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Mr Darren Millar AM
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National Assembly for Wales
Cardiff Bay
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Dear Darren

ADVICE ON THE WELSH GOVERNMENT'S RESPONSE TO GLASTIR

The Deputy Clerk's letter of 6 May 2015 requested my advice on the Welsh Government's response to the Public Accounts Committee's report on Glastir that was published in March 2015.

The Welsh Government has indicated that it accepts six of the eight recommendations made by the Committee, with the remaining two recommendations accepted in part. Overall, I consider that the Welsh Government has responded satisfactorily to the recommendations. However, I have highlighted below a number of areas where the Committee might wish to seek further information or clarification, whether now or alongside future updates.

Recommendation 1: The Welsh Government partially accepts this recommendation. Glastir Advanced has the specific objective of delivering 'significant improvements' to the environmental status of a range of habitats, species, soils and water. The Welsh Government has again reinforced its view that it is a legitimate and good use of public funding to pay for certain interventions through Glastir Advanced that ensure the continued positive management of high value habitats where it is otherwise considered that there is a real risk of these being lost. There may be merit in the Welsh Government reflecting its position more clearly in the objectives it has set for Glastir Advanced.

My report acknowledged that the sort of practices funded under Glastir Advanced are, by their nature, more likely to require a change in farming practice than under Glastir Entry and that plans for a greater proportion of Glastir funding to be directed towards Glastir Advanced should therefore provide greater additionality across the Glastir scheme as a whole. My report also noted the greater proportion of capital works payments – which are more likely than management payments to deliver environmental improvements – under Glastir when compared with previous agri-environment schemes. Nevertheless, my report highlighted that the Welsh Government was still not collecting at the application

stage sufficient information on existing farm management practices to support its decision making and ultimately to help judge the extent of additionality.

The Welsh Government's response provides some detail of how the targeting of interventions through Glastir Advanced will be further improved from May 2015, and particularly to rationalise objectives so that meaningful benefits accrue, to better train contract managers and to improve the documentation, maps and guidance used by contract managers. While the Welsh Government has not made this explicitly clear, I assume that these actions are the result of its consideration of the findings reported to officials in March 2015 following the evaluation of a sample of Glastir Advanced contracts. The Committee might have welcomed some more detail about the findings from that work, particularly insofar as it addressed the question of additionality.

Recommendation 2: The Welsh Government accepts this recommendation. The Committee was making this recommendation in the context of the Welsh Government response to a related recommendation in my own report. In that response, the Welsh Government appeared to have wrongly interpreted my recommendation as promoting financial rewards to farms with unacceptably poor practices that were causing water quality problems. The response to the Committee's report provides a more rounded description of a range of actions designed to address the Committee's recommendation (and thereby my own previous recommendation). However, the response lacks some detail with regard to timescales for implementation.

The development of River Basin Management Plans under the Water Framework Directive promises better identification of problem areas and targeting of interventions. The Welsh Government says that it has access to the water quality evidence gathered by Natural Resources Wales in their work on these plans, and that it will be using this information to explore potential interventions to bring about the necessary improvements in water quality. Glastir payments targeted at key water quality catchments already identified will continue to be one of the range of interventions that the Welsh Government uses alongside of other incentives and changes to the regulatory system. For farms with unacceptably poor practices the Welsh Government says that it will work with Natural Resources Wales to offer effective pollution prevention advice and also use enforcement powers. The response also addresses the part of this recommendation that is concerned with paying or withdrawing payment of public funding, and elaborates on proposals to improve guidance and specialist advice to farmers to reduce their impact on water quality and limit greenhouse gas emissions.

Recommendation 3: The Welsh Government accepts this recommendation and appears to have made good progress to identify the ecological status of every water body in Wales in their River Basin Management Plans made under the Water Framework Directive. These plans identify the reasons for not achieving good ecological status,

including for water bodies on land maintained by Natural Resources Wales. The Welsh Government does not say how many Water Framework Directive failures can be traced back to land managed by Natural Resources Wales, an issue raised by the National Farmers Union of Wales during the Committee's inquiry. However, the response gives some detail of the prioritised programme of actions and timescale to improve water quality issues found on the Welsh Government estate.

Recommendation 4: The Welsh Government accepts this recommendation. The response is satisfactory and it reinforces some of the action outlined in response to a related recommendation in my own report, but now with some specific detail on the timetable for gathering feedback on the online application process.

Recommendation 5: The Welsh Government accepts this recommendation. The Welsh Government's response now reflects the Director General's commitment that Rural Payment Wales will report on progress in autumn 2015 with their preliminary work and on the recording of apportionments. The response also appears to confirm that the Welsh Government now accepts in full a related recommendation in my own report that it should routinely identify the running costs for Glastir to help assess the efficiency of scheme administration.

Recommendation 6: The Welsh Government accepts this recommendation about the alignment of various inspection regimes, pointing to the continuation of certain longstanding practices and plans for further dialogue with Natural Resources Wales in particular about opportunities for further co-ordination. However, during the inquiry when the Committee was discussing the issue of land where there is poor water quality, members were concerned that the Welsh Government had said it did not have access to important data on poor performing farms held by Natural Resources Wales or Rural Inspectorate Wales. I would therefore have expected the Welsh Government's response to offer some reassurance that cross-compliance arrangements will work better in the future and that knowledge will be more effectively transferred, and particularly with Natural Resources Wales and Rural Inspectorate Wales.

Recommendation 7: The Welsh Government accepts this recommendation and says that it will provide a list of key indicators for the scheme, not just for uptake, by autumn 2015. The Committee's recommendation is narrower than the related recommendation that I made in my report on Glastir, as my recommendation is not limited to uptake targets. I am therefore pleased that the Welsh Government will provide a list of key indicators for the scheme, and not just for uptake.

It would also be helpful if the Welsh Government could provide the Committee with an update on current progress to meet the existing target for scheme uptake, before any new targets commence in autumn 2015.

Recommendation 8: The Welsh Government accepts this recommendation in part. The Welsh Government's response is satisfactory and the partial acceptance is due, reasonably, to the timing of the final year baseline report on monitoring and evaluation, which will not become available until summer 2016.

I hope that this advice is helpful to the Committee in its consideration of the Welsh Government's response.

Yours sincerely



HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES