

REGULATORY APPRAISAL

AGRICULTURE, WALES

THE TIR GOFAL (WALES) (AMENDMENT) REGULATIONS 2006

Background

1. Tir Gofal is the Assembly's flagship agri-environment scheme, widely regarded as one of the best in Europe and highly praised in Lord Haskins' independent review of rural schemes – published October 2003.
2. The scheme was established in 1999 as an integral part of the first Rural Development Programme for Wales. The scheme has been successfully run jointly with Countryside Council for Wales (CCW) since then; the CCW have administered applications and payments, with mapping support and overall policy control provided by the Welsh Assembly Government. There are currently some 2,900 agreements bringing some 307,000ha of agricultural land, almost a fifth of the agricultural land of Wales into positive environmental management.
3. Tir Gofal brought together the best features of its predecessor schemes (Tir Cymen, ESAs and the Habitat Scheme) into a single whole-farm, agri-environment scheme, available throughout the whole of Wales. It includes highly specific land management prescriptions covering biodiversity, landscape, historic features and public access as well as a range of whole farm measures. The scheme also includes capital works, for example on field boundaries. Tir Gofal is designed to support the farming community in protecting the rich heritage of rural Wales whilst producing environmental benefits and promoting enjoyment of the countryside. Farmers enter into 10 year agreements and receive annual payments based on the costs incurred in complying with the scheme's prescriptions.
4. The decision to transfer the administration of Tir Gofal from the CCW to the National Assembly for Wales is part of the Welsh Assembly Government's wider "Making the Connections" agenda to deliver quality public services, which are more joined-up, more responsive to people and businesses, and more efficient.

Purpose and intended effect of the measure

5. The Regulations transfer responsibility for the administration of Tir Gofal from the CCW to the National Assembly with effect from 16 October 2006. They also provide for the transfer of rights and liabilities in connection with Tir Gofal agreements entered into by the CCW, under the Land in Care Scheme (Tir Gofal) (Wales) Regulations 1999, to the National Assembly. In addition, these Regulations update references in the principal Regulations to certain European Community instruments, which have either been amended or replaced since the coming into force of the principal Regulations.

6. After the transfer, farmers will see no practical change other than that their agreements will be with the Welsh Assembly Government.

Risk Assessment

7. The probability of any significant risk arising as a result of implementing these Regulations is likely to be minimal. It is intended that existing functions should continue and that improvements to the services will be made.

8. However, in transferring the administration of Tir Gofal, the Welsh Assembly Government and CCW identified the following possible risks;

- the transfer may undermine the CCW's wider environmental operations.

To address this concern, the CCW will remain an active partner in the delivery of Tir Gofal and their nature conservation and countryside management remit remains intact. These are areas of growing importance and complexity, for example action to be taken forward by the CCW under the new Welsh Assembly Government Environmental Strategy will rely to a considerable extent on their continuing involvement in agri-environment action.

- Loss of key agricultural knowledge and skills from the CCW.

The CCW will ensure that the lessons learned from the experience of running Tir Gofal continue to influence working practices and that agricultural expertise is retained to inform and improve Sites of Special Scientific Interest management.

- Possible loss of small local CCW offices.

The co-location of Welsh Assembly Government and CCW staff wherever possible will enable both organisations to support each other to maintain a locally available service.

- Potential loss of key CCW staff could impact on the scheme's delivery.

The CCW currently employs 91 full-time equivalents on the delivery of Tir Gofal. These posts will transfer to the Welsh Assembly Government on 16 October 2006. Postholders who opt to transfer will continue to work on Tir Gofal undertaking the same roles as they do now. To address the issue of potential key staff losses, the Minister for Environment, Planning and Countryside has determined that Tir Gofal project officers should remain at their existing locations where this is feasible and cost effective and work alongside CCW colleagues whilst continuing to carry out their existing duties. To ease the transfer there will be an interim stage whereby the delivery of Tir Gofal will be ring-fenced within CCW for the 6 months preceding the transfer. A key component of managing the change has been the appointment of a new Head of Tir Gofal operations from within CCW. All other staff involved will begin to move into the ring-fenced unit in preparation for the transfer from the start of April.

The CCW Trade Unions also play a full role on the Project Board and staff have been able to influence the project through their representatives. Staff receive regular information from CCW and the Project Board keeping them informed of progress. Workshops have also been held to provide staff with a clear picture of what the change will mean for them and how they can contribute to its successful delivery.

- Incompatible IT systems might cause a delay in payments.
A team from the Welsh Assembly Government and CCW with advice from an independent computer consultant, PA Consulting Ltd, looked at a number of IT options. These ranged from using existing CCW software to rewriting the Welsh Assembly Government systems. The selected IT solution minimises the risks by transferring the existing CCW database onto the Welsh Assembly Government network and linking it to other relevant systems. This avoids the need to build an entirely new system, which would have had significant time and cost implications. However, the solution fully addresses the future IACS cross check requirements of the 2006 Rural Development Regulations.
- Over the longer term the high quality of Tir Gofal might be eroded.
To ensure the continued long term provision of the high quality advisory and scientific knowledge necessary to run Tir Gofal, particularly with regard to wildlife habitat management, public access and landscape, specialist advisory staff will remain within the CCW and continue to provide their specialist input under the terms of a partnership agreement between the Welsh Assembly Government and the CCW.

Options

Option 1: Do Nothing

9. If these Regulations are not made the transfer of responsibility for the administration of Tir Gofal from the CCW to the National Assembly for Wales cannot be implemented.

Option 2: Make the legislation

10. In order to achieve the desired objectives the administration of Tir Gofal needs to be transferred from the CCW to the Welsh Assembly Government's Rural Payments Division. Tir Gofal is currently run under the Land in Care Scheme (Tir Gofal) (Wales) Regulations 1999 (as amended), which conferred the power to administer the scheme on the CCW. Therefore, legislation is the only practical option for bringing the administration of Tir Gofal into the National Assembly for Wales.

Benefits

11. The Welsh Assembly Government's plans are intended to build on the scheme's success to date and to improve delivery still further, as part of the next Rural Development Programme for Wales. This will be achieved by bringing together within the Assembly Government the delivery of the whole range of agri-environment schemes namely Tir Cynnal, Tir Gofal

and the potential actions including the catchment sensitive farming scheme. This will allow Tir Gofal to be delivered as a fully integrated part of the agri-environment pyramid within the new Rural Development Programme due to be implemented from 2007.

12. The key benefits to external stakeholders are:

- the Scheme will be more democratically accountable as the Minister for Environment, Planning and Countryside will become directly responsible for the scheme's administration;
- there will be better services for customers, because they will be able to access all the agri-environmental expertise they need from within one organisation. Farmers will be able to get consistent access to dedicated staff who will be able to advise on the right choice of scheme, and just as importantly, advice on how to move between schemes and to deepen their environmental commitment in managing their farms;
- there will be more opportunities for staff as the CCW staff will be working on a wider suite of agri-environment schemes and will be part of a larger organisation with greatly enhanced opportunities to broaden their skills and experience and for career advancement. Welsh Assembly Government officials will have greater and more direct access to highly skilled and experienced staff in CCW, helping to spread good practice on agri-environment issues within both organisations;
- there will be greater efficiency because administrative processes will be streamlined and efficiencies gained through running the range of agri-environment schemes as one coherent package; and
- there will be a better fit with EU requirements on a Single Paying Agency and cross compliance. It will be consistent with the new European Finance and Rural Development Regulations that require all European payments to be paid by one paying agency in each region from 1 January 2007. In Wales, this will be the National Assembly. It will also help Tir Gofal to comply with cross checking requirements established under the Rural Development Regulations. Subject to EU approval the 2007 to 2013 Rural Development Plan for Wales will be implemented in early 2007.

Costs

13. The administration of Tir Gofal currently costs a total of £4.26million per annum. This figure will remain unchanged as a result of implementing these Regulations. The funding necessary to meet these costs will transfer from the CCW to the Welsh Assembly Government in 2006-07. Table 1 at Annex A to the Regulatory Appraisal breaks down the cost into its component parts; staff, overheads, capital, contracts and mapping.

14. The cost of transferring the administration of Tir Gofal to the Welsh Assembly Government will be £1.688 million, spread over 2005-06, 2006-07 and 2007-08. The cost of the transfer will be met from Mergers budgets previously announced by the First Minister to meet the additional cost of mergers that could not be met from within existing resources. The majority of the cost of the transfer will occur in 2006-7. The costs are some £412,000 lower than in the paper presented to the Environment, Planning and Countryside Committee on 5 April 2006, as at that time it was thought that existing accommodation would need to be modified to provide a level of physical separation between Welsh Assembly Government Officials and CCW staff. However, since the Regulations were scrutinised by the Committee Welsh Assembly Government's Departmental Security Officer has confirmed that Welsh Assembly Government and CCW employees do not need to be physically separated as there are no corporate governance or data protection issues. The Government Secure Internet (GSI) will be maintained via a separate IT network with protected Welsh Assembly Government servers and enforced password/user access policies.
15. The estimated cost of partitioning has therefore been removed. Table 2 at Annex A to the Regulatory Appraisal breaks the merger costs into IT, accommodation, HR, training and other costs.
16. There are no costs to external stakeholders resulting from the transfer of Tir Gofal.

Competition Assessment

17. The competition filter was applied and no effects were identified. Increased regulation is neither an objective nor a foreseeable outcome of the merger.

Consultation

With Stakeholders

18. A Project Board with membership from the CCW, Welsh Assembly Government and CCW Trade Unions (PCS and Prospect) was set up in September 2005 to help steer the project and has met on a monthly basis.
19. All CCW Tir Gofal staff have received several updates and bulletins as the Merger has progressed through various stages. In addition, staff have been afforded the opportunity to have their individual questions and concerns answered by Senior Assembly Government Officials at an open staff meeting, these have been followed up with definitive written question & answer sheets. All the staff affected, whether those transferring to the Welsh Assembly Government, or remaining within CCW, have been consulted on an individual basis in relation to a wide range of issues that affect them directly, for example; future delivery locations; staff transfer protocols; various HR issues & concerns; as well as being afforded the opportunity to give their views in writing on any other relevant issues that affect them.

20. Senior officials have arranged to meet staff again in June, and further staff meetings are planned over the summer. The staff transferring will themselves be involved in the work of adapting and implementing procedures.
21. Representatives from all levels of the staff affected, have been drawn upon to form most of the work-group panels that have been constituted to advise the Project Board as the Project has progressed.
22. The Welsh Assembly Government's Senior Responsible Officer has had one to one meetings with Tir Gofal partners including the CCW, CADW, the National Parks and Archaeological Trusts.
23. On 30 March 2006 the CCW has recently written to all farmers and land owners who are Tir Gofal agreement holders in relation to the transfer of administration and the implications that this transfer will have on them. A copy attached at Annex B to the Regulatory Appraisal. No responses have been received. A similar transfer statement has and will be included in all new agreements offered up to 15 October 2006.

With Subject Committee

24. These Regulations were notified to the Environment, Planning and Countryside Committee, via the list of forthcoming legislation, on 1 February 2006 (EPC (2) - 02-06 (p.3), item no.99, CFA 87) and were identified for detailed scrutiny. However, at that time the title of the Regulations were The Tir Gofal (Amendment) (Wales) Regulations 2006.
25. The Regulations were scrutinised by the Committee on 5 April 2006 (EPC (2) - 06-06 (p.2), under the title The Land in Care (Tir Gofal) (Wales) (Amendment) Regulations 2006. The Committee sought clarification on the one-off accommodation cost of £600,000 associated with the Tir Gofal merger and the degree to which the merger would result in loss of agricultural expertise and affect of the free-flow on information between staff in the CCW and those who will transfer to the Welsh Assembly Government to administer the Tir Gofal scheme. The Minister for Environment, Planning and Countryside clarified that the £600,000 would meet the cost of modifying existing accommodation to provide a level of physical separation between Welsh Assembly Government officials and CCW staff. At that time it was thought that this physical separation would be required to meet security requirements relation to the use of the Government Secure Internet. However, since these Regulations were scrutinised the Welsh Assembly Government's Departmental Security Officer has confirmed that Welsh Assembly Government and CCW employees do not need to be physically separated as there are no corporate governance or data protection issues. The one-off accommodation costs have therefore been reduced, but other costs associated with IT systems have increased now that the decision has been made to leave the majority of Tir Gofal staff in their current locations. However, the overall costs of the Tir Gofal transfer have been reduced from £2.1m to £1.6m. In addition, as further due diligence work is

undertaken it is possible that these figures may be reduced again. The Government Secure Internet (GSI) will be maintained via a separate IT network with protected Welsh Assembly Government servers and enforced password/user access policies. The Committee recommended approval of the Regulations without amendment. A copy of the Committee transcript is attached at Annex B to the Regulatory Appraisal.

26. An update on the transfer has been included as a regular item in the EPC Minister's Report to the Committee since January 2005 and there was a detailed discussion, in the Committee's meeting on 13 July 2005 (EPC(2)-09-05 (p,7)). Regular updates have included information on:

- the setting up of a project management board with membership drawn from the Welsh Assembly Government, CCW and Trade Unions;
- the appointment of a project manager from the CCW in September 2005;
- the setting up of a project stakeholder group with membership from the key Tir Gofal Partner organisations to help steer the project;
- update bulletins to all CCW and Rural Payments Division staff;
- workshops for all Tir Gofal staff to update staff on progress;
- the preparation of a detailed implementation risks and issues register; and
- IT and HR issues.

27. The transfer of Tir Gofal was debated in Plenary on 28 June 2005 under the motion, "to propose that the National Assembly for Wales instructs the Welsh Assembly Government to drop its plans to transfer the staff responsible for delivering agri-environment schemes, particularly Tir Gofal, from the Countryside Council for Wales into the direct employment of the National Assembly for Wales". This amended motion was defeated by 45 votes.

Review

28. The impact of the transfer will be monitored as part of normal business. The newly created Tir Gofal unit in the Rural Payments Division of the Welsh Assembly Government will incorporate Tir Gofal administration in an annual operational plan, which will set out the purpose and objective of each major activity and whether it is delivering against a strategic policy statement or statutory duty. Progress against these plans is reported quarterly to the Management Board and Cabinet. The Annual Report will report on progress against Wales: A Better Country commitments and the Welsh Assembly Government agenda.

Summary

29. The aim of the transfer is to bring the administration of Tir Gofal under more direct Ministerial control to deliver policy in rural development matters more efficiently and effectively. In order to achieve this, the proposed change to the relevant legislation is necessary. It is not anticipated that there will be any significant compliance costs imposed on

external stakeholders who should see improvements in the services delivered. No adverse competition effects are anticipated.

ANNEX A

1. Table 1 - ON-GOING COST OF DELIVERING TIR GOFAL

	MERGER YEAR				
CCW COSTS	2005/6	2006/7	2007/8	2008/9	2009/10
	<u>£ M</u>	<u>£ M</u>	<u>£ M</u>	<u>£ M</u>	<u>£ M</u>
Staff	2.95	1.48	0.15	0.15	0.15
Overheads	0.53	0.27	0.05	0.05	0.05
Capital	0.27	0.14			
Contracts	0.18	0.09			
NAW Cartographic Unit					
CCW TOTAL	3.93	1.98	0.20	0.20	0.20
NAW COSTS	2005/6	2006/7	2007/8	2008/9	2009/10
	<u>£ M</u>	<u>£ M</u>	<u>£ M</u>	<u>£ M</u>	<u>£ M</u>
Staff		1.47	2.80	2.80	2.80
Overheads		0.26	0.48	0.48	0.48
Capital		0.13	0.27	0.27	0.27
Contracts		0.09	0.18	0.18	0.18
NAW Cartographic Unit	0.33	0.33	0.33	0.33	0.33

1.1.1 NAW TOTAL	0.33		2.28		4.06		4.06		4.06
OVERALL TOTAL	4.26		4.26		4.26		4.26		4.26

1.1.1.1.1 Table 2 - ONE-OFF COSTS OF THE TIR-GOFAL MERGER – *UPDATED PAPER (please also refer to notes 2.2. & 2.3. below)

	MERGER YEAR					
1.1.1.2 CCW COSTS	2005/6	2006/7	2007/8			MERGER TOTAL
	<u>£ M</u>	<u>£ M</u>	<u>£ M</u>		<u>£ M</u>	<u>£ M</u>
IT Infrastructure						
IT System						
Accommodation						
HR & Training						
Excess Fares						
Project & Misc.	0.030	0.055	0.043			0.128
1.1.1.3 CCW TOTAL	0.030	0.055	0.043			0.128
1.1.1.4 NAW COSTS	2005/6	2006/7	2007/8			MERGER TOTAL
	<u>£ M</u>	<u>£ M</u>	<u>£ M</u>		<u>£ M</u>	<u>£ M</u>
IT Infrastructure	0.027	0.708				0.735
IT System	0.038	0.423				0.461
Accommodation		0.173				0.173
HR & Training	0.002	0.055				0.057
Excess Fares						

Project & Misc.	0.028		0.086		0.020			0.134
1.1.2 NAW TOTAL	0.095		1.445		0.020			1.560
OVERALL TOTAL	0.125		1.500		0.063			1.688

EXPLANATORY NOTE TO FINANCIAL TABLES

1. ON-GOING COST OF DELIVERING TIR GOFAL

1. Staff costs of 2.95M include £2.605M for CCW Tir Gofal staff; £0.14M for CCW Specialist staff; £0.20M for Snowdonia National Park staff.
2. Overheads of 0.53M includes £0.45 for CCW overheads & £0.08M supporting staff from SNP;
3. Capital support of £0.27M for CCW Tir Gofal Staff
4. Contract costs include Archaeological Advice (£0.11M) & Farmer Training (£0.04M)
5. NAW Cartographic costs include for the cost of digitising Tir Gofal Maps etc
6. Since Transfer is anticipated on 16-Oct-06 to co-incide with the start of the new EU FEOGA financial year, it is assumed for the purpose of this table, that 2006/7 costs are split equally between CCW and NAW.
7. For the purpose of this table, a direct pro-rata split of overhead costs has been assumed. However, the actual split is currently in the process of being defined through work being done by the CCW and the Environment Division of EPC, which sponsors the CCW.
8. It has been assumed for the purpose of this table that the cost of delivering Tir Gofal remains flat over the period. However :-
 - i. it is anticipated that the number of agreements in the scheme will continue to increase annually until the first agreements mature in 2010 whereupon agreement numbers will level-off.
 - ii. It is anticipated that once the Scheme has been merged into RPD, it will be possible to harvest economies of scale from running the Agri-Environment Pyramid together;
 - iii. The IT changes and linkages inherent in the Tir Gofal merger will ensure that Tir Gofal complies with the new EU requirements for cross compliance, cross-checking, and a single EU paying Agency for Wales;

2. ONE-OFF COST OF THE TIR GOFAL MERGER

1. The main elements, IT infrastructure costs & Accommodation costs, are based on staff remaining in CCW offices

2. Costs are partially informed by the estimates provided from a full survey of sites, but final location decisions have not been made at the time of writing. Estimated costs can therefore be further refined at that stage.
3. The Merger costs shown above are c.£0.410M lower than the paper presented to EPC on 5th April, due to having received definitive clarification that WAG and CCW employees need not be physically separated. Thus the estimated cost of partitioning has been removed.
4. Similar costs relating to IT system changes would have to be borne in any event (even if the Merger was not occurring) in order to be able to deliver EU requirements in relation to cross-checking, cross-compliance & single-paying-agency.

Annex B – Extract of the EPC Committee Transcript

9.56 a.m.

Rheoliadau Tir Gofal (Land in Care) (Cymru) (Diwygio) 2006 The Land in Care (Tir Gofal) (Wales) (Amendment) Regulations 2006

[Glyn Davies: The paper on these regulations was a little late, so I suspended the protocol, allowing Members to move amendments, if they so wished. No-one has been in touch with the clerk, so it does not look as though that is likely to happen, but you can do so, if you so wish. Are there any questions or queries? These regulations will implement the Government's decision.

Elin Jones: I do not have questions on the content of the regulations, but I have questions on the cost and on one operational aspect of these changes. Is that in order?

Glyn Davies: I think so.

Elin Jones: Thank you. On the operational side first, these changes will mean that officials who are currently working on Tir Gofal will work for the Assembly. At the moment, it is surely the case that the content of the work that the Tir Gofal officials do in the Countryside Council for Wales is shared with other officials working on sites of special scientific interest and different schemes relating to the countryside, so what is likely to happen when that work and those officials transfer to the Assembly Government? Will there be some sort of separation between that work and the information available to the officials on SSSIs and other CCW agreements? Therefore, will anything be lost as a result of that? Does the current system allow for a better transfer of information within CCW than will be possible after the transfer?

The establishment cost—'one off' costs, as they are called—is £2.1 million. Of that, £600,000 is for accommodation costs and £800,000 is for information technology. What exactly do accommodation costs of £600,000 include? According to the explanatory notes, it seems that they are Assembly Government costs for renting space in CCW offices. That sounds like an unnecessary cost because that money did

not exist when the current agreement was in place. However, the Government will now have to pay rent to CCW to the tune of £600,000, which sounds like a significant sum of money to me. Perhaps I have misunderstood, but I would like an explanation on that.

Carwyn Jones: Tir Gofal officials will work for the Assembly, but, and this is very important, they will remain, where practical—and, in most cases, that will be practical—in CCW buildings.

On policy, it is important that we have a system which allows us to provide a variety of schemes such as Tir Cynnal, Tir Gofal and so on, under the same umbrella, and not that one scheme is outside, and every other scheme is within the Government. Bearing that in mind, CCW has told me—and I accept this—that it is very important that Tir Gofal officials keep in contact with the rest of the staff and the rest of the work that CCW undertakes. The point has been made to me that, at one time, farmers tended to regard CCW as an obstacle to how they wanted to work, but now, since Tir Gofal was established, the attitude towards CCW has changed. Therefore, it is very important that, although Tir Gofal comes totally under the Assembly umbrella, there is a link with CCW to ensure that farmers still keep the same attitude towards CCW. Therefore, despite the fact that the officials will transfer to the Assembly, they will remain, more or less, in the same physical location as they are now. From that point of view, I do not foresee that there will be any problems at all, because they will still be in contact on a personal level with the same officials as before.

Elin Jones: Will it be possible to share information and data, because if an official who is working on Tir Gofal for the countryside council is currently able to access the file of a farm that is within the Tir Gofal scheme, can other officials in the Countryside Council for Wales access those files at the moment? Once the information technology systems have been transferred into the Assembly's control, will that kind of dynamic be lost? Perhaps I am seeing a problem where there is none, but I would like confirmation on that issue.

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Carwyn Jones: There is no reason why Tir Gofal officials cannot continue to access CCW files, particularly bearing in mind that many of them will stay where they are. Therefore, I do not think that it will be a problem.

Elin Jones: Will the technology systems be compatible?

Carwyn Jones: We are looking at that at the moment. Historically, they were not, but it will be important in the future to ensure that the systems move closer together.

Glyn Davies: There was also the issue of cost, which I raised.

Mr Dunn: You raised the issue of accommodation costs specifically. Those costs are not rent; they are the costs to cover the possible modifications needed with regard to some of the accommodation so that the officials who are working on Tir Gofal, and who are using the Assembly's IT system, are, to some extent, separated from those who are not within the Government's secure internet. That is what that cost represents. As the Minister said, that does not mean that there will not be interaction between Tir Gofal staff and the staff of the countryside council, because it is needed both for support and specialist advice from countryside council staff to the Tir Gofal project officials, but also because Tir Gofal is an important delivery agent for some of the other objectives that the countryside council had, so there will need to be information flowing in both directions.

Glyn Davies: There was an issue about CCW being a paying agency, and its capacity to be a paying agency were this change to go ahead. I do not remember what the precise problem was, but there was certainly an issue. How will you handle that?

Carwyn Jones: The reason for bringing Tir Gofal in-house was not primarily because of that issue, but there is an implementing regulation, although it is not yet finalised, which says that there can be only one paying agency for all Pillar 1 and Pillar 2 schemes in each member state. It seems likely that, while administrative tasks can be delegated by paying agencies, delegation of the payment function will not be permissible. I should add that there is also provision in the regulation for there to be separate paying agencies in each

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region of a member state, so it is not as if there would be one paying agency for the whole of the UK, but where there is a region, as defined by the commission, in future, there can only be one paying agency that is able to pay. However, that is not the reason why the decision was made; it was a policy decision.

Glyn Davies: Does that have any significance in terms of the change in Tir Gofal management?

Carwyn Jones: No, but it would appear to be the case that, fairly soon, it will not be possible to have more than one agency paying out money in one region, so the change would have been forced upon us at that point in any event, although, as I say, the decision taken on Tir Gofal was a policy decision, and not primarily driven by this.

Elin Jones: I just want to go back to this issue of the £600,000 accommodation costs. There seems to be a bit of contradiction in the kind of answers that I have been getting on these issues. The Minister is saying that it will be business as usual and that CCW officers and Assembly Tir Gofal officers will be looking to work together, and then £600,000 has been set aside to physically build walls to separate officers of this kind. The magnitude of this cost is quite considerable; it is in the same kind of range as the pre-movement testing for TB that we were discussing yesterday. I am concerned, and I would like a bit more detail as to what this £600,000 is going to be spent on, in terms of changes to the current offices of the CCW to accommodate the separation of work between Assembly officers and CCW officers. I am open to persuasion, but, at the moment, I am not persuaded that £600,000 needs to be put aside for this kind of work. I would like more detail on that, whether it can be provided here today, or at a later date, and I would like some reassurance that, at the moment, that is only a working sum and that it is likely to be a lot less than that if it is only a matter of building separation walls.

Mr Dunn: It is certainly a matter of providing some physical separation, and it is because of protocols to do with the Government's secure internet, which means that only Government officials working in those offices should have access to the IT within that system. What we are talking about is a relatively small amount of money per office because what we are trying to do, to the greatest possible extent, is to co-locate the Tir Gofal staff in the same offices as other CCW staff. I should also say that it is an initial estimate and probably a worst-case estimate, and that applies to all the one-off costs. We are confident that the ongoing costs are pretty well nailed down, but until the work is done this month on both IT and accommodation, we cannot be absolutely certain what the total costs of this work will be. However, it is a consequence of delivering the Tir Gofal service in the way in which it is done at the moment, through a network of local offices.

Carwyn Jones: I will just add to that. There are two choices in bringing Tir Gofal in-house: either to move Tir Gofal staff physically out of CCW offices and put them into Assembly Government offices, or to keep them where they are, but provide the security that is needed to ensure that only Tir Gofal officers are able to access the Government secure internet. GSI is a system that is available for access by Assembly Government officials and by Ministers. In order to ensure that there is no unauthorised access, there is therefore a need to put in place some physical separation to ensure that non-authorised people do not have access to the computers that are logged onto GSI. However, that is better than moving people physically out of a building into an Assembly Government building and away from other CCW staff. So, we are talking about creating a level of physical separation, but not such a level that means that it is not possible to liaise with staff elsewhere, possibly even around the corner in the building. These are the recommendations that have been made to us by the Government advisers.

Elin Jones: Going back to my original question about the continued sharing of information between Assembly officials and CCW officials, CCW officials will not, therefore, have access to the GSI and all the computer files on Tir Gofal from now on, in a way that they would have had previously, even if they were not Tir Gofal officers. So, that is a change

Mr Jones: There is no reason why environment, planning and countryside officials should not have access to information about Tir Gofal, or, indeed, any other scheme that we are paying. The point that the Minister is making is that, once you have access to the Government secure internet, you are inside the Government's electronic business across the UK. So, the physical separation is to prevent any unauthorised access into that internet, which goes much wider than Tir Gofal, this department or the Assembly. The advice that we have been getting from our information technology advisers is that there has to be that level of separation. However, there is certainly no reason at all why information on Tir Gofal, the

single farm payment, cross-compliance issues and so on should not be shared with our partners, provided that there are good reasons why they need that information.

Glyn Davies: This seems to me a sensible way of retaining the close contact with staff and the other duties of the Countryside Council for Wales. I would certainly support that. I speak from a position of totally opposing the incorporation of Tir Gofal in the first place, and I made, I think, a pretty spirited defence of that argument in Plenary. It did not find favour in Plenary and I lost that argument, but bearing in mind that it is lost, the closer we can retain the present connection, the better. One thing that I did not know about at the time was this additional cost, which might have added to what I consider to have been a pretty spirited defence of the previous position. However, given where we are now on this issue, it seems pretty inevitable. Mick, do you want to come in on this? Someone else had attracted my attention.

Mick Bates: It moves on from this particular—

Glyn Davies: I was not intending to go through my speech again. I established my position at the time.

Mick Bates: We all joined in with your spirited defence—quite right, too. I move on to a specific question about the future budgetary implications of this transfer for the CCW. This is particularly a question for Roger. Government savings are always being put through. With the loss of over £2 million from your budget, what will be the impact of future Government savings on the CCW budget in future?

Mr Thomas: Future Government savings? I am not quite clear what you mean.

Mick Bates: Say that there is a 1 per cent cut in a budget. When you have lost a substantial part of your budget, that 1 per cent cut will have a bigger impact on your budget in future, so, if there is a demand for the CCW to save 1 per cent in future, then, from my way of looking at things, that will have a bigger impact, because your overall budget will have been reduced.

Mr Thomas: It will still be 1 per cent. It does not really change that relationship at all. The important point in the discussion that has just gone on is to confirm our perspective that we are supportive of this retention of the Tir Gofal staff and their co-location with the Assembly, because we are all interested in the outcome, and not so much in who delivers it. The outcome is the best outcome that we can get from an environment scheme that is delivered through the medium of agriculture. It is about sustainable farming, communities and rural areas. The best way of achieving that is by having us all working closely together. On future cuts, if there is a percentage cut, we will lose the same percentage of whatever budget we have. If it is £50 million or £52 million, the percentage is the same, is it not?

Mick Bates: It is the same percentage, but the impact—

Mr Thomas: It is only if it is an absolute cut that it is different. Percentage cuts act in the same way, do they not?

Mick Bates: However, looking at your overall budget, you have had problems with section 15, for example, to move on a little from Tir Gofal. There was a suspicion at one stage that that particular problem was as a result of the transfer of function into the Government. Is that the case?

Mr Thomas: No.

Mick Bates: It is not?

Mr Thomas: Tir Gofal money has always been separate. The running costs of Tir Gofal and the payment money have always been separate and clearly defined in our budget line.

Mick Bates: On that particular issue, has the section 15 issue been overcome and management agreements restored?

Carwyn Jones: That has nothing to do with the regulations, Chair.

Glyn Davies: I think that most of the discussions so far have had nothing to do with the regulations; they have ranged wider than the regulations.

Elin Jones: The cost of implementing the regulations is relevant.

Glyn Davies: Yes, you are correct. I am sorry about that. I will be reprimanded on that point. However, quite a bit has been about other points, and, in the end, we will have to decide whether we are happy with the regulations. That would be my final question to the committee.

Mick Bates: Are those issues resolved?

Mr Thomas: We have found a way forward on section 15. We have to realise that there is a much greater demand for management agreements now than there was in the past. That demand has outstripped supply, but we have worked out a way forward with officials and the Minister to deliver that.

Mick Bates: To go a little further down this line, Tir Gofal is an agri-environment scheme, so are these SSI agreements and management agreements also classified as agrienvironment schemes?

Mr Thomas: They are not classified as such. They are part of the same purpose overall, are they not, which is to ensure that we sustain the natural environment of Wales?

Mick Bates: So, one of the outcomes of this piece of legislation may be that, in future, the Government will want to take away the management of those as well.

Carwyn Jones: Well, that is a political question and is quite preposterous, really. I do not think that Roger, in fairness, can be asked to predict what Government policy will be in the future.

Mick Bates: You never know, do you?

Glyn Davies: The Minister made a fair point. Are there any other questions on this point or, indeed, any additional questions to those that Elin asked on the regulations? I see that there are none, so I take it that we are content with the regulations as they stand. There is no point in any further scrutiny of those, so we will move on.