.*