



# Cyngor Cefn Gwlad Cymru Countryside Council for Wales

## **NATIONAL ASSEMBLY FOR WALES ENVIRONMENT & SUSTAINABILITY COMMITTEE**

### **INQUIRY INTO GLASTIR LAND MANAGEMENT SCHEME**

### **SUBMISSION BY COUNTRYSIDE COUNCIL FOR WALES**

#### **Summary**

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(i). **CCW strongly supports the philosophy underpinning Glastir, in particular the recognition that an integrated approach to land management schemes can play a major role managing a wide range of ecosystem goods and services.**

(ii). **Along with a range of other agencies and NGO's, CCW has devoted considerable effort to both the design and the delivery of Glastir. We will continue to play our part during the period leading up to the creation of the new body charged with managing Wales' natural resources.**

(iii). **Internationally important Natura 2000 sites and nationally important SSSI's feature prominently amongst existing AWE and CLE contracts as well as in the list of farms selected for the Targeted Element (TE). CCW welcomes the role of the new scheme in bringing designated sites into appropriate management and is working to ensure that all necessary SSSI consents are in place.**

(iv). **Whilst the rate at which first round applications have been converted into contracts is rightly a cause for concern, initial signings have taken place at**



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a time when most previously signed agri-environment contracts are still operative and against a backdrop of rising agricultural returns and uncertainties over CAP reform. Experience with other agri-environment schemes shows that many farmers wait to see whether “early adopters” are able to combine scheme requirements with the demands of running a successful farming business. In this sense, the existing 1700 AWE contract holders are likely to play a pivotal role over the next few years.

(v). It will be vitally important to carry out sufficient “care and maintenance” visits. These are needed to ensure that all participants In Glastir fully understand their commitments under the new scheme. A mentoring programme should be established to ensure that existing contract holders can provide advice to applicants and new signings.

(vi). Further major changes to the existing scheme prior to the launch of the new WRDP are likely to result in a loss of momentum. Glastir is now the only available major tool with which to address ongoing biodiversity decline, meet WFD targets and ensure that farmers can play a central role in tackling climate change.

(viii). More work is needed to determine why such a high proportion of initial AWE applicants did not sign a contract, but CCW believes that the emphasis over the next 18 months should be on improving the processes by which Glastir applications are submitted and converted into contracts, establishing the TE delivery system and removing any incentives to create perverse environmental outcomes under the AWE.

(ix). CCW has made eighteen recommendations in order to improve the delivery of Glastir (see section 10). Most are intended to improve the delivery process, but in order to safeguard the biodiversity value of existing semi-natural habitats, we strongly believe the use of AWE options 15B and 15D should only be permitted on improved grasslands.

(x). Despite the improvements already made, the Regional packages still add a significant level of complexity to the application packs. CCW supports the use of such packages, but feels that they could be delivered in a much more inspiring way. At the same time the quantity of paperwork sent to each applicant could be significantly reduced.

(xi). The current requirement to obtain points from at least three AWE options is intended to ensure a reasonable level of uptake is maintained across the full range of prescriptions. CCW supports this approach in principle, but feels it can disadvantage farmers with large areas of semi-natural upland habitat. Such farmers should be able to obtain all of their points from just one habitat option provided they have enough land.

(xii). Some 420 farms have now been selected for a visit under the TE including at least 70 commons. It will be essential to ensure that sufficient contract managers are in place to deliver this part of the scheme, bearing in mind that that implementation has only just begun.

(xiii). Permitting TE participants to enter the AWE/CLE at the same time as signing a TE contract could lead to significant administrative savings. Such an



approach would simplify the process of preparing TE contracts whilst ensuring that the measures applied under different parts of Glastir are fully integrated.

(xiv). The remaining Tir Gofal and Tir Cynnal contracts will come to an end on 31<sup>st</sup> December 2013, risking the possibility that the rate of agri-environment participation will be lower during the early years of the next Wales Rural Development Plan than it is at present. Failure to secure investments already made will lead to a sharp decline in performance against previously agreed SSSI condition targets.

## **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. The Welsh Government is currently committed to continuing to allocate around 70% of Welsh Rural Development Plan (WRDP) resources to land management during the period 2014- 2020<sup>1</sup>. Within this context, CCW recommends that that new WRDP should continue to remain focused on measures designed to reverse biodiversity loss; improve water management; tackle climate change; safeguard cultural landscapes and enhance public access to the countryside in line with existing Welsh Government and EU targets<sup>2,3,4,5</sup>.

1.4. CCW supports the design principles underpinning the provision of the Glastir agri-environment scheme by the Welsh Government. Whilst the prescriptions available under the All Wales Element (AWE) and Common Land Element (CLE) require less commitment than was the case under predecessor schemes such as Tir Gofal, participation in these parts of Glastir should still help to bring about improvements in the condition of designated sites and the state of the wider countryside. The more demanding Targeted Element (TE) then focuses WRDP resources on those areas where action is most urgently required in order to meet the biodiversity, water and climate change targets set by the Welsh Government and the EU. A greater emphasis on landscape and public access issues would also seem to be appropriate, bearing in mind the role of tourism within the Welsh economy.

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<sup>1</sup> *Sustaining a Living Wales: A Green Paper on new approach to natural resource management in Wales*. Welsh Government Consultation Document. January 2012. (page 15)

<sup>2</sup> *Sustaining a Living Wales: A Green Paper on a new approach to natural resource management in Wales*. January 2012. (pages 7-8)

<sup>3</sup> *Environment Strategy for Wales (2006)*. Welsh Government.

<sup>4</sup> *The European Environment – State and Outlook 2010*. European Environment Agency. Accessible at: <http://www.eea.europa.eu/soer/synthesis/synthesis/chapter1.xhtml>

<sup>5</sup> *EU Biodiversity Strategy*. Accessible at: [http://ec.europa.eu/environment/nature/biodiversity/comm2006/pdf/2020/1\\_EN\\_ACT\\_part1\\_v7\[1\].pdf](http://ec.europa.eu/environment/nature/biodiversity/comm2006/pdf/2020/1_EN_ACT_part1_v7[1].pdf)



## **2. CCW's Role in Glastir**

2.1. During the period 2009-10, much of CCW's input to the new scheme involved advising on the design of the management options to be used within the AWE, CLE and TE. CCW's scientific and advisory staff also worked closely with EAW and the voluntary sector in assisting Rural Affairs to prepare the GIS maps used to select farms for participation in the TE.

2.2. Over the last eighteen months, CCW's role has shifted and now includes a much greater emphasis on advising on scheme delivery as it affects designated sites. All Glastir applications which involve placing management options on Sites of Special Scientific Interest (SSSI) require prior consultation with CCW before the contract can be issued<sup>6</sup>. This approach is designed to eliminate the risk of a farmer signing a Glastir contract affecting an SSSI only to discover that the contract cannot be implemented as CCW is unable to issue consent for the relevant management option(s).

2.3. At least 284 of the AWE applications received during the first round are known to involve SSSI's. CCW has now processed 204 cases, but 26 of these need to be revisited owing to changes that have taken place since the initial application was submitted. Subject to receiving the necessary information from RPD, it is hoped that all remaining first round consents relating to the AWE can be issued by mid-May 2012.

2.4. A further 113 SSSI's are either wholly or partly covered by the first round of CLE contracts whilst some 250 TE cases are also known to affect SSSI's. Whilst such a significant role in SSSI management is extremely welcome, the processing of the necessary consents also places substantial demands on CCW's Regional staff. This is especially noticeable in those CCW Districts where Glastir SSSI cases are most heavily concentrated. It is also very evident that many of the Glastir workstreams (AWE, TE, CLE, woodland creation and woodland planting) overlap in terms of the timing of the inputs required from CCW. These inputs now cover the provision of pre-application advice to farmers, Grazing Associations and Common Land Development Officers (CLDO's); negotiations over SSSI consents for the AWE, CLE and TE; advice on woodland planting and woodland management proposals along with regular liaison with a wide range of staff from across the Rural Affairs Department.

2.5. With staff from across all CCW Regions now committing substantial resources to Glastir, two part-time process managers have been recently appointed in order to manage data flows and co-ordinate tracking of consents across the organisation. CCW staff are liaising with the Rural Payments Division on a weekly basis regarding both individual cases and the overall consenting process. CCW is also intending to review its internal Glastir processes to see if these can be improved from the perspective of both SSSI owners and staff.

2.6. Whilst staff have been working hard to ensure that consents are provided to cover any Glastir applications affecting statutory sites, CCW nevertheless has a legal duty to refuse any proposals which will have a detrimental effect on the features of an SSSI. In particular, there is higher burden of proof in the case of internationally

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<sup>6</sup> Legal advice is that CCW's powers under the Wildlife and Countryside Act cannot be delegated to the Welsh Government.



important sites, where compliance with the EC Habitats Regulations means that any proposals on a Natura 2000 site should be refused unless the risk of adverse consequences can be ruled out.

2.7. The interaction between SSSI's and the CLE has proved to be problematic in some cases, although the completion of 107 Glastir CLE contracts during the first round of the scheme represents a notable success. Nearly 68,000ha of common land are now under more sustainable management<sup>7</sup> of which no less than 23,880 ha (35%) is accounted for by 39 separate SSSI's.

2.8. In particular, CCW would like to pay tribute to the work of the Common Land Development Officers. Previous experience with both Tir Cymen and Tir Gofal has demonstrated that facilitators play an essential role in ensuring the delivery of co-operative agri-environment schemes.

2.9. Where the condition of an SSSI is satisfactory and/or unlikely to be damaged by the continuation of existing grazing practice, CCW staff have been asking Grazing Associations to provide details of their current stocking levels as the basis for an SSSI consent. This is because the maximum stocking levels permitted under the CLE (and which apply across the whole of Wales irrespective of local conditions) may be too high in some instances. In a number of cases, however, the relevant Grazing Associations have been unwilling to provide such figures as they fear that any resulting SSSI consent may affect their future SPS entitlements and/ or their capacity to increase grazing levels once any Glastir contract comes to an end.

2.10. In order to address such fears, CCW have provided Welsh Government with a written statement regarding the treatment of expired Notices of Consent. This has also been shared with relevant stakeholders such as the Wales Commons Forum. In particular, as and when Glastir contracts expire, Grazing Associations will either be able to continue grazing at the levels permitted under Glastir (provided this has not caused damage to the SSSI) or will usually be able to revert to the levels and pattern of grazing applicable at the time the SSSI was first notified (in some cases this may require a further consent from the new Single Body, depending on the wording of the individual SSSI notification).

### **3. Scheme Delivery**

#### **Agricultural Land**

3.1. A total of 2940 Glastir applications were submitted during the first round of the AWE. The majority of these arrived during the last three days of the application window. The Tir Gofal scheme also started relatively slowly, with only 1381 applications received in the first round and 877 in the second. Experience with other agri-environment schemes shows that many farmers wait to see whether "early adopters" are able to combine scheme requirements with the demands of running a successful farming business. During the first round of Glastir applications, this tendency on the part of many farmers to take a relatively cautious approach was reinforced by the Welsh Government's decision to extend the existing Tir Gofal and Tir Cynnal contracts alongside the Tir Mynydd scheme.

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<sup>7</sup> Welsh Government Ministerial Statement on Glastir. 1st February 2012.



3.2. The total number of AWE contracts arising out of the first round now stands at 1698 and these cover an area of 154,014 hectares. Whilst a conversion rate of 58% is rightly a cause for concern, it is worth noting that the area now under contract still represents some 9% of the Welsh agricultural land area. Moreover, this level of uptake has been achieved at a time when most of the previously signed agri-environment contracts were still operative.

3.3. Further investigation is required to determine why such a high proportion of initial AWE applicants did not proceed to sign a contract. In some cases this may be because it was too difficult for existing agri-environment participants to meet the points threshold required. Despite the assurances provided by the Welsh Government, some applicants likely to have been deterred by the uncertainties created by the impending reform of the CAP. Others may have seen recent rises in agricultural returns as providing an alternative route to building a more secure business by comparison with the levels of payment available under the AWE. Finally, it appears that significant proportion of those who submitted an application may have been deterred by the nature of the process including the volume of information provided in the application packs as well as the need to maintain activity and/or stocking diaries.

3.4. The second round of the AWE has recently ended with a further 700 applications being submitted. This figure is lower than expected, in particular since the last Tir Mynydd payments were made at the start of 2012. By contrast, there appears to have been significant level of interest in the CLE with a further 50 expressions of interest (EoI) submitted. Relatively buoyant agricultural returns coupled with the prospect of further CAP reform seem likely to have led many potential applicants to hold back from the AWE. Other farmers may have been deterred by the nature of the application process including the new requirement to provide an annotated map as part of each application.

3.5. Whilst a third application round will presumably commence early in 2013, the general requirement for all contracts to be signed on 1<sup>st</sup> January in the subsequent year appears to present some difficulties. Under the current arrangements, all contracts prepared during 2013 would need to commence on 1<sup>st</sup> January 2014 – by which time a new Wales Rural Development Plan (WRDP) is supposed be in place. This issue will hopefully be addressed within the transitional Regulations due to emerge as part of the ongoing CAP reform process. Nevertheless, in order to maintain momentum under the Glastir programme, CCW is keen to ensure that at least one more application round is held under the auspices of the current WRDP.

3.6. The remaining Tir Gofal and Tir Cynnal contracts will come to an end on 31<sup>st</sup> December 2013, risking the possibility that the rate of agri-environment participation will be less during the early years of the next Wales Rural Development Plan than it is at the moment. With this in mind, CCW believes that the emphasis over the next 18 months should be on improving the process by which Glastir AWE and CLE applications can be submitted and converted into contracts as well as on establishing the TE delivery system. Major changes to the existing scheme prior to the launch of the new WRDP could result in a further loss of momentum, especially since any new prescriptions and/or payment rates are likely to require renewed negotiations with the European Commission alongside the need to explain the implications of a re-designed scheme to both new and existing applicants.



3.7. It is worth re-visiting the experience of the Tir Gofal scheme following the first application window in 1999. On that occasion nearly 50% of the applicants were unsuccessful and failed to re-apply in the subsequent round despite the fact that the selection method had been changed. The Glastir scheme has already been through so many changes that a period of stability now appears to be essential.

### Woodland

3.8. At the outset of the development of Glastir, support for both woodland creation and woodland management was provided by the Better Woodlands for Wales (BWW) scheme as administered by the Forestry Commission Wales (FCW). Whilst new Glastir Woodland Creation and Glastir Woodland Management Schemes have now been developed, full integration of the woodland element into Glastir (with administration by Welsh Government) will not occur until the end of 2012. As a result, the current Glastir scheme fails to provide a seamless treatment of tree and woodland incentives. For instance, some upland acid grasslands submitted under AWE are potentially available for Glastir Woodland Creation, but are likely to be locked in under AWE requirement to maintain semi-natural habitats under the Whole Farm Code. In addition, non-farming applicants to the Glastir woodland schemes tend to experience more difficulty in dealing with processes which are designed primarily for agricultural schemes.

3.9. The Glastir Woodland Creation Scheme was initiated to deliver the target of creating 100,000ha of new woodland over a 20 year period, as recommended by the Land Use and Climate Change report to Welsh Government in 2010. The aim was to produce a streamlined application process and the resulting 'woodland opportunities map' on the FCW website categorised consultation requirements according to a spatially based a set of constraints (including biodiversity and historic features).

3.10. In practice, many landowners are more interested in creating new woodland on land of low productivity, much of which is semi-natural habitat. Unfortunately this can conflict with the principle of conserving priority habitats and so-called section 42 species<sup>8</sup>. These habitats and species comprise the indicators for the achievement of Outcome 21 of the Wales Environment Strategy (2006) viz:

*"The loss of biodiversity has been halted and we can see a definite recovery in the number, range and genetic diversity of species".*

3.11. CCW considers that it is essential that the assessment of applications under the Glastir Woodland Creation Scheme continues to be carried out by trained and fully independent officials so as to avoid potential conflicts of interest.

3.12. CCW is also concerned that the current Glastir Woodland Creation scheme is relatively inflexible. For instance, it cannot be used to assist with the creation of new woodland by natural regeneration, nor can it easily be used to support the requirements of the guidance in *New Native Woodlands* (FC Bulletin 112). As previously mentioned, there are some areas within designated sites (SSSI), particularly within the uplands, where new native woodland creation would be

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<sup>8</sup> As listed in section 42 of Natural Environment and Rural Communities Act 2006 (*Habitats & Species of Principal Importance for Conserving Biodiversity in Wales*)



beneficial, but the Glastir Woodland Creation scheme may not be applicable in such cases and no other grant schemes are available at present. In addition, there are opportunities elsewhere to develop new native woodlands which meet higher ecological standards than those likely to be provided under the Glastir Woodland Creation Scheme.

3.13. Experience of the Glastir Woodland Management Scheme is still very limited as the first window for “expressions of interest” only closed at the end of March 2012. A number of the farms selected for the Glastir Targeted Element fall within the woodland objectives GIS layer and will be asked to carry out woodland management as part of their contracts. It is still too early to gauge how effective this process will be.

#### **4. Implementation of Recommendations from the Rees Roberts Review**

4.1. CCW was not represented on the Glastir Independent Review Group, but submitted detailed comments in writing<sup>9</sup>. Our principal concern at that time was to ensure the maximum number of Glastir contracts were signed as soon as possible. This aspiration remains, alongside the expectation that each individual AWE contract will generate an environmental gain in its own right as well as providing a suitable platform for the delivery of the Targeted Element.

4.2. Glastir is now the main route for promoting the ecosystem approach to land management as described in “Sustaining a Living Wales” as well as for meeting the environmental targets set out the Welsh Environment Strategy (especially those relating to EU-level obligations in respect of Natura 2000 sites and the Water Framework Directive). The previous NAW Sustainability Committee Inquiry into biodiversity is also relevant, in particular the recommendation that *“The review of the Glastir scheme should be utilised to make sure the scheme makes the best possible contribution to the achievement of biodiversity targets”*.

4.3. The Glastir Independent Review Group made 69 recommendations covering both scheme design and process, the majority of which were accepted by the Welsh Government. CCW was particularly supportive of the proposal to merge options 16-18 into a single upland option, but with the stocking rates calculated according to the proportions of the various semi-natural habitats c.f. the approach taken on common land. The creation of new options 41A and 41B has significantly reduced the number of difficulties encountered in issuing SSSI consents (the previous use of the “predominant habitats rule” often generated an inappropriate stocking rate).

4.4. CCW was also broadly supportive of the proposal to create a reduced entry level threshold. This recommendation had the capacity to significantly affect scheme outcomes - weakening them if the overall quantity of environmental outputs was reduced, but strengthening them if farms that would otherwise not have joined the scheme were enabled to do so. Ideally, the reduced entry level should provide a stepping stone for more intensively managed farms to move into the full AWE scheme at some point during the first five years of the contract. Similarly, since participants in the reduced entry level are now allowed to access ACRES, this should provide an alternative to the TE when dealing with water quality issues. More work is required to establish the extent to which this is indeed taking place.

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<sup>9</sup> A copy of CCW's submission is available on request



4.5. CCW continues to have substantial concerns about the implementation of a number of other Review Group recommendations. In particular, the creation of options 15B and 15D allows for applications of up to 50kg/ha of inorganic nitrogen alongside up to 50kg/ha of organic nitrogen per annum to all permanent pastures (including existing semi-natural habitats). Previous research shows that nitrogen applications of only 25 kg/ha per year (applied as inorganic fertiliser) can cause significant damage to the flora of species-rich grasslands<sup>10</sup>. Farmyard manure inputs of no more than the equivalent of about 5-6 tonnes per ha per year (equivalent 30-36 kg on N) appear to be suitable for the maintenance of species-rich neutral hay meadows in both Wales and Cumbria<sup>11</sup>.

4.6 Existing Welsh Government targets for stemming the loss of Biodiversity Action Plan priority grassland habitats are likely to be compromised by the use of options 15B & 15D if these are deployed on semi-natural grasslands. The application of inorganic fertiliser to semi-natural grassland involves making an exception to the Glastir Whole Farm Code and appears to be contrary to the requirements of the EIA (Uncultivated Land) Regulations and hence in breach of cross compliance. Moreover it will be both difficult and costly to restore the biodiversity value of semi-natural grasslands once damage has been done. CCW has therefore recommended that Options 15B and 15D should only be permitted on agriculturally improved grasslands (these comprise more than 90% of the lowland grasslands in Wales). In addition, the maximum level of nitrogen permitted under the AWE (100kg/ha per year) still appears to be above the current rates of application on the less intensively managed improved grasslands in Wales<sup>12</sup>. As a result, this part of the AWE appears to be generating very limited environmental gain, whilst placing at risk some significant areas of wildlife habitat.

4.7. Changing the points limits applied to the various options as a result of the Review should have led to some benefits in the uplands. CCW provided evidence showing that the pre-dominance of habitat land in these situations meant that many farmers were left with a choice of very few AWE options when attempting to construct an application. The Welsh Government has now implemented the Review in such a way that farmers can enter the scheme through obtaining up to 90% of their points from a single habitat option, but a minimum of three AWE options is still normally a requirement.

4.8. Whilst supportive of the principle that farmers should be obliged to choose at least some the environmentally more beneficial options alongside those that may be rather less demanding, CCW feels that farmers should now be allowed to enter the scheme with only one habitat option provided they have enough land to meet the threshold score. Such a move would further reduce one of the remaining barriers to entry whilst at the same time helping to meet biodiversity, water quality and climate change objectives.

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<sup>10</sup> Smith, R.S. (1993) *Effects of fertiliser on plant species composition and conservation interest of UK grassland*.

<sup>11</sup> Kirkham, F. W., Tallowin, J. R. B., Sanderson, R. A., Bhogal, A., Chambers, B. J., Stevens, D. P. 2008. *The impact of organic and inorganic fertilizers and lime on the species-richness and plant functional characteristics of hay meadow communities*. *Biological Conservation* 141, 1411–1427.

<sup>12</sup> <http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-enviro-fertiliserpractice-2010.pdf>



4.9. At the other end of the scale, the current requirement for no less than three options means that farmers can now qualify for the AWE through doing little more than field boundary management. As happened elsewhere in the UK, this approach risks compromising the capacity of the scheme to deliver against the full range of environmental objectives. CCW therefore recommends the use of the so-called “split list” approach under which applicants are obliged to choose at least some options from group A (field boundaries) and at least some options from within group B (other habitats, water quality etc). In order to achieve consistency with the point made in paragraph 4.7 above, an exception could be made where all of the points came from within Group B.

4.10. The Review Group also made a recommendation on simplifying the Regional Packages. Such packages result in an additional 10% being added to the points available wherever the relevant options can provide a particular environmental benefit in the geographical area concerned. The current rules now require 75% of the points to be obtained from the three groups of management options listed in the relevant Regional Package with a minimum of 15% of the points derived from each of the three groups.

4.11. Despite the changes that have been made as a result of the Review, the Regional packages still add a significant level of complexity to the application packs. Detailed explanations of the packages currently occupy no less than sixteen pages. CCW supports the use of Regional Packages, but feels that they could be delivered in a much more inspiring way whilst at the same time significantly reducing the volume of paperwork sent to each applicant.

4.12. Since all of the maps sent to individual applicants are personalised by RPD, it should be possible to provide a personalised Regional Package at the same time. In other words, a farmer in Swansea or Anglesey would receive details of the relevant Regional package as a separate insert within the application pack. The insert would ideally illustrated with some photographs and key facts in order to encourage more engagement with the idea of taking up particular options in order to safeguard particular species. There would then be no need to provide details of the other fifteen packages available across Wales.

## **5. Implementation of Recommendations from the ‘Working Smarter’ report.**

5.1. The recent report by Gareth Williams<sup>13</sup> contained seventy four separate recommendations. In terms of Glastir, the most significant recommendations would appear to be those dealing with:

- communication of information on sources of support for the agricultural industry (R1);
- increasing the scale of the Farm Liaison Service and make use of experience available within external agencies (R2);
- using the Welsh Government website to clarify the meaning of a wide range of acronyms and technical terms such as sustainability and biodiversity (R7);
- ensuring that the development of on-line systems for all CAP schemes involves interested parties via the On-line Systems Stakeholder Group (R11).

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<sup>13</sup> *Working Smarter. A report of recommendations to the Welsh Government on better regulation in farming.* Gareth J. Williams, December 2011.



5.2. In line with Recommendation 48 (*providing robust examples to demonstrate that good environmental practice is fully compatible with food production while enhancing business performance and profitability*), CCW and its sister agencies have recently commissioned ADAS to identify the main characteristics of sustainable intensification in a UK context. This will involve developing twenty quantified farm level case studies. Each of these will include an assessment of the impacts of adopting different approaches to increasing food production and the delivery of other ecosystem services using range of indicators, including net production per unit area; greenhouse gas emissions; water quality; landscape and biodiversity. The case studies will then be used to stimulate further debate within a series of farmer focus groups before the final report is made available in the early autumn of 2012.

## **6. Addressing Barriers to Entry**

6.1. The current requirement to obtain points from at least three AWE options designed to ensure that a reasonable level of uptake is maintained across the full range of measures available. CCW supports this approach which is designed to avoid the kinds of problems that have arisen elsewhere within the UK. Nevertheless, the chosen approach can disadvantage those farmers with large areas of semi-natural upland habitat. CCW suggests that such farmers should be able to obtain all of their points from just one habitat option provided they have enough land to meet the threshold score.

6.2. As previously described, there are several other more significant barriers to entry. Some of these, such as the application process, scheme literature and approach to on-farm record keeping are more or less directly under Welsh Government control. Some issues, such as the proposed greening of Pillar 1 of the CAP, can only be dealt with through the Welsh Government's involvement in ongoing European negotiations. Increases in livestock prices (alongside the parallel increase in the costs of inputs) are also likely to deter some applicants, but amending payment rates is a complex and lengthy process which is explored in more detail within section 8.

## **7. Flexibility between the funding of different elements of the scheme**

7.1. The allocation of funding within Glastir is largely dictated by the number of applicants for the AWE and the CLE as well as the size of the farms involved. The number of signed AWE and CLE contracts then provides the backdrop against which individual TE farms are selected. Sufficient funds are also required to cover the woodland creation scheme, the woodland management scheme and Agricultural Carbon Reduction and Efficiency Scheme (ACRES).

7.2. Some 420 farms have now been selected for a visit under the TE including at least 70 commons. This part of the scheme is still in its infancy and CCW understands that about 30 visits have so far taken place. The TE is critical to securing Welsh Government and EC targets in terms of addressing biodiversity, water management and climate change. As a result it is essential to ensure that sufficient contract managers are in place to deliver this part of the scheme. Further work will be necessary to establish the amount of staff time required to prepare the sorts of contract which are necessary.



7.3. CCW supported the introduction of ACRES, commenting on the benefits to both the agricultural industry and wider society of enabling farmers to reduce the carbon footprint of their individual businesses. Ensuring that farmers sign an AWE contract prior to entering ACRES allows for capital grants to be made available to Glastir entry-level participants, but simultaneous inspections under both parts of the scheme will still be necessary.

7.4. Since ACRES is largely directed at more intensive farms, CCW wishes to ensure that this part of Glastir is used to promote sustainable intensification in the sense that environmental gains should take place alongside any increase in production. CCW also believes that the concept of sustainable intensification needs to be developed in the context of Sustaining a Living Wales. For example, given global population and resource use trends, it is inevitable that more will need to be produced from each acre of land in future. Agricultural production is only one part of the equation, however, since timber growing, sequestering carbon, managing water, addressing the loss of biodiversity, enhancing cultural landscapes and providing recreational opportunities also make a significant contribution. In other words, the concept of sustainable intensification encompasses the full range of possible ecosystem services capable of being delivered through better management.

7.5. The Welsh Government has recently floated the possibility of introducing a National Envelope scheme in order to support those sectors that might lose out under the forthcoming CAP reforms and the resulting shift to area payments. In the event that the Welsh Government decides to provide further support to the intensive beef and dairy sectors, CCW believes this should be conditional on such farmers taking further steps to promote sustainable intensification through reducing greenhouse gas emissions, enhancing water quality and promoting animal health. Linking any National Envelope to participation in the AWE and ACRES is likely to impact on the balance between the different elements of Glastir.

## **8. Costing the different options available under the AWE & TE**

8.1. CCW has had no direct involvement in the calculation of the payment rates now being used within Glastir, although our agricultural advice team previously carried out this role in relation to both Tir Cymen and Tir Gofal. CCW's land agency team continues to negotiate the payments being made under individual management agreements on SSSIs.

8.2. Agri-environment payment rates are calculated according to the provisions set out in Article 39 of the EC Rural Development Regulation and are required to cover the "additional costs and income foregone" resulting from the relevant commitment. Where necessary, the payments may also cover "transaction costs" (in previous versions of the RDR these were described as incentive payments and set at a maximum of 20% of the income foregone + costs combined).

8.3. The calculation of individual payment levels for each management option within a nationally available scheme involves taking into account a wide variety of farm types and farming situations. In deciding whether or not to apply, farmers will also be influenced by the overall effect of "bundling together" a whole raft of



individual payment rates within a particular contract. Consideration also needs to be given to changes in gross margin (the difference between agricultural returns and costs for particular enterprises) over time. Frequent reviews of payment rates are problematic, however, since all such exercises are very resource intensive. In addition, all changes in payment rates have to be approved by the European Commission.

8.4. A further issue to be considered when setting payment rates is the relationship between the total cost of existing contracts and the size of the overall budget. In general, increasing the level of payment for large numbers of relatively popular individual options is likely to result in a reduction in the number of contracts that can be signed. This is not to suggest, however, that all payments should be set at the same percentage of income foregone plus costs – varying the percentage that is paid (and adding an element of transaction costs where necessary) provides a useful tool for increasing the uptake of less popular options. Applying such an approach to Glastir will require more data on the uptake rates for different options. This information will be difficult to obtain at the present time bearing in mind that first round contracts under the AWE are still being signed whilst negotiations for the first round of TE contracts have only just started.

8.5. The Green Paper on Sustaining a Living Wales refers to “*arguing for a more economically rational regime for paying farmers for the delivery of environmental outcomes*”<sup>14</sup>. Whilst the existing “income foregone plus costs” formula is effectively non-negotiable (it is enshrined in the existing WTO agreement on the nature of the Green Box which refers in turn to those subsidies deemed to have only a minimal impact on production) the actual wording of the formula still leaves considerable room for manoeuvre. In particular, recent work by CCW and the other UK countryside agencies has demonstrated that scope exists for placing much more emphasis on the costs of providing certain services (especially in the case of uneconomic farming systems)<sup>15</sup>. As already mentioned, however, increasing payment rates will have particular implications when operating within a fixed budget.

## **9. Funding within Less Favoured Areas**

9.1. The Welsh uplands are a major asset, helping to define the national character. In particular, the Severely Disadvantaged Area (SDA) encompasses the largest tracts of un-fragmented semi-natural habitat and landscapes in the country; supplies water as well as contributing to flood management; stores significant amounts of soil carbon (presenting both risks and opportunities in terms of tackling climate change) and contributes to health and well-being through providing a huge resource for outdoor recreation.

9.2. The SDA also supports large numbers of agricultural businesses actively involved in managing semi-natural rough grazings as well as the associated in-bye

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<sup>14</sup> *Sustaining a Living Wales: A Green Paper on new approach to natural resource management in Wales. Welsh Government Consultation Document. January 2012. (Page 14).*

<sup>15</sup> Barnes A.P., Schwarz G., Keenleyside C., Thomson S., Waterhouse T., Polokova J., Stewart S., McCracken D. (2011) *Alternative payment approaches for non-economic farming systems delivering environmental public goods*. Accessible at: <http://www.sac.ac.uk/ruralpolicycentre/pubs/supporttoagriculture/alternativepaymentapproaches/>



land. Land abandonment is becoming an issue in some places, although in other locations the recent increase in lamb prices may result in a further phase of gradual agricultural improvement.

9.3. As originally envisaged, a 20% uplift on the basic AWE payment of £28/ha would have been available on all LFA land. This approach was not approved by the European Commission, however, and the same payment rate now applies to all land in Wales. The new standard payment of £34/ha ensures that all LFA farmers are slightly better off than they would have been under the original system, but the LFA differential has been removed along with the provision of a significant uplift outside of the LFA.

9.4. In considering the acceptability of the existing AWE payment rate, a key issue is whether it provides an adequate incentive for LFA farmers to apply for Glastir. Agricultural returns have improved significantly since the launch of the scheme and whilst the income foregone issue has been addressed within the lowlands, the same is not true of the LFA. On the other hand, recent changes in the scoring system mean that many LFA farms are now able to enter Glastir by selecting habitat options only. The fact that such farms no longer need to make an up-front investment in capital works is likely to make the existing payment rate appear more attractive, at least some cases.

9.5. The difficulty with attempting to adjust Glastir payment rates over the next eighteen months is that any such action will be extremely time consuming as well as almost certainly being overtaken by events. The current CAP reform proposals will introduce area payments under the SPS whilst at the same time LFA's will be replaced by Areas of Natural Constraint (ANC). The new ANC's will involve the use of new designation criteria (possibly resulting in a boundary that differs from that used under the LFA system) whilst the Welsh Government may shortly have the capacity to generate ANC support payments from within both Pillar 1 and Pillar 2. As a result, it appears rather too early to adjust the AWE payment rate, bearing in mind that decisions still have to be made regarding the best way of integrating the various upland support measures likely to become available.

9.6. In the event that new Pillar 2 measures are required to mitigate the effect on more extensive sectors of the forthcoming shift to area payments, one possibility would be to examine whether a separate strand of the Glastir AWE could be developed to provide additional support within the uplands/on land inside the moorland line. Such an approach could be used to ensure that the provision of any additional payment (payable in return for a specific set of commitments over and above those available under in the AWE) is consistent with the ecosystems approach set out within Sustaining a Living Wales. Since the same level of support per hectare is unlikely to be required on very large farms as on smaller and medium sized units, the payments could be scaled back according to farm size, as was the case with Tir Mynydd.

9.7. Provision of an upland strand within Glastir could also assist some of the Tir Gofal farms which may fail to qualify for the TE, but whose business model (and environmental delivery) has been dependent on a combination of higher level agri-environment payments coupled with Tir Mynydd.



## **10. Suggested Improvements to the Scheme**

10.1. As a general principle, CCW believes that any major changes in scheme design should be delayed until the start of the next WRDP. In the meantime, the emphasis should be on improving the application process in order to maintain momentum whilst at the same time adjusting some of the existing AWE options to avoid perverse effects. Our specific recommendations are as follows:

**(i). In order to safeguard the biodiversity value of existing semi-natural grasslands, the use of AWE options 15B and 15D should only be permitted on improved grasslands.** Such grasslands still comprise more than 90% of the lowland grasslands in Wales.

**(ii). The AWE application process could be made more flexible and user-friendly.** Initial targets were extremely ambitious and resulted in a process which was designed to deal with large numbers of applications within a very short space of time. The extension of Tir Mynydd, Tir Cynnal and Tir Gofal significantly reduced the number of applications and this effect has been exacerbated by a number of other factors including the increase in agricultural returns and ongoing uncertainties over CAP reform. Smaller numbers of applications are now being received and these could be dealt with by allowing farmers more leeway to amend the times at which they attend meetings at Divisional Offices. The associated letters could also be written in a more encouraging tone. During the first round, the rate at which applications were converted into contracts was disappointingly low. A more user friendly process should help to improve on this situation during the second round.

**(iii). Applicants should be allowed to enter the scheme using one habitat management option only provided they have enough land to meet the threshold score.** Such an approach would further reduce the barriers to entry now facing upland farms. Use of the so-called “split list” approach under which applicants are obliged to choose at least some options from group A (field boundaries) and at least some options from within group B (other habitats, water quality etc) would enhance the capacity of the scheme to deliver against more demanding environmental targets regarding the management of habitats and water. In order to achieve consistency, exceptions could be made where all of the points were obtained from within Group B.

**(iv). All applicants should be provided with personalised Regional Packages in the form of a separate insert within the application pack.** Individual inserts should be illustrated with photographs and key facts in order to encourage more engagement with the idea of taking up suites of particular options in order to safeguard locally significant species. There would then be no need to provide details of the other packages available across Wales.

**(v). Further improvements to the Technical Guidance are necessary.** For instance, the use of option 42B (Hedgerow restoration without fencing) is plainly not advisable where the adjacent fields are grazed by livestock. CCW understands that the requirement to exclude stock has now been inserted into all contracts containing option 42B, but this issue will also be addressed within the next edition of the Technical Guidance Booklets. Likewise, the use of coppicing as a hedgerow restoration technique should be excluded within areas known to support breeding dormouse populations.

**(vi). All applicants should be provided with more guidance on the selection of suitable AWE options.** For example, the use of reduced inputs on improved grassland has the capacity to deliver significant environmental benefits provided it is applied in the right places (adjacent to existing habitats and watercourses) but can



have a minimal impact if used in other locations. Similarly, there are opportunities to integrate the use of the AWE and the woodland creation scheme, but the nature of the application pack tends to encourage an approach based primarily on meeting scheme entry requirements rather than delivering maximum environmental benefits in line with existing farming systems. More use should be made of Farming Connect and the Farm Advisory service as well as FWAG and the voluntary sector. Provision of a specific payment to cover the provision of advice to individual applicants could also prove helpful.

**(vii). The assessment of applications under the Glastir Woodland Creation Scheme should continue to be carried out by trained and fully independent officials so as to avoid potential conflicts of interest.** Many landowners would prefer to create new woodland on land of low productivity, much of which is semi-natural habitat. Unfortunately this sometimes conflicts with the principle of conserving priority habitats and so-called section 42 species<sup>16</sup>.

**(viii). The Glastir scheme should provide a seamless treatment of woodland incentives alongside those available for agriculture.** For instance, some upland acid grasslands submitted under AWE are potentially available for Glastir Woodland Creation, but are likely to be “locked in” under AWE requirement to maintain semi-natural habitats under the Whole Farm Code. In addition, non-farming applicants to the Glastir woodland schemes tend to experience more difficulty in dealing with the administrative processes which are designed primarily for agricultural schemes.

**(ix). Providing worked examples of AWE and TE contracts via the Welsh Government website/within the application packs would help to explain what Glastir is designed to achieve.** In the case of the AWE, examples applicable to a range of different farm types could be used to demonstrate how best to apply the various options in ways that meet agricultural needs whilst at the same time delivering maximum environmental benefits. In the case of the TE, it is important to illustrate how the selection process operates and how the contracts themselves will be constructed. A range of part and whole farm contracts could be used to show how the TE prescriptions are intended operate alongside the AWE, the woodland schemes and ACRES.

**(x). All farmers with a first round AWE contracts must be in a position to promote positive messages.** Such farmers have the capacity to promote the benefits arising from the scheme as well as reducing the risk that misconceptions will become established. Existing scheme participants could provide guidance to those still considering whether or not to submit an application as well as advising new contract holders. Further consideration should be given to establishing a formal system of mentoring (under which lead farmers in a particular area could be paid for providing advice and guidance to others) as well as establishing a regular programme of on-farm visits involving existing scheme participants.

**(xi). Every participant should receive at least one “care and maintenance visit” to ensure that they have fully understood all of the prescriptions and are aware of what the contract is designed to achieve.** Formal compliance inspections by the Rural Inspectorate for Wales (RIW) are only likely to cover some 5% of participants. Failure to invest in the necessary levels of aftercare will be a false economy.

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<sup>16</sup> As listed in section 42 of Natural Environment and Rural Communities Act 2006 (*Habitats & Species of Principal Importance for Conserving Biodiversity in Wales*)



**(xii). The application of the Reduced Entry Level (REL) threshold should provide a stepping stone for more intensively managed farms to move into the full AWE scheme.** Such adjustments could easily be made during the first five years of the contract without the need for extra staff resources. All of the REL farms should remain in the pool of those deemed to be eligible for a visit by a TE contract manager. In the event that such farms are indeed selected for the TE, the offer of a higher level contract would be dependent on the farmer agreeing to uprate the AWE contract. Such an approach would help to ensure that where the TE is being used to address issues requiring a co-operative approach (such as enhancing water quality within a particular catchment) all of the relevant farms are enabled to adopt the necessary measures.

**(xiii). It is essential to ensure that sufficient contract managers are in place to deliver the TE.** This part of the scheme is critical to securing Welsh Government and EC targets in terms of addressing biodiversity, water management and climate change.

**(xiv). Permitting TE participants to enter the AWE/CLE at the same time as signing their TE contracts could lead to significant administrative savings.** As used in the Countryside Stewardship scheme in England, such an approach would simplify the process of constructing the TE contracts, ensuring that the measures applied under different parts of Glastir were fully integrated. From a CCW perspective, the process of issuing SSSI consents would be substantially improved. Firstly, one consent will be required rather than two. Secondly, the consents themselves would become much easier to issue. For instance, under the current system it is difficult to consent to AWE/CLE proposals where these involve reducing stocking levels to rates that are too low to maintain an SSSI in its existing condition. Setting a more suitable stocking rate under the TE would immediately address the problem.

**(xv). Existing Tir Gofal farms should be prioritised for entry into the TE.** Some 3000 whole farm agri-environment contracts will expire on 31<sup>st</sup> December 2013. The treatment of these farms will be critical to the success of the next Wales RDP. For instance, some 45,400ha of terrestrial upland SSSI are covered by CCW 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. Failure to secure the investment already made will lead to a sharp decline in performance against previously agreed SSSI condition targets<sup>17</sup>.

**(xvi). The existing team of trained facilitators should be retained in order to take forward the co-operative elements of Glastir.** The existing CLE scheme represents a notable success and the current draft of the new Rural Development Regulation (RDR) provides an opportunity to increase payment rates by up to 10% within those agri-environment contracts incorporating a co-operative approach. As the number of CLE applications starts to decline, the existing team of Common Land Development Officers could have a significant role to play in helping to deliver the type of multi-farm contracts necessary to deal with a range of other issues such as water quality and the management of wetlands.

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<sup>17</sup> *Environment Strategy for Wales (2006). Welsh Government.*



**(xvii). Further consideration could be given to the possibility of examining whether a separate strand of the Glastir AWE could be developed in order to address the needs of the uplands.** A range of approaches under the RDR may be required to mitigate the effect on more extensive sectors of the forthcoming shift to area payments under Pillar 1. As with the Upland Entry Level Scheme in England, such an approach could be used to ensure that the provision of additional support (which would be provided in return for a specific set of commitments over and above those currently available under the AWE) is consistent with the ecosystems approach set out within Sustaining a Living Wales.

**(xviii). The monitoring of environmental outcomes plays a vital part in measuring whether or not scheme objectives are being achieved.** Such work often appears less critical at the start of any new scheme, but 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 should help to avoid the risk that such work is treated as a “bolt-on” extra rather than being dealt with as an integral part of the scheme.

## **11. Concluding Remarks**

11.1. The proposed greening of Pillar 1 represents a significant change in the architecture of the CAP. Subject to further negotiations at EU level it is possible that greening could be used to encourage farmers to join agri-environment schemes (AES) by ensuring that they are exempt from the new requirements in the same way as organic farmers.

11.2. Whilst CCW recognises the desirability of minimising the number of changes to Glastir, the proposed EU requirement that the Pillar 1 greening measures should “go beyond cross compliance” means that some further adjustments to the AWE are likely to be necessary. For instance, the modification or the removal of options 15B and 15D would seem to make it more likely that the European Commission will agree with the proposition that all participants in Glastir should be exempt from P1 greening requirements.

11.3. CCW previously welcomed the use of a transition period to ensure that those currently participating in existing agri-environment schemes could continue with their existing commitments up until the end of the current WRDP. Tir Gofal agreements cover some 18% of the Welsh agricultural area, whilst making a significant contribution to the achievement of the SSSI condition targets.

11.4. The expiry of some 6000 existing agri-environment contracts on 31<sup>st</sup> December 2013 means that substantial numbers of farmers are then likely apply to Glastir. Bringing such farms into the AWE should be relatively simple, but ensuring entry into the TE is likely to require a substantial project officer resource if long queues are to be avoided. An alternative approach would involve putting more emphasis on the role of the farmer and/or private agents in working up detailed management proposals.

11.5. Some 85% of the land area of Wales is devoted to agriculture and forestry and the recent Green Paper on Sustaining a Living Wales rightly acknowledged the importance of these land uses within the Welsh economy. The Glastir scheme attempts to take an ecosystem services approach to the provision of support to the



farming and forestry sectors, but has not been particularly well integrated into the ongoing discussions on natural resources as promoted by the Green Paper. Sustainable land management plays a key role in delivering the ecosystem approach and providing a clear role within the delivery of Glastir would improve the capacity of the new Single Body to achieve its objectives.

11.6. In responding to the recent Welsh Government consultation on Natural Resources Wales<sup>18</sup>, CCW stated that *“Glastir should have longer-term objectives than its predecessor schemes if it is to enable sustainable land management. Experience of previous agri-environment schemes shows that Glastir could win greater support from farmers and other stakeholders if it was operated at arms-length from Government. A duty to operate Glastir should be transferred to the new Body at an appropriate date in the near future”*.

**Cyngor Cefn Gwlad Cymru**  
**Countryside Council for Wales**  
May 2012

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<sup>18</sup> Copy available on request.