



# Cyngor Cefn Gwlad Cymru Countryside Council for Wales

## NATIONAL ASSEMBLY FOR WALES RURAL DEVELOPMENT SUB-COMMITTEE

### INQUIRY INTO GLASTIR LAND MANAGEMENT SCHEME

#### SUBMISSION BY CYNGOR CEFN GWLAD CYMRU/ COUNTRYSIDE COUNCIL FOR WALES

##### Summary

CCW welcomes this opportunity to present evidence to the Committee. We have had considerable experience in both the design and the delivery of agri-environment schemes. The key issues we wish to emphasise are as follows:

**(i). CCW supports the decision to use the LFA budget in such a way that it is focussed more precisely on the outcomes identified in Environment Strategy for Wales (ESW).**

We also welcome the decision to ensure that a full range of environmental issues (biodiversity, water, carbon, landscape and public access) can be covered under both levels of the scheme, with the more demanding aspects resolved by project officers using the higher level prescriptions.

**(ii). Designing and implementing a new, two-tier pan-Wales land management scheme over a relatively short time-scale is a demanding exercise. CCW believes that it is now vitally important for all of those involved in the roll out of new scheme to ensure that key operational deadlines can be met.** The existing agri-environment programme is currently on hold and Glastir is now the only available tool with which to address ongoing biodiversity declines and WFD targets whilst seeking to ensure farmers can play a central role in tackling climate change.

**(iii). The advice that farmers receive on the selection of appropriate management options will be critical to ensuring that the entry-level scheme delivers against environmental priorities through delivering “the right kinds of management in the right places”.** This will require a substantial programme of on-farm meetings involving not just the existing core of agri-environment project officers, but other stakeholders and existing advisory services such as Farming Connect.

**(iv). The fact that the entry level component of the new scheme will be rolled out some time before the higher level may present particular difficulties for some existing participants in agri-environment schemes within the LFA.** Such farmers will no longer be able to claim Tir Mynydd, but will be unable to enter the entry level component of Glastir by virtue of the fact that their existing Tir Gofal and Tir Cynnal agreements already cover the basic requirements of entry level.

**(v). It will be vitally important to carry out sufficient compliance monitoring. “Care and maintenance visits” will help to ensure that all participants and contractors fully understand what is required under the new scheme and can then spread key messages to others.** Both annual management prescriptions and capital works need to be

completed to an adequate standard to ensure that public money is not wasted.

**(vi). Entry level commitments should provide a secure foundation for the development of more sophisticated activity under higher tier.** This means that project officers will need clear guidance on how to amend existing entry level agreements to improve environmental outcomes, as well as how to deal with issues of non-compliance, when arriving to negotiate on proposals under higher level.

**(vii). Both the internationally important Natura 2000 sites and other SSSI's will need to figure significantly in the higher tier selection process.** Demanding condition targets have been set out in the Environment Strategy for Wales.

**(viii). The role of the project officer will be central to Glastir.** Tasks are likely to include providing a basic level of support to the administrative teams delivering the entry-level component; ensuring farmers receive adequate advice before submitting entry level applications; working with farmers to construct higher tier commitments that provide maximum environmental benefit and supporting the Rural Inspectorate (RIW) in the provision of care and maintenance visits.

**(ix). The monitoring of environmental outcomes often appears less critical at the start of a new scheme, but such work plays a vital part in measuring whether or not the objectives are being achieved.** Both prescriptions and procedures need to be continuously reviewed to ensure that public money is being well spent. Building the costs of outcome monitoring into the overall programme budget would help to avoid the risk that such work is treated as a "bolt-on" extra rather than being treated an integral part of the scheme.

**(x). Along with a range of other agencies and NGO's, CCW has devoted considerable time and effort to the design process by providing a substantial amount of technical advice. We will continue to play our part in making sure that the scheme can be rolled out as soon as possible.**

## **1. Introduction**

1.1. The Countryside Council for Wales champions the environment and landscapes of Wales and its coastal waters as sources of natural and cultural riches, as a foundation for economic and social activity, and as a place for leisure and learning opportunities. We aim to make the environment a valued part of everyone's life in Wales.

1.2. Agricultural land and woodland occupy some 90% of Wales. Both farming and forestry impact significantly on the ability of CCW to deliver against its core functions in relation to biodiversity, landscape and public access to the countryside. CCW strongly supports the philosophy underpinning Glastir, in particular the recognition that an integrated approach to the design and delivery of land management schemes can play a major role managing a wide range of ecosystem goods and services.

1.3. Many of the land management schemes within Axis 2 of the current Wales Rural Development Plan (WRDP) originated in the late 1990's. Whilst progressively modified since their inception, these schemes are no longer particularly well aligned with new and emerging challenges such as climate change and the Water Framework Directive (WFD) nor do they take into account the major CAP reforms predicted to take place post the conclusion of the ongoing debate over the EC budget.

1.4. The Government's decision to carry out a review of Axis 2 was identified within the current WRDP which runs from 2007-2013. CCW supported the intentions of the review which were to maximise the effectiveness of Government spending in the light of existing commitments, in particular those set out in the Environment Strategy for Wales (ESW). The review also took forward the *One Wales* commitment to develop a replacement LFA scheme from 2010.

1.5. The review process commenced in February 2007, with a consultation paper issued in September 2008. The consultation was based on three options:

- modify existing schemes to improve environmental outcomes;
- introduce a new two-tier pan Wales agri-environment scheme;
- introduce a fully targeted agri-environment scheme

1.6. In May 2009, the Minister for Rural Affairs announced that the Government had selected the second option. This was also the option favoured by CCW, although we also wanted to see a number of modifications to ensure delivery of maximum environmental benefits.

1.7. As part of introducing the new agri-environment scheme, all existing land management schemes including Tir Mynydd, Tir Gofal, Tir Cynnal and the Organic Farming Scheme will be replaced from the start of 2012 onwards. The last Tir Mynydd payments will be made in 2011.

## **2. The accessibility of the new scheme**

2.1. The new scheme will have the same budget as the existing Axis 2 schemes (£89M per annum less existing commitments). It will consist of two main components:

- Entry-level – a whole farm scheme available across Wales, with a standard annual payment of £28/ha/pa in the lowlands and £33.60/ha in the LFA. Payments will be made in return for the adoption of sufficient land management prescriptions to ensure the attainment of a threshold score equivalent to 28 points/ha, regardless of whether the farm is within the LFA or not. Participating farmers will also have to abide by a set of management requirements applicable to the entire farm (the whole farm code). The entry-level part of the scheme will be delivered by administrative staff within WAG's Divisional offices.
- Higher level – a part farm scheme involving the use of more demanding land management prescriptions targeted on water management, carbon conservation, biodiversity, landscape and public access. All land submitted for higher level must already be committed under entry level. CCW understands that every farm will have the opportunity to apply for higher level, but contracts will only be offered on those parts of the farm where the applicant's proposals meet Government priorities. This part of the scheme will be delivered by project officers and there will be an emphasis on achieving co-operation between neighbouring farms and on common land.

2.2. CCW understands that the entry level component is intended to attract some 11,000 applicants whilst accounting for some 50-60% of the budget (and rather more in the early stages when the higher level element of the scheme is still in the process of being rolled out). In practice, the number of applicants in the early years will be heavily dependent on the number of existing Tir Mynydd claimants choosing to enter a new and relatively unfamiliar type of land management scheme. A further factor to take into consideration will be the

coverage of existing agri-environment schemes, where a substantial proportion of farmers can be expected to retain their existing commitments under the transitional arrangements<sup>1</sup>.

2.3 Sufficient supporting literature will need to be available for farmers so they can consider whether or not they would like to apply for Glastir as part of completing the Single Application Form (SAF) this spring. Those farmers indicating on the SAF that they wish to participate will be sent a Glastir application form and will have to submit this during the late summer of 2010.

2.4. Participating farmers will have to enter all of their eligible land into the scheme whilst ensuring that they have chosen sufficient management options to meet the threshold score of 28 points/ha (note that this does not mean that a management option has to be implemented on every hectare of land entered into the scheme). Along with other stakeholders, CCW has advised on the development of the scoring system and supported the idea of testing out of the system on a sample of farms.

2.5. The advice that farmers receive on the selection of appropriate management options will be critical to ensuring that the entry-level scheme delivers against environmental priorities. This will require a substantial programme of on-farm meetings, involving not just the existing core of agri-environment project officers, but other stakeholders and existing advisory services such as Farming Connect. The new application process may also create substantial opportunities for Farming Connect advisors and private consultants, especially at higher level.

2.6. The fact that the entry level component of the new scheme will be rolled out some time before the higher level may present particular difficulties for some existing participants in agri-environment schemes within the LFA. Such farmers will no longer be able to claim Tir Mynydd, but will be unable to enter the entry level component of Glastir by virtue of the fact that their existing Tir Gofal and Tir Cynnal agreements already cover the basic requirements of entry level.

### **3. The type of prescriptions that should be available under Glastir**

3.1. CCW is pleased that the design of Glastir takes account of many of the recommendations we put forward during the Axis 2 review as well as those we have provided subsequently. In particular, CCW supports the decision to use the LFA budget in such a way that it can be focussed more precisely on the outcomes identified in Environment Strategy for Wales (ESW). We also welcome the decision to ensure that biodiversity, water, carbon, landscape and public access can be covered under both levels of the scheme, whilst the more demanding aspects of these issues can be resolved by project officers using the higher level prescriptions.

3.2 Over the past six months, the entry-level prescriptions have been extensively reviewed at stakeholder meetings and during bilateral discussions. These prescriptions now have the capacity to deliver a range of environmental benefits, but well designed prescriptions are only part of the story. It will still be necessary to ensure sufficient uptake of the new scheme and applicants will need to be encouraged to select the right kinds of management prescriptions in the right places.

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<sup>1</sup> There are c.17,000 claimants under the Single Payment Scheme (SPS) with c.10,800 also claiming under Tir Mynydd. There are c.3000 participants in Tir Gofal and a similar number in Tir Cynnal, many of whom are also claiming under Tir Mynydd.

3.3. CCW has had considerable experience of designing and running agri-environment schemes and is well aware of the importance of carrying out sufficient compliance monitoring (albeit in the form of care and maintenance visits) to ensure that all participants and contractors fully understand what is required as part of a new scheme and can spread key messages to others.

3.4 More work is needed on the design of the higher level scheme, where both the prescriptions and the targeting procedures are still under development. Along with a range of other agencies and NGO's, CCW has devoted considerable time to the process of providing the necessary scientific advice. We will continue to play our part in making sure that this part of the scheme can be rolled out as soon as possible.

3.5. Besides advising on the development of scheme prescriptions, CCW staff have also assisted with a number of other Glastir workstreams:

- Development of species packages (designed to incentivise farmers to select combinations of prescriptions that will benefit particular species such as lapwing, yellowhammer or marsh fritillary butterfly).
- The provision of data on habitats, species, access, landscape water quality and water resources and the production of maps that can be used as part of targeting the use of resources at higher level.
- The development of prescriptions and administrative approaches relevant to common land.

3.6 During the next phase of the design process, it will be critical to ensure there is maximum synergy between different types of higher level prescriptions, for instance by ensuring that prescriptions applied to upland habitats can simultaneously deliver improvements in water management, biodiversity and carbon sequestration. It will also be necessary to consider any trade offs that may be required, for instance the use of minimum tillage to reduce losses of carbon from the soil may not always be compatible with the requirements of farmland birds or the conservation of populations of scarce arable weeds.

3.7. CCW has also advised on the relationship between the entry level and higher tiers. In particular, where entry-level commitments cover only a proportion of the environmental requirements on a particular farm, it should be possible for these commitments to be modified as part of the higher level, as well as for any remaining areas of high biodiversity value not covered by the original commitment to be brought into management.

#### **4. The 20% uplift on payments for farmers within the LFA**

4.1. The Less Favoured Area (LFA) covers some 1.2 million hectares or 79% of Welsh agricultural land. The proposed Glastir payment on this land will be £33.60 per hectare. By comparison, the current Tir Mynydd payments are £24 per hectare within the Disadvantaged Area (DA) and £28 per hectare within the Severely Disadvantaged Area (SDA).

4.2. For those farmers currently claiming Tir Mynydd but not participating in the agri-environment programme, the new scheme represents a significant opportunity, albeit one that will involve making a greater environmental commitment than was previously required. By contrast, most Tir Gofal agreement holders and many smaller Tir Cynnal farms within the LFA are likely see little advantage in moving to Glastir until the higher level of the scheme has been introduced.

4.3. For those farms within Glastir, the 20% uplift is equivalent to £5.60 per hectare or £392 on a typical 70ha farm. Whilst this appears to be a relatively small amount, should only 50% of existing LFA land be entered into Glastir, the annual commitment would be £3.36M. The larger this commitment, the smaller the opportunity to maximise the coverage of the scheme.

4.4. CCW has not been involved in calculating the level of the proposed LFA uplift. We are aware, however, that all Glastir payments will have to comply with the requirements of the EC Rural Regulation Development Regulation and the WTO Green Box. This means that all payments must be based on the “additional costs and the income foregone resulting from the commitment made although where necessary payments may also cover transaction costs”<sup>2</sup>. Since most farms in Wales are already operating in an environment of high rainfall and poorer soils, and these factors will have been taken into account in calculating costs and income foregone, it is likely to be difficult to justify a more substantial uplift in payments within the LFA.

4.5 Finally, the European Commission’s ongoing review of LFA policy introduces an extra dimension to the debate. Should the application of the proposed new biophysical criteria result in a significant change in the LFA map, at least some of the farms currently claiming under Tir Mynydd might be ineligible for the 20% uplift under Glastir. The Commission’s approach to the application of eligibility criteria at farm level could also have an impact within Wales as certain types of farms, in particular those which are more intensively managed and are therefore deemed to have overcome existing natural handicaps, could possibly be excluded from the LFA.

## **5. The two- tier system and the targeting of the higher tier at specific areas**

5.1. CCW supports the two tier approach. The design of Glastir has been substantially modified since the original Axis 2 consultation and both the basic and advanced components of the scheme now address biodiversity, water, climate change, landscape and public access issues. The two levels within the new scheme are now distinguished primarily by the complexity of the management actions, with those issues requiring project officer involvement restricted to the higher tier.

### **Entry-level**

5.2 The take up of this part of the scheme and the coverage it will provide should be maximised by the decision to keep the prescriptions and the administration processes relatively simple. At same time this very simplicity will make it more difficult to maximise the environmental benefits delivered by the entry level component.

5.3. In order to meet objectives for biodiversity, water and climate change, it will be critically important to ensure that “the right prescriptions are delivered in the right places”. Experience within England has demonstrated that this can be very difficult to achieve within entry-level owing to the limited involvement of project officers. In particular, the scoring system used to determine access to entry level initially produced perverse results - with farmers selecting a high proportion of the least demanding management options and delivering limited environmental benefits as a result. CCW has advised that it should be possible to reduce such problems by ensuring that the selection of any one option accounts for no more than 20% of the total entry requirement. Should this approach prove ineffective, an alternative method could involve using a “split list”, in which the selection of an option from group A (say, field boundaries) has to be accompanied by an option from group B (say, water

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<sup>2</sup> EC Rural Development Regulation (1698/2005).

quality).

5.4 The use of administrative staff to develop commitments creates a risk that many entry-level agreements will fail to address the most important environmental priorities. Some options could even be so poorly located that they cause damage, in particular to species and habitats. It will be important to use existing environmental databases to minimise such risks whilst ensuring that consultation with the appropriate statutory agencies takes place wherever necessary. In addition, certain prescriptions should be prohibited within the areas identified for particular key species e.g. the linking together of woodlands should not be permitted in areas where use of “woodland corridors” by grey squirrels would put red squirrel populations at risk.

### Higher Level

5.5. Much of the emphasis so far has been on the development of the entry level scheme. As part of our advisory role, CCW staff have produced draft habitat prescriptions for the higher tier and are working closely with RAHD, EAW and other partners on the construction of a series of GIS maps setting out the location of the top priorities for species, habitats, carbon, water quality, water level management, landscape and public access. It is anticipated that when a piece of land is put forward for higher level then these maps will be deployed to ensure that only those parcels capable of delivering maximum environmental value are selected (although the actual scoring system by which selection process will take place has yet to be determined). CCW has stressed that it will be very important for both Natura 2000 sites and other SSSI's to figure significantly in this prioritisation process if WAG is to address the targets set out in the Environment Strategy for Wales<sup>3</sup>.

5.6. The interface between the entry and higher levels is likely to have a significant impact on the overall success of Glastir. Entry level commitments should provide a secure foundation for the development of more sophisticated activity under higher tier. This means that project officers will need clear guidance on how to amend existing entry level agreements to improve environmental outcomes, as well as how to deal with any issues of non-compliance, that may be identified when arriving to negotiate on proposals under higher level.

## **6. The timetable for implementation**

6.1. Following the Ministerial announcement on the outcome of the Axis 2 review, the original intention was to submit details of draft scheme to the European Commission by 30<sup>th</sup> June 2009 as part of a modification to the WRDP. Both scheme design and stakeholder engagement have taken longer than expected, however, and the original timetable has been substantially delayed.

6.2. The current timetable for scheme development is now extremely demanding as many detailed issues still remain to be resolved. Preliminary discussions with the European Commission have already taken place, however, and a formal submission is now planned following the next meeting of the Rural Development Plan Programme Monitoring Committee on 25 February. CCW's understanding of the subsequent timetable is as follows:

- *15<sup>th</sup> May 2010 - farmers register interest on the Single Application Form (SAF)*
- *June 2010 onwards – farmers are sent an application form and identify those*

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<sup>3</sup> *The ESW set a target of 95% of international sites in favourable condition by 2010 with 95% of all SSSI's under in such condition by 2015 and all sites by 2026. Previous work by CCW has shown that 58% of the international sites in Wales (Special Areas of Conservation and Special Protection Areas) are currently in unfavourable condition.*

*entry-level prescriptions they wish to follow.*

- *September 2010 – submission of application forms*
- *January 2011 – December 2011 - farmers agree detailed commitments with staff in RAHD Divisional offices.*
- *January 2012 – farmers commence implementation of entry level commitments.*
- *From 2013 onwards – land is put forward for entry into higher level scheme.*

It is evident that designing and implementing a new, two-tier pan-Wales land management scheme over a relatively short time-scale is a particularly demanding exercise. CCW believes that it is now vitally important for all of those involved in the roll out of new scheme to ensure that key operational deadlines can be met. The existing agri-environment programme is currently on hold and Glastir is now the only realistic tool available with which to address ongoing biodiversity declines and WFD targets whilst seeking to ensure farmers can play a central role in tackling climate change.

## **7. The targeting of capital grants at three specific areas**

CCW has identified three types of capital grants within Glastir:

- those works necessary to meet the qualifying conditions for receipt of entry level management payments;
- those works paid for directly under higher level such as installing gates and re-roofing traditional buildings;
- those associated with the Agricultural Carbon Reduction and Efficiency Scheme (ACRES)

7.1. Whilst capital grants are not specifically available as part of the entry level scheme, most farmers will have to do at least some fencing, for instance as part of double fencing a gappy hedge or creating a streamside corridor. Such capital works will not be paid for directly, but will be required in order to ensure receipt of the annual payment. The amount of work required will vary from farm to farm – and farmer's initial choices about which prescriptions to undertake will be influenced by the initial outlay required as compared to the annual income stream arising from participation in the scheme. Not all entry level prescriptions will require capital work – some farmers will choose to maintain existing features such as streamside corridors or will opt for the management of semi-natural habitats and/or arable land.

7.2 In order to avoid unintentional damage to environmental features, there are strong arguments for insisting that the location of all capital works projects are subject to prior approval by a project officer. However, this will not be possible within the entry level scheme, where agreements will developed on a desk basis. Entry level prescriptions have been designed with these considerations in mind, although it will still be necessary to monitor outcomes on a regular basis in order to ensure there are no unintended side effects. For instance, during the early days of Tir Gofal, there were particular problems with new fencelines obstructing public rights of way.

7.3. A substantial proportion of capital works (especially those within the higher tier scheme where they are being paid for directly) should be inspected by RIW after completion. This will help to as to ensure that all capital works are completed to an adequate standard and that public money is not wasted.

7.4. CCW supports the introduction of the Agricultural Carbon Reduction and Efficiency Scheme (ACRES). We have previously commented on the benefits to both the agricultural



industry and wider society of enabling farmers to reduce the carbon footprint of their individual businesses. The fact that farmers will already have signed up to Glastir before making an application to ACRES provides a way of ensuring that capital grants can be made available to entry-level participants, whilst at the same time ensuring an appropriate level of inspection is undertaken prior to any work commencing.

## **8. The transition arrangements**

8.1. Whilst these arrangements appear relatively complex, CCW welcomes the use of a transition period to ensure that those currently participating in Tir Gofal and Tir Cynnal have the opportunity to continue with their existing commitments up until the end of the current WRDP. Existing agri-environment commitments cover some 41% of the Welsh agricultural area<sup>4</sup> and their continuation will make a significant contribution to the achievement of ESW targets. Analysis of CCW's Special Sites database reveals that some 45,400ha of terrestrial upland SSSI are covered by section 15 agreements, but 51,500 ha are currently within Tir Gofal. These agreements account for a substantial proportion of the land now deemed to be in "unfavourable but recovering" condition.

8.2. CCW hopes that most existing agri-environment commitments will be extended to the end of 2013 or that the farmers concerned will transfer to Glastir. However, some Tir Gofal agreement holders reaching the end of their commitments / the five year break clause before 2013 will be concerned that there is no opportunity to extend their capital works programmes. In light of the recent decision to prohibit dual use of land, there may also be difficulties in processing extensions where the current commitment holder is not also the SPS claimant.

8.3. Assuming that the transitional arrangements are widely taken up, a large number of agri-environment commitments will come to an end 2013. Substantial numbers of farmers are then likely apply to Glastir in order to ensure that they can meet the cost of continuing to manage their land in the way they have done under their existing commitments. Bringing such farms into entry level should be relatively simple, but ensuring entry into the higher tier scheme is likely to require a substantial project officer resource if long queues are to be avoided. Alternative approaches could include a return to the ranking system originally used within Tir Gofal or trying to speed up the negotiation process by putting more emphasis on the role of the farmer and/or private agents in working up detailed management proposals.

## **9. Concluding Remarks**

9.1. CCW previously welcomed the outcome of the Axis 2 review and the decision to proceed with the development of Glastir. Through the provision of scientific and policy advice we have sought to ensure that the design of the new scheme proceeds in a way that delivers maximum environmental benefit. Our emphasis so far has been on supplying information that can be used in targeting resources under the higher level as well as on advising on the content of the detailed prescriptions within both entry and higher levels. Following the submission of the scheme to the European Commission, we then expect to be involved in advising on the nature of the scheme literature as well as assisting with the training of those

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<sup>4</sup> *Between 1999 and 2008, the number of individual agri-environment agreements in Wales increased from 4,120 to 8,620 whilst the area covered by these schemes increased from 262,000 ha (16% of the Welsh agricultural area) to 680,000 ha (41%). This increase was driven partly by the increased national and European funding available under the Wales Rural Development Plan (WRDP), but also reflected the significant coverage (c.300,000 ha) achieved under the less demanding Tir Cynnal entry-level scheme which was introduced in 2005.*

staff in WAG who will be working directly with scheme applicants.

9.2. CCW believes that the key policy messages have been taken on board in the design of Glastir, but it is the delivery mechanisms that will ultimately dictate whether or not the scheme is successful. It will also be important to ensure that the monitoring procedures are developed as soon as possible. Effective compliance monitoring is vital in the early days so as to ensure that the prescriptions are understood and correctly applied from the outset. By contrast, the monitoring of environmental outcomes may appear less critical at the start of a new scheme, but such work plays a vital part in measuring whether objectives are being achieved, and should they not be, how both prescriptions and procedures can best be improved.

9.3 Switching some £27M worth of funding from Tir Mynydd into a new, two-tier pan-Wales land management scheme over a relatively short time-scale is a particularly demanding exercise. CCW believes that it is now vitally important for all of those involved in the roll out of new scheme to ensure that key operational deadlines can be met. The existing agri-environment programme is currently on hold and Glastir is now the only available tool with which to address ongoing biodiversity declines and WFD targets whilst seeking to ensure farmers can play a central role in tackling climate change.

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