

Environment and Sustainability Committee

E&S(4)-15-12 paper 2

Inquiry into Glastir – Evidence from the Farmer’s Union of Wales

Evidence from the Farmers’ Union of Wales to the Environment and Sustainability Committee’s Inquiry into Glastir

1. The Farmers’ Union of Wales welcomes the opportunity to submit evidence to the Environment and Sustainability Committee’s short inquiry into the Glastir Scheme.
2. The FUW has welcomed the Minister’s invitation to provide constructive ideas on how to improve the Scheme and trusts that Committee’s timely review will help to inform this debate.
3. The FUW was represented on the Welsh Assembly Government’s Glastir Stakeholders’ Group, which was set up following the Minister’s announcement in 2009, ostensibly to contribute to the development of the Glastir Scheme.
4. The Union has spent a great deal of time discussing the Scheme with Welsh Government Ministers and officials since its inception, trying to feed in constructive ideas based on practical experience into the development of the Scheme.
5. Unfortunately, over this time, industry concerns and suggestions were largely ignored, until the poor uptake of the Scheme during its first application round resulted in the Rees Roberts Review in 2010.
6. The FUW remains concerned that the Scheme is perceived by farmers as being complex and bureaucratic and the level of record keeping requirements, coupled with its focus on taking productive land out of farming, has resulted in poor uptake to date.

Background

7. Axis 2 of the Rural Development Plan covers measures to improve the environment and the countryside, including support for less favoured areas (Tir Mynydd).
8. In May 2009, the Minister announced the introduction of a new Scheme, called Glastir, which would comprise two elements; the first open to all farmers in Wales and the second to be targeted at those areas which could deliver benefits on carbon storage, water quality, water storage, biodiversity, historic landscape and access.
9. In order to compensate for the end of the Tir Mynydd Scheme, which closed for new applications in 2010 and paid out for the last time in 2012, the then Minister, Elin Jones, announced that

those farming in Less Favoured Areas (LFAs) would be entitled to a 20% uplift in their All Wales Element (AWE) payment to approximately £33.60/ha.

10. Whilst the Union continues to oppose the decision to abandon a Less Favoured Area scheme based on long-established handicap criteria, involving minimum bureaucracy, it has worked to ensure that Glastir is accessible to as many farmers as possible to help mitigate the impact the withdrawal of Tir Mynydd will inevitably have on the majority of farmers in Wales.
11. The FUW continues to be concerned that although the implementation of Glastir might meet the Assembly's environmental sustainability criteria, it remains unconvinced that the Scheme will deliver economic and social sustainability in rural areas.

Progress on implementing the recommendations of the Rees Roberts Review

12. The Rees Roberts Review was instigated during November 2010, following the poor response to the first Glastir application round. It focussed on the practicalities of on-farm implementation of the options available under the All Wales Element, but unfortunately fell short of examining the principles and stated outcomes of the Scheme.
13. Following a detailed review of the Scheme, within the parameters of the terms of reference, the group submitted 69 recommendations to the Minister, many of which were implemented immediately, although some, such as the maintenance of traditional boundaries and flexibility for the sowing of arable crops, were rejected.
14. There were also a number of recommendations considered as part of the Review which were not carried forward for a range of reasons. The FUW believe that these should now be revisited as part of a wider examination of the Scheme.
15. As outlined above, many of the recommendations such as reducing the size of the application pack and the provision of stand alone summaries, have been introduced, although the FUW also believes that, given the 'overload' of changes, guidance and information that surrounded the announcement of the Review, many farmers were confused by the process which could have resulted in them not going ahead with applications.
16. The FUW also believes that many farmers are still unaware of many of the changes implemented as part of the Rees Roberts Review and believes there is a need for a comprehensive communication strategy to highlight the changes that have been adopted since 2011.

Barriers to Entry

17. The FUW believes that whilst the changes adopted following the Rees Roberts Review were to be welcomed, the lack of an effective communication plan meant that there were a number of prospective applicants who were unaware of the changes.
18. This position was not helped by the difficulties in accessing up-to-date information on the Welsh Government's website and the general confusion surrounding the Scheme amongst the farming community in general.
19. One of the most helpful tools for farmers considering Glastir is the scorecard, which allows farmers to assess the work they need to undertake to achieve their points threshold for entry into Glastir.
20. Unfortunately, for many farmers, the delays in updating the scorecard with the changes made following the Review meant that a number of farmers were unaware of the changes to the prescriptions, which may have acted as a barrier to uptake.
21. The FUW also believes that the name 'Glastir' has now become synonymous with confusion and negative connotations and consideration should be given to whether the name of the Scheme should be changed as part of a review of the Scheme.
22. Positive aspects of the Scheme, such as ACRES have been overshadowed by the negative perceptions of confusion and constant change associated with trying to deliver Glastir on an over ambitious timeline, which, the Union maintains should have been delayed until 2014.
23. The publication of the 'Greening' proposals for CAP reform has created a great deal of concern amongst farmers that, signing up for Glastir could result in the need for major changes to agreements post 2014.
24. Whilst the FUW has welcomed the Minister's commitment to allowing farmers flexibility to consider their future options when there is certainty on the final shape of the CAP reform, it is concerned that farmers are opting to 'wait and see' what the final regulations are.
25. The decision to incorporate a capital element into the payment of the Scheme as opposed to running a stand alone capital grants scheme, has also acted as a barrier to entry as the premise of the payment versus points has never really been understood by the industry.
26. The requirement for payments to be independently verified by an external body has meant that the payment per point has failed to reflect the reality of farm costings. Despite the uplift in the basic rate from £28 to £34, following the 2011 review of payments, the loss of the 20% uplift for LFA farmers meant that their payments did not increase at all.

27. The Glastir Scheme originally proposed compensating farmers for the loss of Tir Mynydd through a 20% uplift in AWE payments. In failing to get this element through the EU, many farmers are concerned that there is no longer any support measure which recognises the handicaps of farming within the LFA.
28. From an internal consultation undertaken to provide this evidence, many farmers who have chosen not to enter Glastir this year have cited the amount of additional record keeping required which makes the Scheme less attractive when compared with the amount of money which will be received.
29. Those farmers with predominantly improved land have also commented that taking land out of production for such a small payment does not make financial sense.
30. Barriers to entry remain the real or perceived complexity of the application process and the size of the application pack (acknowledging that this has been reduced for this year).
31. Concerns about the general requirements of the Scheme, such as the activity diaries and other record keeping requirements which are not always fully understood by applicants are also cited as a reason for not applying to the Scheme.
32. Whilst many of the recommendations of the Rees Roberts Review were adopted by the Minister, the lack of an effective communication plan and the rushed adoption of the recommendations meant that many of the improvements are still misunderstood or not known by the wider farming community.
33. The FUW is aware that there will be a number of farmers whose interest in the entry level Glastir will be dependent on gaining entry into the higher level scheme - i.e. those farmers currently in Tir Gofal and receiving substantial payments - and there remains concern that, some farmers will not be able to forward plan until they know whether they be accepted into the Higher level scheme.

Flexibility between the funding of different elements of the scheme.

34. Given the poor uptake to the Glastir Scheme to date, it is vital to ensure that there is flexibility within the Scheme to allow for the movement of resources between elements of the Scheme.
35. One of the most popular and successful elements of Glastir is the ACRES scheme which was heavily oversubscribed this year. The FUW was disappointed that initially only 120 applications had been successful, but have welcomed the recent moves to increase this number, which is important, given the significant under-spend on Glastir to date.

36. In order to ensure that Axis 2 monies are not lost, due to the under-spend caused by the poor uptake of Glastir, the FUW believes that the budget for ACRES should be increased to allow more farmers to benefit from the Scheme and that a separate LFA component be introduced to mitigate the impact of the withdrawal of the Tir Mynydd Scheme.

Funding available for farmers in less favoured areas

37. Over 80% of Wales is designated as Less Favoured Area and, of that, 72% is categorised as Severely Disadvantaged Area. The current Tir Mynydd Scheme represents a significant proportion of the income of the majority of hill farmers, and the FUW is extremely concerned that, unless the Glastir Scheme is taken up by the majority of farmers, there could be severe impacts on farming families within these areas, with an inevitable knock-on effect on the wider rural economy.
38. The final claim year for the Tir Mynydd Scheme was 2011 and the final payment has just been made in March 2012.
39. The real impact of the loss of the Tir Mynydd Scheme on cash flows will not be seen until 2013 when the reality of the Scheme's demise impacts on the rural economy within the LFAs of Wales.
40. The Union also believes that there is an urgent need for an economic impact assessment within rural areas on the effects of the withdrawal of Tir Mynydd, so that measures to mitigate the likely losses can be developed.

Conclusion

41. Whilst acknowledging the positive changes that have been made to the Glastir AWE since the Rees Roberts Review, the FUW remains concerned that the Scheme is bureaucratic and the level of record keeping required goes well beyond that of an 'Entry Level Scheme'
42. In welcoming the Minister's latest review of Glastir, the FUW hopes that there is the scope and will to go further than tinkering around the edges of the Scheme, so that it becomes a practical proposition for the majority of farmers in Wales.