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WALES **AUDIT** OFFICE  
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# Tir Gofal



I have prepared this report for presentation to the National Assembly under the Government of Wales Acts 1998 and 2006.

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**Report presented by the Auditor General for Wales to the  
National Assembly for Wales on 15 November 2007**



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## Summary

- 1** Tir Gofal ('land in care') is the main agri-environment scheme in Wales. It pays land managers – usually farmers – to manage agricultural land in an environmentally beneficial way, and is open to any landholding in Wales that is judged to have sufficient actual or potential environmental value. The Welsh Assembly Government (the Assembly Government) part-funds the cost of the payments to landholders, which was £19 million in 2006/2007 and at 31 August 2007 totalled £100.3 million since the inception of the scheme in 1999.
- 2** At the end of August 2007 Tir Gofal covered 2,958 farms<sup>1</sup> and 333,000 hectares of land. The core objectives of the scheme are to:
  - a** protect and enhance habitats of importance to wildlife;
  - b** protect the historic environment;
  - c** protect and restore rural landscapes; and
  - d** promote public access to the countryside.
- 3** Prior to the 2006 applications window, the scheme had been closed to new applicants since the previous applications window in spring 2003 generated 1,910 eligible applications. This large number, combined with budget constraints, led to a lengthy waiting list with some applicants waiting up to three years for an initial visit.
- 4** Only limited data is available about the scheme's impact, and output data has been used as a proxy indicator of the scheme's success. The scheme needs to be adaptable to changes in environmental and agricultural policy at a national, European and global level, and a major policy review is planned for 2007/2008 in light of further changes to the Common Agricultural Policy (CAP). In October 2006, responsibility for administering the scheme transferred from the Countryside Council for Wales (CCW), which had run the scheme since it began, to the Assembly Government.
- 5** In light of these issues, this report addresses the question of whether Tir Gofal is well placed to deliver its objectives, now and in the future. It focuses on the performance of Tir Gofal in achieving its outcome objectives, and whether the scheme is designed to maximise potential benefits and is resilient to future risks.
- 6** Overall, we concluded that Tir Gofal is likely to benefit the rural environment and there is evidence that it also secures broader cultural and socio-economic benefits. However, the evidence about the scheme's actual impact on the environment relative to other factors is inconclusive. And, while the scheme is generally well designed and managed, it costs more to run than was originally envisaged. It also needs to adapt to become more responsive to local needs and priorities and to reflect wider policy objectives.

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<sup>1</sup> Around 3,100 agreements had been signed but some of these are no longer in the scheme.

## There are promising signs that Tir Gofal is improving the rural environment and has wider benefits, but without a long term financial commitment the benefits achieved may not be sustained

- 7 The Assembly Government maintains comprehensive data on the activities funded by Tir Gofal, but there is much less information available on its outcomes, in terms of the environmental and other improvements made. There are several reasons for this: it is difficult to collect reliable information on some outcomes and the extent to which Tir Gofal has contributed to them; it is too soon to assess the full impact of the scheme as environmental change can take a very long time; and there are significant gaps in the Assembly Government's research and evaluation coverage.

### Indicators suggest that Tir Gofal is meeting its core objectives

Although it is difficult to assess the full impact of the scheme, there is evidence to suggest that Tir Gofal helps to protect and enhance habitats

- 8 The scheme now covers 20 per cent of agricultural land in Wales, a level of uptake that compares well with similar schemes in England and Scotland, and coverage is greater in those areas that have particular environmental value: Sites of Special Scientific Interest (SSSIs), and Special Areas of Conservation. There is some evidence to suggest that the activities funded by the

scheme should benefit habitats. However, there is only limited evidence about the extent to which beneficial changes to habitats can be attributed to Tir Gofal rather than other factors. Also, there is a lack of comprehensive data on Welsh habitats and how they are changing over time. This makes it difficult to put the achievements of Tir Gofal into context.

- 9 The Assembly Government has commissioned a detailed 12 year study to track the effect of the scheme on major habitats. Although initial results are encouraging, it is too early to draw definitive conclusions from the study. Also, the effect of changes in farm management practices on the surveyed sites had not been considered. Some individual research studies indicate that Tir Gofal is likely to have a beneficial impact on bats and certain species of bird, but the overall impact on animals has not been assessed.
- 10 Landowners are obliged to follow certain management practices that are considered to have a particular environmental value, and they have the option to restore or create new habitats, but there has been no assessment of the impact of 17 habitat options, such as turning pasture into arable land and the creation of streamside corridors. Although, in many cases, farmers need only to maintain existing management practices to meet the requirements of the scheme, the extent to which management practices might have changed to the detriment of existing habitats without the scheme is unclear. Therefore, more comprehensive information needs to be collected on the scheme's impact on farming practices.



### Although little monitoring and evaluation has been carried out, available evidence suggests that Tir Gofal is protecting the historic environment

- 11** Agreement holders are obliged to protect historic features, such as old barns, sheep folds and historic parklands, and have the option to restore them. At 31 July 2006, Tir Gofal protected 16,382 historic features and 3,449 hectares of historic parks and gardens, and at 31 March 2007 had funded restoration work on 487 farms. Routine compliance visits suggest that there has been no obvious deterioration of such features, but there is no formal monitoring of their condition. Cadw monitors the condition of many historic features but does not report separately on those on Tir Gofal land. An evaluation of the Environmentally Sensitive Areas (ESA) scheme in Wales, which had similar prescriptions to Tir Gofal, found that it generally did improve the condition of historic features.

### Output data suggests that Tir Gofal helps to protect and enhance the beauty of the landscape

- 12** The beauty of the landscape is a subjective judgement, but Tir Gofal makes a significant contribution towards features that are generally accepted as enhancing the visual appeal of the landscape. Under the scheme £7.5 million has been spent on restoring traditional boundaries (hedgerows, stone walls and earth banks), and the creation of new woodland and arable land helps create a more diverse landscape. Agreements require farmers to maintain existing field boundaries. Survey evidence indicates that most agreement holders were likely to invest in boundaries whether or not they were in Tir Gofal, but the scheme helped them to

increase the amount of work they were able to fund and enabled them to do it more quickly.

### Tir Gofal increases opportunities for public access to the countryside but problems remain around partnership working, permissive access and educational access visits

- 13** Agreement-holders are required to keep unobstructed existing public rights of way on their land, and may opt to create new permissive access (paths and open areas) for the duration of their agreement. The scheme covers 12 per cent of the Welsh public rights of way network and has created new permissive access to 405 kilometres of footpaths and 1,804 hectares of open access area. An all-Wales survey of rights of way in 2002 found that the scheme had not substantially improved the condition of public footpaths on Tir Gofal land. Following the survey, officials strengthened their procedures by, for example, withholding payments from agreement holders who did not meet their legal obligations and improving links with local authorities and the Ramblers' Association. The Assembly Government does not monitor the public's use of permissive access areas and paths funded by Tir Gofal, or how walkers perceive the value of this additional or improved access. However, the available evidence suggests that permissive access is not widely advertised or clearly signposted.
- 14** Agreement holders also have the option of arranging educational visits to their farms, mainly from local schools. Some 4,200 visits have taken place since the scheme began, significantly extending educational access to the countryside. However, some farmers could not claim the full £500 annual payment

as they were unable to deliver the required six visits per year, citing the significant workload involved and the limited support that was available to them; the Assembly Government is undertaking a project to make it easier for farmers to arrange the visits.

### **The scheme is delivering broader socio-economic and cultural benefits**

- 15** An independent review in 2005 estimated that the £11.2 million paid to Tir Gofal agreement holders in 2003 had created additional spending in the economy of £4.2 million and 112 jobs. Most of the financial benefit had been retained by farmers, although local contractors also gained significant benefits. Participants in our focus groups valued the local economic benefits generated by Tir Gofal, especially for traditional occupations like hedging and walling, and in North Wales they believed that this was important in sustaining small, Welsh-speaking communities.

### **The benefits achieved by the scheme may be at risk without a long term financial commitment**

- 16** Many of the desired outcomes from Tir Gofal will take a long time to achieve, especially if they involve the restoration or creation of sensitive habitats such as hay meadows or deciduous woodland. And in many cases there is little economic incentive for a landowner to continue beneficial practices without payment. Although new environmental regulations provide some protection for some habitats, they are unlikely to prevent gradual deterioration as they do not mandate the kind of proactive management practices that Tir Gofal prescribes.

- 17** The Assembly Government has not collected information on whether participants in previous agri-environment schemes, such as Environmentally Sensitive Area schemes and Tir Cymen, have maintained beneficial practices after the end of their agreements, or how many participants entered a successor scheme such as Tir Gofal. Any delay in replacing one scheme with another heightens the risk that emerging benefits will be lost. The large backlog of applications from the 2003 application window meant that some farmers who had previously participated in Tir Cymen or the Environmentally Sensitive Area scheme had to wait a considerable period without payment before entering Tir Gofal, with the attendant risk that they decided to cease membership of agri-environment schemes altogether.

### **The scheme is well designed and managed, but costs more to run than originally expected**

#### **The scheme fits well with the Assembly Government's strategies for the environment and farming**

- 18** Tir Gofal is part of a coherent pyramid of agri-environment schemes that provide rising levels of environmental protection. The design of the scheme is based on experience with previous schemes, especially Tir Cymen, and on expert advice about the effectiveness of prescriptions. Policy makers consulted widely on the design of the scheme, which fits well with the Assembly Government's strategies for the environment, farming and sustainable development. Many of these strategies were developed after Tir Gofal, but the scheme





remains highly relevant to the environmental challenges in Wales and the Assembly Government's plans for dealing with them. A review of Tir Gofal in 2001 (the Stocktake review) re-oriented the scheme towards mixed farms, medium-sized family farms and younger farmers. The Stocktake also amended administrative procedures to simplify the scheme and improve efficiency.

**The scheme is generally well designed, but some relatively minor changes are needed to ensure that it remains fit for purpose**

- 19 Tir Gofal is held in high regard by many stakeholders and academics, who believe that the scheme's integrated approach covering the whole farm is a particularly valuable feature. The prescriptions address the risks to the Welsh countryside identified at the scheme design stage, which were re-affirmed in 2003 by the mid-term evaluation of the Wales Rural Development Plan. These risks include: increasing farm sizes; decline in cattle, cereal and root cropping; increased use of silage rather than hay; a decline in traditional field boundaries; and a loss of heath and heather moorland. These trends tend to reduce biodiversity and to harm habitats for farmland birds and mammals.
- 20 A scoring system for assessing applications ensures that entry to the scheme is restricted to farms with a significant degree of actual or potential environmental value; points are awarded for the presence of valuable habitats or features and the willingness to restore or create others. However, the Assembly Government does not collate scoring information. This makes it difficult to identify the relative importance of the various criteria in determining scores and the extent to which Tir Gofal pays for the protection of existing

high value land rather than creating new habitats and features. The available evidence suggests that the extent of unimproved or semi-improved land has been significant in determining access to the scheme, and that smaller, more intensive lowland farms have to do more to gain entry.

- 21 Recent reform of the CAP means that farmers will no longer receive subsidies that are directly related to the amount they produce. A study commissioned by the Assembly Government concluded that the impact of the reformed policy would vary by farming sector and region, but that continuing loss of cattle, abandonment of land and development of large, sheep-only farms were likely to be significant risks. Tir Gofal is well placed to address these risks and has introduced a minimum stocking rate, as well as a maximum one, to avoid the risk that land is abandoned.
- 22 However, Tir Gofal staff consider that the scheme does not offer sufficient incentives to induce farmers to start grazing cattle where they would add most value – on upland pastures that are grazed only by sheep. Also, some Tir Gofal managers felt that large, upland sheep farms received a disproportionate amount of the funding available in return for limited added value. Without detailed information on the application scores, payments made and the environmental impacts in respect of such farms, it is not possible to assess the extent to which these claims are true.

- 23** As required under European Union law, payment rates are generally based on the estimated cost of labour, materials and/or lost income (income foregone) for each activity. Payments do not normally cover the whole cost, especially for capital works that will enhance the value of a farm.
- 24** Overall, the large volume of applications for Tir Gofal suggests that payment rates are sufficient to bring farmers into the scheme. Survey evidence suggests that Tir Gofal has not led to an increase in income for most agreement holders but benefits them by contributing towards the cost of farm assets (especially boundary works) and by providing revenue when farmers use their own labour to meet the terms of their agreements. The farmers who attended our focus groups told us that the financial benefits were the primary (but not the only) reason for joining the scheme, although the benefits had been gradually eroded by rising costs for such activities as fencing and hedging, while payment rates remained unchanged between 1999 and 2006. Revised payment rates are due to come into force in 2007. Although there will be substantial increases for some activities where costs have risen, these will be offset by decreases for income foregone, which has fallen as production-related subsidies have ended.

### **Tir Gofal officers and stakeholders have some reservations about the flexibility and targeting of the scheme**

- 25** The Tir Gofal scheme is based on a series of prescriptions that deliver largely standardised agreements. Our focus groups of farmers viewed the scheme positively, but wanted more flexibility in certain areas. These included stocking rates, which they felt were too low to control the spread of *purple*

*moorgrass*, (an invasive species on upland pastures), and the option to drill rather than plough arable land. Assembly Government officials accept that *purple moorgrass* is a problem, but considered that ploughing arable land delivers some important benefits that drilling does not.

- 26** There are several options for targeting the scheme to make it more effective. These include:
- a** Adjusting the scoring system to better reflect the conditions and priorities of local areas, as has been done in England with the new Environmental Stewardship Scheme.
  - b** Introducing 'species packages' or combinations of prescriptions that would create beneficial habitats for certain species. For example, combining the cultivation of unsprayed spring cereals with winter stubbles would aid lapwings far more than either prescription on its own. The Assembly Government introduced a range of optional species packages from 2006.
  - c** Favouring farms on or with SSSIs over other farms. Sites of Special Scientific Interest already benefit from additional statutory protection and management advice and funding from the CCW, which are not available to other agricultural land. However, surveys show that Welsh SSSIs are in a poorer condition than those elsewhere in the United Kingdom, and Tir Gofal is often well placed to tackle the causes of this poor condition. In 2006, the Assembly Government amended Tir Gofal entry criteria to award preferential access to applicants with an SSSI on their land.



## The scheme functions smoothly, but costs more to run than originally expected

- 27** Tir Gofal has recorded a variable performance against its headline targets (the number of agreements signed and the area of land covered by the scheme). Overall, Tir Gofal has far exceeded initial expectations for the amount of land covered by the scheme (332,578 hectares compared with 210,000 hectares) but fallen short on the number of farms (2,958 rather than 4,200). Applications vary greatly in terms of complexity, accuracy of mapping and other factors that affect the duration of the process leading up to an agreement, and this has an effect on targets achieved in any given year.
- 28** The administrative process functions smoothly, but there are some specific challenges:
- a** Some habitats are misclassified by project officers, based on judgements made during ecological monitoring of the scheme. However, this is often due to differences of opinion rather than errors, or Tir Gofal officers selecting the habitat classification that requires the more demanding management regime under the rules of the scheme, thereby maximising environmental gains. This practice could be reduced by introducing more categories to cater for the reversion of degraded habitats to their original state.
  - b** Mapping is a complex and time-consuming process, often involving repeated exchanges of draft maps between project officers and the Assembly Government's Cartographic Unit, which maintains the definitive versions. Officers would like to be able to amend maps directly, and a review of the scheme in 2001 concluded that the single greatest improvement to efficiency

would be providing officers with laptops and digital mapping software so that much of this work could be done in the field. However, there are technical and practical difficulties with implementing this proposal and little progress has been made.

- c** Monitoring and compliance regimes are effective, but cannot detect all possible breaches of agreements. Withholding payments from errant agreement holders is effective in securing compliance with prescriptions that are easy to check, such as clearing scrap from the farm or keeping public rights of way open. However, it is difficult for officers to confirm compliance with prescriptions that regulate hay-cutting dates, stocking rates, and the use of fertilisers and pesticides. Photographic evidence of the original condition of habitats would help, so that officers could investigate further if expected changes did not take place.

- 29** An exercise in 2006 showed that it cost £4.3 million to run Tir Gofal in 2005/2006, about 16 per cent of the scheme's total cost. Until then, the full running costs were unknown as overheads and staff time had not been apportioned between programmes. The estimate of costs is based on some broad assumptions about how long it will take to complete particular aspects of the administrative process (for example, eight days to prepare an agreement for a 100-hectare farm, and five days to renegotiate it) but these have not been tested against the time that is actually spent on these tasks. It is therefore difficult to assess the administrative performance of the scheme as administrative targets and budgets are not based on robust evidence.

## The transfer of responsibility for the delivery of the scheme to the Welsh Assembly Government has potential benefits, but there are also risks that need to be managed

30 On 16 October 2006 responsibility for administering Tir Gofal was transferred from the CCW to the Assembly Government. This was achieved on time and to budget, despite some problems during the pre-transfer period. The Assembly Government believes that the transfer will deliver greater accountability, improve coherence by bringing all agri-environment schemes under one organisation, streamline procedures, provide more career opportunities for Tir Gofal staff, and comply with a European Union directive that requires a single agency to make all agricultural payments. Although some agreement holders and project officers had misgivings about the transfer, several of the concerns raised have been addressed and the scheme has continued to operate smoothly since the transfer. The delays in processing applications received in 2006 have occurred because of uncertainties about the funding available for new applications, which were not resolved until July 2007.

## Recommendations

### Understanding the impact of Tir Gofal

1 There is evidence to suggest that Tir Gofal's prescriptions should help to meet the scheme's objectives, but there is little evidence of the outcomes actually achieved. As Tir Gofal's impact is likely to be long term in nature and inherently difficult to measure, it is important to establish reliable systems to measure change as well as control for external influences. Current monitoring and evaluation activity is relatively inexpensive but is also limited in scope, and could be

co-ordinated better with research on wider trends in the Welsh countryside or with research and evaluation elsewhere in the United Kingdom. The Assembly Government already has plans to develop its monitoring programme in light of the European Commission's new rural development regulations. **We recommend that the Assembly Government develops a monitoring and evaluation strategy for each of its current agri-environment schemes, covering the full range of prescriptions and focusing on outcomes as much as possible. As part of this work, officials should:**

- a **Adopt common techniques and classifications, as far as possible, to enable reliable comparisons with the Countryside Survey and other agri-environment schemes in the United Kingdom.**
- b **Ensure that farms in Tir Gofal are identifiable within other surveys, for example on the condition of SSSIs, Biodiversity Action Plan habitats, and the condition of Scheduled Ancient Monuments and other historic features.**
- c **Survey landholders to assess the nature and extent of changes in management practices, and landholder satisfaction with the administration of the scheme. If possible, this should be done consistently across Wales, so that comparisons can be made between agri-environment schemes and recipients of the Single Farm Payment.**
- d **Analyse the data from monitoring activity, linking the results to changes in management practices where this would be likely to affect the results.**



- e Liaise with agri-environment scheme managers in other parts of the United Kingdom, to identify good practice and the potential to co-ordinate monitoring and evaluation, improve data quality and reliability, and reduce costs by working together.
- d Use the results of the added value assessments to decide whether further incentives are needed, whether rates could be reduced for certain prescriptions or areas of land, or whether a degree of targeting is needed to achieve specific objectives.

### Added value

- 2 Tir Gofal pays farmers to follow specified management practices and to deliver capital works. There is limited evidence about how much of this would have been done in the absence of the scheme, and therefore how much added value the scheme delivers. It is always difficult to assess added value, but the Assembly Government could do more to use data that is already collected and to expand the evidence base. **We recommend that the Assembly Government measure the value added by different aspects of the scheme, and use the results to inform changes in payment rates, prescriptions and other aspects of scheme design. In particular, we recommend that scheme managers:**
  - a Collate information on application scores that is currently held on paper files only, and analyse it to assess what proportion of application scores are accounted for by optional work rather than mandatory prescriptions.
  - b Collate information on required changes in stocking rates, which are calculated by Tir Gofal officers already as part of appraisal negotiations with applicants. This will help in assessing the degree of change provided by these prescriptions.
  - c Carry out occasional surveys of agreement holders about the effect of Tir Gofal on their income.

### Scheme design

- 3 Tir Gofal is generally well designed, but there is scope to make it more responsive to local needs. **We recommend that, as part of the wider review of land management schemes in 2007/2008, the Assembly Government consider tailoring the scoring system to better reflect local conditions and policy priorities.**

### Administration

- 4 The scheme functions smoothly, but there are problems in the classification of habitats and the mapping of farms, and it is difficult to confirm compliance with prescriptions that do not produce readily visible results. **We recommend that the Assembly Government:**
  - a introduce more reversion categories to cover the main types of degraded habitats, thereby reducing the risk that Tir Gofal officers will classify such land as the original habitat to specify a favourable management regime;
  - b review the typical actual costs of introducing cattle in the areas that Tir Gofal wishes to encourage cattle grazing, and ensure that payment rates are set as a proportion of all relevant costs;
  - c investigate practical ways to streamline the mapping process, such as enabling officers to amend maps themselves

rather than requiring the Cartographic Unit to send and revise manual drafts; and

- d photograph the initial condition of key habitats on each farm, so that compliance officers are better able to assess whether agreement holders have complied with their obligations, and to provide a more robust baseline for assessing the impact of the scheme and its prescriptions.**

### Performance management

- 5** The Stocktake review of 2001 covered all aspects of scheme administration and identified potential efficiency gains. However, information about targets and performance is not always collected and reported consistently, and does not cover all relevant aspects of the scheme's administration. Without such information, it is not possible to set budgets properly, assess performance and measure efficiency gains. **We recommend that the Assembly Government strengthen the performance management system for Tir Gofal, to include:**
  - a collecting information on the resources required for the key stages of the administrative process;**
  - b using such information to set budgets and targets, and identify potential efficiency gains; and**
  - c setting a small number of targets covering all the main aspects of scheme activity, and reporting performance regularly at a senior level.**

### The future of the scheme

- 6** The environment in which Tir Gofal operates is changing as the farming subsidy regime evolves and other agri-environment schemes become established. For many prescriptions, it is likely that a degree of continuing financial assistance will be needed to preserve the gains achieved so far, especially where the full benefit will take a long time to come through. Farmers also need a degree of long-term commitment and clarity if the scheme is to remain attractive, and any uncertainty or delay at the end of their agreements may encourage some of them to drop out of agri-environment schemes altogether. At the same time, it would not be good value for money simply to renew existing agreements in their current form if better gains could be achieved by bringing new farms into the scheme. **We recommend that the Assembly Government develop an exit strategy for Tir Gofal agreement holders, reflecting the factors above, in good time for the expiry of the first agreements in 2009/2010.**



## Part 1 - There are promising signs that Tir Gofal is improving the rural environment and has wider benefits, but without a long-term financial commitment the benefits achieved may not be sustained

### Tir Gofal is the main agri-environment scheme in Wales

- 1.1** Tir Gofal ('land in care') is a complex agri-environment scheme that pays land managers – usually farmers – to manage agricultural land in an environmentally beneficial way. The scheme is open to any landholding in Wales that is judged to have sufficient actual or potential environmental value. The Assembly Government part funds the payments to landholders; the European Commission also part funds the scheme. Total payments amounted to £19 million in 2006/2007, and some £100.3 million since the launch of the scheme in 1999. In October 2006 responsibility for administering Tir Gofal was transferred from the CCW to the Assembly Government.
- 1.2** At 31 August 2007 the scheme covered 2,958 farms and 332,595 hectares of land. The core objectives of the scheme are to:
- a** protect and enhance habitats of importance to wildlife;
  - b** protect the historic environment;
  - c** protect and restore rural landscapes; and
  - d** promote public access to the countryside.
- 1.3** Tir Gofal is delivered through a series of prescriptions. These specify management practices or capital works that are intended to protect or enhance habitats, the historic environment, the landscape, or public access to the countryside (Figure 1). Each agreement contains a selection of prescriptions, which are then recorded centrally on a database. The Assembly Government has a compliance team that periodically checks whether landowners are meeting their commitments to follow the prescriptions.

### Indicators suggest that Tir Gofal is meeting its core objectives

- 1.4** The Assembly Government collects a lot of data on outputs, such as the area of land covered by the scheme, the number of agreements, the area of land under positive management and the length of new footpaths provided. However, data on many outcomes – such as changes in vegetation and bird populations, the condition of footpaths or the number of people using new footpaths – is more limited and less reliable. Therefore, output data and judgements by specialists in the relevant fields are largely used to assess the effectiveness of Tir Gofal.

## Figure 1: How Tir Gofal works

Tir Gofal comprises a wide range of prescriptions, many of them mandatory, from which project officers and landholders identify those most appropriate for a particular site. Each prescription is designed to meet one or more of Tir Gofal's core objectives, although most are intended to protect or improve habitats.

A project officer will visit every applicant farm to assess its inherent environmental value and the willingness of the landholder to create new environmental benefits (as opposed to simply protecting existing features). Farms are assessed using a scoring system, and only those farms scoring 100 points or more are admitted to the scheme. Project officers then negotiate a 10-year agreement with the farmer, which specifies prescriptions, timescales and payment rates.

The scheme comprises three core elements, each of which is specifically funded:

### The mandatory Whole Farm Section

This sets basic standards for all farms participating in the scheme, regardless of their type or size:

- retain existing traditional field boundaries and maintain those that are stockproof;
- retain individual trees and small groups of trees, and leave dead trees unless they cause a hazard or obstruction;
- retain a buffer strip one metre wide along all field boundaries, without using any cultivations, fertilisers, lime, herbicides or other pesticides;
- retain and safeguard any archaeological or historic features, and maintain any weatherproof traditional buildings in good repair;
- keep the farm clear of rubbish and scrap;
- agree a whole-farm stocking rate that avoids any overgrazing or undergrazing;
- complete a farm resource management plan, and if necessary a manure management plan and soil management plan;
- comply with all legal obligations relating to public rights of way and access land identified under the Countryside and Rights of Way Act 2000;
- consult the project officer before undertaking specified types of works or changes to land use; and
- comply with all legal requirements and cross-compliance regulations (those set by the European Union for recipients of farm support payments).

### Mandatory habitat prescriptions

These tend to be land management practices that are considered essential where a particular habitat or historic feature is present. They are usually intended to protect or enhance existing habitats such as woodland, heathland, species-rich grassland and wetland. Typical requirements include:

- a maximum stocking rate (units of livestock per area of land) that is suitable for the habitat;
- a ban on ploughing, re-seeding or similar agricultural operations; and
- restrictions on burning, mowing, fertilising and clearing drains.

### Optional prescriptions

These are management practices or capital works that meet the objectives of the scheme, but which are not considered essential on all relevant farms. They are selected by the farmer with the approval of the project officer, and often include prescriptions that restore or create habitats that are absent on the farm. Examples include:

- creation of streamside corridors – fenced-off land to either side of streams where livestock cannot graze and natural vegetation is allowed to return;
- restoration of traditional hay meadows and other habitats;
- conversion of grassland to arable crops, particularly spring-sown cereals;
- restoring or creating traditional field boundaries such as hedgerows, stone walls and earth banks; and
- permissive access: creating new footpaths or areas of open access to the public.

### After an agreement has been signed

Farmers have access to project officers to deal with queries and requests to vary agreements. Monitoring officers visit farms to ensure that agreement holders comply with their obligations, and those who do not may be penalised. Payments are made on receipt of claims. Agreements are reviewed after five years, when either party may amend or terminate the agreement.





**Although it is difficult to assess the full impact of the scheme, there is evidence to suggest that Tir Gofal helps to protect and enhance habitats**

It is difficult to determine Tir Gofal's coverage of, and impact on, key habitats

**1.5** Tir Gofal's impact will depend to a large extent on its coverage of key habitats – those of most value and most at risk from modern farming practices and environmental change. Although the Habitat Survey of Wales, carried out between 1979 and 1997, provides comprehensive information on the location of different habitat categories, the Assembly Government does not know precisely how much of each main habitat type is covered by Tir Gofal. The scheme uses a simplified habitat classification system that cannot always be compared directly with the available information on the extent of different habitats in Wales.

**1.6** All Tir Gofal farms are digitally mapped, and it would be possible to compare this mapping data with that from the Habitat Survey, to measure Tir Gofal's coverage of the main habitat types as mapped by the Habitat Survey. However, this would be a major task, and some of the data collected by the Habitat Survey would now be out of date. In future, developments in remote sensing technology may enable the comprehensive land use data collected for the Single Payment Scheme to be analysed by habitat category. Currently, however, it is not possible to use remote sensing to distinguish sufficiently accurately between important habitats such as semi-improved and agriculturally unimproved grassland.

**1.7** There are no targets for habitat coverage. Officials believe that targets would constrain them in selecting the optimum prescriptions for each site. Also, officers deal with applicants on a 'first-come, first-served' basis, and therefore they would not be able to select farms for their capacity to meet pre-determined targets.

**Tir Gofal prescriptions are based on evidence and experience from previous schemes**

**1.8** The mid-term evaluation of the Wales Rural Development Plan in 2003<sup>2</sup> endorsed Tir Gofal prescriptions, and argued that the weight of evidence behind them obviated the need for extensive scheme monitoring (Figure 2). The United Kingdom Countryside Survey 2000 also indicated that Tir Gofal prescriptions are well placed to counter the adverse trends in the rural environment that took place throughout the 1980s and 1990s (Appendix 2). The Survey identified the declining condition of agriculturally unimproved grasslands as a particular concern. Prescriptions that limit the use of pesticides, chemical fertilisers and farmyard manure are likely to help combat the problem of nutrient enrichment, which the Survey cited as a likely major cause of this problem.

**The scheme covers a substantial amount of agricultural land, and there is relatively greater coverage in areas of high environmental value**

**1.9** If the prescriptions are likely to deliver environmental benefits, the land covered by Tir Gofal is one indicator of the scheme's potential to protect and enhance habitats. In August 2007, Tir Gofal encompassed 19.8 per cent of the agricultural land in Wales under 2,958 separate agreements. It is wider ranging than its predecessors (Tir Cymen and the ESA scheme), both of which were

<sup>2</sup> Agra CEAS Consulting, *Mid-term Evaluation of the Rural Development Plan for Wales 2000-2006*, 2003

**Figure 2: Main types of prescription and their intended benefits**

Prescription	Expected benefit
Controls on stocking rates	Reduction in soil erosion (associated with improved landscape, biodiversity and water quality)
Prevention of supplementary feeding	Improvement in water quality
Less intensive use of grassland (converting improved to semi-improved, semi-improved to unimproved and converting arable land to semi-improved grassland with associated controls on stocking rates)	Reduction in soil erosion, due to more extensive vegetation cover Reduction in chemical contamination of soils, due to less use of fertilisers and pesticides and less effluent runoff Improvement in water quality Increase in flora and fauna biodiversity
Less intensive arable production (eg production of cereals without chemicals)	Reduction in soil erosion Reduction in chemical contamination of soils Improvement in water quality Greater food resources at critical times for a range of rare and endangered bird species such as grey partridge, yellowhammer, linnet, tree sparrow and skylark
Buffer zones around watercourses and streamside corridors	Reduction in soil erosion Improvement in water quality Increase in flora and fauna biodiversity Improvements in wetland and aquatic habitats such as marshland and bogs
Controls on the use of plant protection substances, farmyard manure and chemical fertiliser	Reduction in the chemical contamination of soil Improvement in water quality Increase in flora and fauna biodiversity
Stubbles or root crops left over the winter	Greater food resources at critical times for a range of rare and endangered bird species
Specified mowing dates	Greater food resources at critical times for a range of rare and endangered bird species

Source: *Mid-term Evaluation of the Wales Rural Development Plan (2003)*

restricted to certain parts of Wales. This also compares with uptake figures covering 6.4 per cent of farmland for similar schemes in England<sup>3</sup> and 6.2 per cent for the Rural Stewardship Scheme in Scotland. The scheme has also exceeded the Assembly Government's initial estimates of the amount of land covered (332,595, rather than 210,000, hectares), but with fewer participating farms than had been envisaged (2,958, rather than 4,200).

**1.10** Half of the land covered by the scheme is environmentally valuable habitat land comprising several categories of 'mandatory habitats' (Figure 3). These are subject to mandatory prescriptions designed to protect or enhance their value to wildlife. The scheme has also achieved substantial coverage of land deemed to be of particular environmental value, including:

<sup>3</sup> Land entered into Countryside Stewardship and higher-tier ESA schemes between 2000 and 2005, when they closed to new applications, and the higher level Environmental Stewardship Scheme from 2005. However, these schemes generally cover only the most environmentally valuable areas within a farm and not the whole farm, unlike Tir Gofal and the Rural Stewardship Scheme in Scotland. Priority habitats and management options under Tir Gofal account for 12.9 per cent of Welsh farmland; these areas provide a better basis for comparison.



**Figure 3: Tir Gofal coverage of key habitats at 31 March 2007**

Mandatory habitat	Area (ha)
Unimproved grassland	43,309
Upland heath	35,056
Semi-improved grassland	30,012
Marshy grassland	18,231
Bog	17,713
Broadleaved woodland	17,514
Reedbeds, swamps and fens	7,128
Parkland	3,547
Coastal grazing marsh and floodplain grassland	3,508
Lowland and coastal heath	2,513
Scrub	1,937
Saltmarsh	546
Coastal cliff slope	518
Sand dune	342
High mountain heath	305
Orchards	138
<b>Total</b>	<b>182,317</b>

Source: Tir Gofal database (Assembly Government). Information relates to an area of land for which payments had been made at 31 March 2007

- a 24 per cent of agricultural land in SSSIs, which are areas designated as special by virtue of their fauna, flora, or geographical or physiographical features;
- b 41 per cent of agricultural land in Special Areas of Conservation, which are areas identified as protecting species and/or habitats listed under the European Commission Habitat Directive; and
- c 19 per cent of the total land classified under the European Natura 2000 scheme for protecting sites which represent areas of the highest value for natural habitats and animals<sup>4</sup>.

<sup>4</sup> At 31 August 2006 for SSSIs and 31 March 2006 for Special Areas of Conservation and Natura 2000 sites.

Tir Gofal has caused most farmers to change their land management practices, but in many cases the change is not significant

**1.11** Most Tir Gofal payments are for prescriptions to protect and enhance habitats, although the precise amount cannot be quantified because the payments cover all four of the scheme's objectives. The scheme's value for money therefore depends largely on the additional environmental benefit derived from these payments. In most cases, this will require some changes in the way in which farmers manage their land. However, there is limited evidence available on the extent to which agreement holders have altered their management practices, or decided not to proceed with changes that would have an adverse impact on the environment, because of the scheme.

**1.12** There is also a risk that payments have little beneficial effect on habitats, because applicants are frequently paid for maintaining existing practices as well as for restoring or creating habitats. In some cases, agreement holders may be eligible for payments under Tir Gofal without doing anything differently, although project officers would normally negotiate the inclusion of some options to ensure a degree of added value.

**1.13** The maintenance of existing practices may add value in protecting existing habitats if the scheme discourages landholders from making changes that would have an adverse environmental impact. However, no evidence is available on the extent to which this has happened.

**1.14** There are three broad categories of habitat land covered by Tir Gofal, each with a different potential to benefit from the scheme:

**a Mandatory habitats** must be protected if they exist on an agreement holder's farm. These include valuable habitats like rough pasture, broadleaved woodland, marshy grassland and species-rich hay meadows. The potential benefits from Tir Gofal funding vary considerably. Many farms, particularly in upland areas, have always grazed rough pastures lightly or maintained other favourable habitats. Others, however, have to reduce stock density considerably or reduce the use of fertilisers and herbicides, in order to meet Tir Gofal's requirements, which are more likely to lead to longer-term improvements in the local environment. Tir Gofal project officers calculate the change in stock density that will be required for an agreement as part of the initial visit, to inform the applicant of the likely effect on their existing management practices and farm income. However, this data is not collated in any systematic way. Overall, 84 per cent of habitat land and 72 per cent of habitat-specific payments relate to mandatory habitats.

**b Environmental land management options** predominantly relate to land converted from one type of use to another, or changes in farming practice, at the option of the landholder, in exchange for additional payments, to create new habitats or better conditions for wildlife. These options might include mixed arable farming, less intensive cultivation, creation of streamside corridors and conversion of improved grassland to semi-improved grassland ([Appendix 3](#)). The potential



**Figure 4: Changes to farmers' management practices as a result of Tir Gofal**

Extent of management changes	Number	Proportion of total
Had to make a lot of changes	4	4%
Had to make some changes	43	42%
Made very few changes	47	45%
Made no changes	9	9%
<b>Total</b>	<b>103</b>	<b>100%</b>

Source: *Mid-term Evaluation of the Rural Development Plan for Wales 2000-2006 (2003)*

environmental benefits are likely to be high in most cases, as the new habitats typically involve additional work or cost for the farmer without a commensurate financial return and, therefore, are unlikely to have been created without support from Tir Gofal. Overall, 16 per cent of habitat land and 28 per cent of habitat-specific payments relate to habitat options.

- c **Other land** such as agriculturally improved grassland. Tir Gofal aims to avoid any deterioration to the environment arising from management practices on this type of land, but it is usually not covered by specific prescriptions and payments other than under the Whole Farm Section. In some cases, agreement holders are able to increase production on this type of land whilst reducing it on habitat land, thereby minimising any financial losses from the agreement.

**1.15** Changes to farming practices are not routinely monitored. However, two surveys, carried out as part of periodic evaluations, have sought to identify the extent to which farming practices have changed as a result of Tir Gofal. As part of the mid-term evaluation

of the Rural Development Plan for Wales published in 2003, the Assembly Government commissioned a survey of 103 agreement holders to establish the extent of changes to farming practice in respect of their management options. The results indicated that 91 per cent of agreement holders had made at least one change since entering Tir Gofal, but 55 per cent of respondents had made very few or no changes (Figure 4). Of those who had made changes, 76 per cent stated that they would not have done so in the absence of Tir Gofal. A later survey of 223 participants, carried out in 2004 as part of a review of the socio-economic impact of Tir Gofal, found that 72 per cent would not have made any of the changes in the absence of Tir Gofal, and a further 13 per cent would have made less than half the changes or would have made different changes altogether<sup>5</sup>. The later survey also found that most farmers would not have undertaken capital works without the scheme, or would have undertaken them less quickly or on a smaller scale. Overall, the surveys suggest that the majority of participants had made some changes to their farming practices since entering Tir Gofal, most of

<sup>5</sup> The CCW commissioned AGRA CEAS Consulting to review the socio-economic impact of Tir Gofal on farmers and rural communities. The firm surveyed 250 agreement holders in 2004 to assess the effect of the scheme on farmers' workload, income and expenditure. The report, *Socio-economic Evaluation of Tir Gofal*, was published in 2005.

which would not have happened without the scheme. Capital works that created or improved habitats were more clearly attributable to the scheme. However, it is not possible to conclude from the surveys how significant the changes were in environmental terms, and therefore how much added value the scheme has delivered. The surveys were not designed to provide the detailed information on the type and extent of changes in farming practices, which would be needed to reach such a conclusion.

**1.16** We held three focus groups with agreement holders. Most participants stated that they had changed the way they farmed since joining the scheme, although some thought that the changes were marginal because they had not needed to change practices on their most productive land.

**1.17** An ancillary aim of agri-environment schemes is to reduce the use of artificial fertilisers and pesticides, as this reduces potential harm and increases biodiversity. The mid-term evaluation of the Rural Development Plan for Wales indicated that Tir Gofal has had some success in this regard:

- a** 50 per cent of survey respondents stated that inorganic nitrogen use had reduced as a result of joining the scheme, 31 per cent said that their use of phosphate had reduced and 29 per cent said that their use of potassium had reduced; and
- b** just over a third (21 per cent in upland farming areas) reported reduced use of crop protection chemicals.

**1.18** The mid-term evaluation concluded that it was not possible to assume that farmers needed to reduce the use of inorganic fertilisers or crop protection chemicals to comply with the terms of their agreements, and that further exploration of the issue was required. However, to date, no further work has been done.

**Monitoring and evaluation of the scheme's impact on habitats have been limited in scope, but indicate that some benefits have been achieved**

**1.19** The Assembly Government monitors compliance with prescriptions at the level of individual Tir Gofal agreements, but does not monitor to the same extent the impact on habitats in terms of outcomes. It is difficult to monitor outcomes because the changes are often complex, difficult to attribute to any single intervention, and take a long time to feed through into improvements in biodiversity and wildlife. There are two principal sources of evidence available for considering the longer-term impact of the scheme on habitats:

- a** ecological monitoring of key habitats over time; and
- b** ad hoc research or evaluation studies commissioned to consider specific issues.

**The ecological monitoring study**

**1.20** An ecological monitoring study, commissioned by the Assembly Government and undertaken by the environmental consultants ADAS, is the principal means by which the Assembly Government monitors the effectiveness of Tir Gofal. It is a longitudinal study covering a 12-year period, whereby each site is surveyed in the year that an agreement begins and twice again at four-year intervals. A representative sample of sites has been selected to provide adequate coverage of



those habitats within the scope of the survey. On each site, trained ecologists measure the extent of vegetation change based on pre-determined criteria. The study began in 2001 and the first resurvey, of three habitat types, was carried out between October 2005 and March 2006. The second resurvey in 2006/2007 covered 10 habitat types.

- 1.21** The contract, which cost £510,000 for the period to 31 March 2007, includes a requirement to report results and provide simple comparative material but not to undertake detailed statistical analysis. The Assembly Government therefore commissioned a separate analysis in late 2006, but the results are not yet available because of problems with the way that monitoring data has been structured. However, a preliminary analysis of the first resurvey was carried out by an Assembly Government official in 2006. This examined the impact of the scheme on 170 fields with three mandatory grassland habitats: semi-improved, marshy and acid grassland. Baseline data from these sites had been collected between October 2001 and March 2002.
- 1.22** The preliminary analysis indicated that all habitats had shown significant structural improvement, most notably in terms of a movement towards a more desirable sward height. Sites of semi-improved grassland also showed fewer areas of bare ground, while sites of marshy grassland showed a beneficial decline in levels of leaf litter, although the decline was not statistically significant. The analysis concluded that the scheme was facilitating the conditions necessary to maintain and enhance botanical diversity in all of the three habitat classes examined.

- 1.23** However, the analysis also showed that the occurrence of desirable species had declined across all habitats. It attributed this to seasonal factors: the period between mid-December 2001 and March 2002 had been unusually mild, and this improved the baseline position from which subsequent change was measured. The sites surveyed before mid-December 2001 had shown an improvement in the occurrence of desirable species. The results are therefore inconclusive. A control group of sites outside the Tir Gofal scheme would have enabled the analyst to draw more robust conclusions.
- 1.24** The results of the second resurvey were also inconclusive, with several contradictory results, such as an increase in both desirable and undesirable species. The ADAS considered that there was some evidence of emerging habitat change arising from reduced grazing, with reductions in the amount of bare ground and an increase in rank grasses (coarse and luxuriant grasses that flourish under low grazing pressure). Any conclusions were tentative because such change takes a long time and goes through phases, which complicates interpretation of the data, especially at an early stage.
- 1.25** Although the data has not yet been systematically analysed, the value of the ecological monitoring study is somewhat diminished because it does not collect information on the management practices at each site before and after it entered Tir Gofal. Although it is likely that practices at all sites will be similar after entry to the scheme, because all sites are subject to similar prescriptions, there may still be differences in stocking rates and fertiliser use, and the degree of change from previous management practices may be significant. *The Review and Recommendations of methodologies to be*

## Figure 5: Research into the impact on wildlife of certain Tir Gofal prescriptions

1. Williams (2003) conducted a field study measuring populations of certain bird species on Tir Gofal fields. Greater numbers were found on Tir Gofal fields relative to the average population levels in Wales, but no baseline data identifying initial bird populations on fields prior to the scheme was collected.
2. Lamacraft, Thorpe and Scott (2004) carried out a desk-based assessment of the potential impacts of Tir Gofal prescriptions on farmland birds. While accepting the potential value of the relevant prescriptions, the study called for 'prescription packages' aimed at 'key areas' to ensure the scheme provides resources in the right places, at the right levels and at the right times of the year. This recommendation was also endorsed by the Royal Society for the Protection of Birds and, later, in a CCW paper identifying possible changes to the scheme design under the new Rural Development Plan (2007-2013).
3. Cartmel (2006) carried out a snapshot field survey of bird and bat populations in buildings which had been earmarked for capital works funding, and considered the potential impact of these works upon the existing populations. It was found that the earmarked buildings were home to a range of important species and considered that the scheme was likely to increase the numbers and species of wildlife present. However, the study did not return to the buildings after completion of the work to identify the impacts upon the resident populations.

*used for Botanical Monitoring of agri-environment Schemes in England* (DEFRA, 2002) suggested that data should be collected to assess the drivers of change, including data on the type and extent of changes that create beneficial changes to habitats.

- 1.26** To date, the analysis of the data from the ecological monitoring study has covered just three of the 20 habitat options (acid grassland to heath; improved grassland to semi-improved grassland, and semi-improved to unimproved grassland). These options cover only five per cent of the land within the scheme, and many important prescriptions, such as conversion of grassland to arable cropping or woodland, are not covered. Also, several prescriptions are designed primarily to assist certain bird species, but the ecological monitoring study collects data only on changes to vegetation. Although it is more difficult to measure changes in wildlife, the absence of such data results in an incomplete picture of the environmental outcomes of the scheme.

### Research on the impact of Tir Gofal on wildlife

- 1.27** The CCW has commissioned some research to assess the impact of Tir Gofal on certain species of wildlife (Figure 5). However, the ability to draw valid conclusions from these studies is limited by the absence of reliable data on the populations of relevant species in fields before and after a farm entered the scheme. Nevertheless, these assessments provide some indication of the likely benefits of scheme prescriptions, and suggest that the scheme needs some minor alterations to ensure that those prescriptions intended to support farmland birds are targeted upon the right geographical areas, and are able to provide sufficient food and shelter for the birds throughout the year.

### Limitations in the evaluations of Tir Gofal's impacts on habitats

- 1.28** The mid-term evaluation of the Rural Development Plan in 2003 did not examine the scheme's habitat and wildlife outcomes, partly because of the short period that had elapsed since the scheme began. Habitat change often takes a long time,





especially when new habitats are created. For example, it can take up to 60 years to create a hay meadow. This emphasises the need to evaluate the impact of schemes over an extended period, often for longer than the typical duration of an agri-environment scheme. The monitoring of outcomes for the Tir Cymen and the ESA schemes ceased when the schemes were replaced, which meant that potentially valuable information on their longer-term impact has been lost. The current programme of botanical monitoring of Tir Gofal lasts for 12 years. The Assembly Government should make arrangements for monitoring to continue for an appropriate period so that important long-term changes can be assessed.

- 1.29** The evaluation of the impact of Tir Gofal has been restricted by the absence of:
- a** comprehensive and reliable control data on habitat trends, to allow comparisons with trends on sites outside the scheme; and
  - b** a detailed understanding of how the scheme causes change on individual sites, including the use of targets for each farm.
- 1.30** Control data may be derived from wide-scale habitat surveys or through the inclusion in the evaluation of a sample of sites that are outside Tir Gofal but similar to those within it (a control group). Either method has the potential to enable evaluations to demonstrate more clearly whether benefits can be attributed to Tir Gofal or to other intervening factors. For example, improvements in the biodiversity of grasslands may result from lower fertiliser use – but reductions in fertiliser use may have occurred anyway because of

changes in the economic environment or legislation. However, the habitat surveys covering Wales are either not frequent enough or not comprehensive enough to provide reliable control data. And the Assembly Government decided not to use a control group of farms outside the scheme, because it would be difficult to maintain a group over a long period of time during which farmers could change their mind and join an agri-environment scheme. Nevertheless, a study for DEFRA in 2003 concluded that the United Kingdom Countryside Survey could provide useful information on trends, and that direct comparisons were possible if botanical monitoring methods were harmonised. The study considered that such co-ordination of studies was a workable alternative to separate control groups for each agri-environment scheme, which were not feasible for large monitoring programmes.

- 1.31** There is a widespread consensus<sup>6</sup> that the best way of measuring local impact is to assess each site at the outset of an agreement, set targets that reflect its unique character, and return to measure progress at regular intervals. This approach allows scheme managers to evaluate progress against a clear benchmark, and can help project officers to convey the purpose of scheme prescriptions to landholders. However, the Assembly Government decided against measuring Tir Gofal's impacts in this way because of the significant additional cost and botanical expertise needed to assess each site, select appropriate targets and monitor progress.

<sup>6</sup> These views reflect those expressed to us by advisers and managers of agri-environment schemes in England and Wales and in the review of methods used to monitor agri-environment schemes (DEFRA, 2002)

**Figure 6: Historic features and areas protected by Tir Gofal at 31 July 2006**

Historic feature or area	Number	No. farms
<b>Traditional farm buildings</b> Structures built before 1918 using traditional materials and methods of construction (eg, post-medieval farmstead)	2,489	1,081
<b>Scheduled Ancient Monuments</b> Sites of national importance protected by the Ancient Monuments and Archaeological Areas Act 1979	651	251
<b>Other historic features</b> Archaeological sites, earth work monuments, ruined structures and individual historic garden features (eg, post-medieval pond or weir)	13,242	1,950
<b>Total features</b>	<b>16,382</b>	<b>3,232</b>
Historic parks and gardens (hectares)	3,449	

Source: Assembly Government

**Although little monitoring and evaluation have been carried out, available evidence suggests that Tir Gofal is protecting the historic environment**

**1.32** Tir Gofal includes a series of prescriptions aimed primarily at protecting the historic environment. All agreement holders are obliged to maintain the condition of existing historic features, and may opt to undertake capital works to improve them, including the conservation of old farm buildings. Project officers work closely with Cadw (the Assembly Government’s historic environment service) and the four archaeological trusts in Wales<sup>7</sup> to identify historic features and develop appropriate prescriptions. In most cases, the trusts recommend standard prescriptions, but in a minority of cases they recommend more detailed prescriptions tailored to specific, important features. The prescriptions reflect the trusts’ experience and knowledge of suitable techniques for maintaining and restoring archaeological sites.

**1.33** At 31 July 2006, Tir Gofal covered 16,382 historic features and 3,449 hectares of historic parkland (Figure 6). At 31 March 2007, the scheme had funded £2.1 million of restoration work on traditional farm buildings on 487 farms, and a total of 1,202 buildings on 890 farms had been restored or were awaiting restoration under existing agreements.

**1.34** There is no routine monitoring and evaluation of the impact of Tir Gofal on the maintenance and restoration of the historic environment. Features of interest are identified during the application appraisal process and the archaeological trusts make judgements about their importance. However, the condition of each feature is not formally assessed and thus there are no baselines against which to measure changes in condition.

**1.35** For applications from areas which are known or likely to be of archaeological importance, one of the archaeological trusts visits the farm and describes the features in more detail, providing a series of more detailed prescriptions. Although potentially this

<sup>7</sup> Cambrian, Clwyd-Powys, Glamorgan-Gwent, and Gwynedd Archaeological Trusts



provides a sounder basis for monitoring changes in site condition, no such monitoring is undertaken.

- 1.36** Monitoring officers check that features covered by Tir Gofal prescriptions are still present and have suffered no obvious deterioration. For example, they can tell if a sheep fold has been destroyed during the course of an agreement, but they cannot assess whether fine variations in condition have taken place. Officers also check that agreed capital works on historic features have been undertaken to a satisfactory standard.
- 1.37** The 2005 socio-economic evaluation of Tir Gofal found that 46 per cent of farmers who had made capital investments in traditional buildings (the main form of restoration activity funded by Tir Gofal) would not have done so without the financial support provided by the scheme, and at least another 19 per cent said that they had invested sooner and/or on a greater scale as a result of the scheme.
- 1.38** Monitoring of the previous ESA scheme in Wales indicated that the scheme did protect historic features, when compared with the condition of features on a sample of control farms, although the results were not consistent across all areas. Cadw believes that Tir Gofal plays a valuable role in helping to conserve the historic environment, by funding specific improvements, providing advice to farmers and assisting traditional sheep farming which tends to be benign to historic features. Cadw monitors the condition of scheduled ancient monuments (the most important monuments) and a selection of other historic features. However, Cadw has not assessed the condition of scheduled ancient monuments on Tir Gofal land relative to those on other sites, but intends to do so in the near future.

### **Output data suggests that Tir Gofal helps to protect and enhance the beauty of the landscape**

- 1.39** Tir Gofal's contribution to the protection and enhancement of the Welsh countryside's natural beauty is through a wide variety of measures that are designed in the main to meet other objectives of the scheme. These include:
- a** maintaining and creating traditional field boundaries, especially dry-stone walls and hedgerows where these are common landscape features;
  - b** reintroducing or maintaining arable cropping, so that there is a mixed landscape of crops and pasture;
  - c** planting trees and creating streamside corridors;
  - d** restoring historic buildings;
  - e** removing scrap from farmyards; and
  - f** protecting historic parks and gardens, and improving the biodiversity of fields through a reduction in stock and restoration of hay meadows.
- 1.40** The Whole Farm Section requires landholders to preserve traditional boundaries, historic features, field trees and other landscape features for the duration of the agreement. Consequently, the mid-term evaluation of the Wales Rural Development Plan 2003 considered that the amount of land within the scheme was a useful indicator of its contribution towards enhancing the landscape, as was the amount of habitat land of particular value to wildlife and assisted arable land, as both of these tend to promote landscape diversity (Figure 7).

**Figure 7: Protecting and enhancing the landscape – land within the scheme**

General indicators suggested by the mid-term evaluation	Hectares	% of all agricultural land
Total land within the scheme <sup>1</sup>	332,595	19.8%
Habitat land of particular value to wildlife <sup>2</sup>	182,317	10.9%
Land under assisted arable cropping <sup>2 3</sup>	12,270	0.6%

**Notes**

1 At 31 August 2007

2 For which payments had been made as at 31 March 2007

3 Covers land under the following options: unsprayed cereal, rape and linseed, retaining winter stubbles, spring-sown cereals, unsprayed roots and establishing wildlife cover crops

Source: Tir Gofal database (Assembly Government)

**1.41** One of the most visible landscape impacts of agri-environment schemes is where they have been used to enhance the condition of traditional field boundaries. Most farms in the scheme have restored or created hedgerows, and there has been significant investment in stone walls and other boundaries (Figure 8). However, no reliable information is available on the overall length and condition of traditional boundaries, nor on trends over time, which would enable these achievements to be put into context.

**1.42** The Assembly Government does not have a formal approach to evaluating outcomes for this element of Tir Gofal, which are very difficult to assess because they depend upon perceptions of landscape beauty. Monitoring, therefore, has been restricted to ensuring that landscape features have been maintained or capital works (new boundaries) undertaken to an acceptable standard, in accordance with Tir Gofal agreements.

**Figure 8: Enhancing the landscape – restoration and creation of traditional field boundaries (paid for as at 31 March 2007)**

Type of boundary		Unit of measurement	Payments (£000)
Hedgerows	3,527	Kilometres	3,504
Stone walls	438	000 square metres	3,766
Stone-faced earth banks	29	000 square metres	119
Earth banks	70	Kilometres	110
Slate fences	5	Kilometres	37
<b>Total</b>			<b>7,536</b>

Source: Tir Gofal database (Assembly Government)



- 1.43** In developing the English Environmental Stewardship scheme, DEFRA identified the main features of 150 landscape zones. Applications to the scheme were scored to reflect the degree to which they supported the main features of the relevant landscape zone. This is not a feature of Tir Gofal, but the Wales Environment Strategy, published in May 2006, commits the Assembly Government to constructing a series of indicators for measuring the quality and diversity of Welsh land and seascapes. The timetable for this work remains to be defined and depends upon completion by the CCW of its land and seascape characterisation work. The completion of this work and the development of appropriate landscape indicators will provide a useful tool for assessing the impact of Tir Gofal upon the landscape and potentially for further targeting the scheme.
- 1.44** Promoting traditional field boundaries is the aspect of Tir Gofal most clearly linked to enhancing the natural beauty of the countryside. The impact of payments for field boundaries is therefore very important in assessing how well Tir Gofal meets this objective. The 2005 socio-economic evaluation found that only 36 per cent of respondents stated that they would not have invested in new field boundaries in the absence of the scheme. This was substantially less than for other capital works, and might reflect the agricultural benefits farmers accrue from carrying out boundary improvements. Not only do such works make boundaries more stock proof, they also provide stock with a greater level of protection from extremes of weather. It is therefore to be expected that farmers would make some investment. However, of the 64 per cent who said that they would have invested in the absence of Tir Gofal, 56 per cent said that they had brought forward the timing of investment and 71 per cent said that they had increased the scale of their investment. This suggests that at least 81 per cent of respondents acknowledged that the payments under Tir Gofal for field boundary work had had some form of impact.
- 1.45** The socio-economic evaluation did not quantify the size of the additional investment or the changes in timescale. It is therefore difficult to assess the overall impact of payments for restoring or creating traditional boundaries. The absence of comprehensive survey data for farms outside the scheme also makes it difficult to assess the extent to which existing boundaries are preserved better under Tir Gofal, compared with farms where no financial incentives exist.
- 1.46** Our focus groups of farmers considered that payments for farm boundaries were a particularly important incentive for them to join the scheme, primarily because of the direct agricultural benefit that resulted. There were mixed views about some prescriptions. For example, streamside corridors took up a small proportion of land and helped control stock by fencing off areas of land, but were seen by some as untidy and overgrown, enabling the spread of vermin and undesirable weeds. However, the overall view was that Tir Gofal was very beneficial in terms of improving the landscape (Figure 9).
- Tir Gofal increases opportunities for public access to the countryside but problems remain around partnership working, permissive access and educational access visits**
- 1.47** Promoting opportunities for public access to the countryside is the fourth core objective of the scheme, which requires landowners to keep public rights of way unobstructed. Although this has been a legal obligation on

**Figure 9: Favourable comments about the effect of Tir Gofal on the landscape made by agreement holders at focus groups**

- 'My farm has improved enormously, new wooden gates everywhere, hedgerows are better and I have gained financially...the whole farm looks much better' – Carmarthenshire
- 'It enhances the look of the county without doubt' – Meirionydd
- 'Has tidied up the farm no end' - Meirionydd
- 'It has tidied up a lot of farms' - Powys
- 'I bought a chunk of land with traditional hedges which had been left to grow up and they weren't softwood, so entering the scheme let me (re)hedge it and fence it, get it back stockproof and manageable' – Powys

Source: Focus groups of Tir Gofal agreement holders organised by the Wales Audit Office

landholders for a long time, many public rights of way are not open or easily accessible. The scheme therefore provides an incentive to maintain and improve the position. Tir Gofal currently covers 4,116 kilometres of public rights of way, representing 12 per cent of the total rights of way in Wales.

**1.48** Because it is a statutory obligation on them, agreement holders are not paid specifically for maintaining public rights of way. However, the Assembly Government withholds management payments (the core funding attached to the Whole Farm Section) if compliance visits show that public rights of way are not in an acceptable condition; this is usually effective in securing improvements. In addition, agreement holders may choose to provide a range of permissive access options which extend public access to the countryside, for which they do receive payments (Figure 10).

**1.49** A study carried out for the CCW in 2002<sup>8</sup> found that the condition of public rights of way on Tir Gofal farms was only slightly better than the average for Wales (36.7 problems per 10 kilometres, compared with 43.4 for Wales as a whole) and the rate of problems making paths 'unusable' was about the same as the Welsh average. These rates were significantly worse than those in National Parks and Areas of Outstanding Natural Beauty. The CCW was very disappointed with

**Figure 10: Permissive access created by Tir Gofal (as at 31 March 2007)**

Type of boundary	Length/area	Number of farms	Payments £000
New permissive access areas	2,510 hectares	571	477
New permissive access footpaths	428 km	459	502
New permissive access cycle and bridleways	65 km	46	96
New permissive disabled access	3 km	9	10
Provision of materials for path furniture and hard surfacing			200
New educational access (farm visits)	4,221 visits	170	352
<b>Total</b>			<b>1,637</b>

Source: Tir Gofal database (Assembly Government) – outputs paid for at 31 March 2007

<sup>8</sup> Wales Rights of Way Conditions Survey 2002, commissioned by CCW and undertaken by Exegesis consultants, published May 2003



the results, believing that the condition of paths on Tir Gofal should have been significantly better than average.

Eighty-one per cent of the Tir Gofal farms in the survey had been within the scheme for at least 12 months, and therefore had had a reasonable amount of time to address any pre-existing problems.

**1.50** As a result of these findings, the CCW undertook a detailed review of its procedures with regard to public access and implemented several changes to improve the extent and consistency of their application across Wales. Changes included:

- a** setting a clear deadline of six months after the start of an agreement (with some exceptions) within which public rights of way had to be opened, and making sure that progress was inspected as part of the first servicing visit;
- b** systematically recording any problems identified during farm visits and informing highway authorities (local authorities and national parks) accordingly;
- c** improving links with highway authorities to provide the CCW with better information about any problems on a farm, especially when agreements were being mapped and negotiated, and to let highway authorities know which paths were covered by the scheme; and
- d** involving user groups, such as the Ramblers Association, in monitoring compliance and commenting on the value of permissive access proposals.

**1.51** A further review in 2004 indicated that most of these measures had been implemented and that senior project officers thought they had been effective, although some inconsistencies remained. In particular, the capacity of local

#### Box A: Views of National Park or local authority rights of way or countryside access officers about the operation of Tir Gofal

We obtained the views of five National Park or local authority rights of way or countryside access officers about the operation of Tir Gofal in their areas. They believed that the scheme helped secure compliance with rights of way legislation, although the impact was not measured. The scheme had great potential to improve rights of way on farms, but these would only be useful if paths on neighbouring farms were also accessible and in good condition. In some cases, Tir Gofal could impede public access as landholders blocked existing routes when fencing off habitat areas or streamside corridors. The officers acknowledged and welcomed the improvement in liaison with project officers and consultation on new applications, but were not told about the results of compliance checks once an agreement was in place. Officers suggested some changes:

- requiring applicants to put right any problems before their agreement was signed, rather than within six months of entry to the scheme;
- co-ordinating inspections of farms with obstructed paths so that highway authorities can check compliance (already planned for Carmarthenshire);
- providing more publicity and information about permissive access routes (the officers felt that the permissive access provision was of limited value); and
- requiring gates rather than stiles wherever possible, to enable access for those with mobility problems.

authorities to provide information varied considerably. Liaison with user groups was also variable. There has been no repeat of the all-Wales Rights of Way Condition Survey, and therefore there is no evidence on the current condition of public rights of way on Tir Gofal land. Local authority rights of way officers that we consulted believed that the scheme did help enforce rights of way legislation and had the potential to improve the condition of the network, although they thought that various improvements could be made (Box A).

**1.52** The Assembly Government does not monitor the public's use of permissive access areas and paths funded by Tir Gofal, or how walkers perceive the value of this additional or improved access. Consequently, there is a risk that farmers are gaining entry to Tir Gofal through, and are receiving payments for, the provision of permissive access, without there being any beneficial impact in terms of increased use of the countryside.

**1.53** As part of our study on public access to the countryside<sup>9</sup>, we commissioned a survey of members of the Ramblers Association which included questions on the permissive access provided by Tir Gofal. Of the 160 members who responded to the survey, 22 per cent knew that they had used Tir Gofal permissive access paths during the previous 12 months. Of these, 77 per cent thought that the new routes had enhanced their enjoyment of the countryside. Thirty-one per cent, however, reported that they had found various problems using the routes, such as poor signage or path furniture. These findings suggest that Tir Gofal has had some impact in extending enjoyment of the countryside for dedicated walkers.

**1.54** Respondents were also asked what practical measures could be taken to enhance the contribution of the Tir Gofal permissive access routes to their enjoyment of the countryside. Suggestions included better waymarking and path maintenance, and more publicity. The CCW accepted that signposting was a problem: it allocated £60,000 to erect signage boards in 2006/2007, covering about two-thirds of the estimated requirement – for 2,052 boards on 480 farms – at the beginning of that year. The shortage of adequate signposting is likely to restrict significantly the use of the paths and permissive access areas.

**1.55** Little information is available on the value of the educational access visits provided under the scheme. Agreement holders are paid £500 a year for six visits, usually from local schoolchildren. Only two of the 32 farmers who attended our focus groups had organised such visits. They felt that the visits had been very worthwhile, but were harder work than they had expected because of the need for extensive risk assessment, which in some cases had made schools reluctant to undertake the visits. They felt that the Assembly Government and the education authorities could do more to encourage and arrange the visits, removing some of the burden from the farmers. The Assembly Government is undertaking a project to provide guidance and standardise health and safety requirements, which vary between local authorities and can be onerous to implement. Tir Gofal officers confirmed that many farmers found it difficult to meet the usual target of organising six visits a year, and that many had decided to forgo the payments before meeting their target. In several cases, farmers who had opted to host educational visits in the first five years of their agreements had decided not to do so when renegotiating agreements at the mid-point.

## **The scheme is delivering broader socio-economic and cultural benefits**

**1.56** Although Tir Gofal was designed to meet its four key objectives, there is evidence that the scheme has also delivered wider socio-economic and cultural benefits. In 2003 the CCW commissioned an evaluation (published in 2005) which, through case file analysis and interviews with approximately 250 farmers, assessed the impact of Tir Gofal upon farmers' income and expenditure and the wider economy.

<sup>9</sup> Auditor General for Wales, *Public Access to the Countryside*, Wales Audit Office, August 2006.





**1.57** The evaluation estimated that the £11.3 million of Tir Gofal payments in 2003 generated additional spending in the wider economy of £4.2 million (£6.3 million when indirect effects were taken into account)<sup>10</sup>. Almost all the additional spending was due to capital works, as the management payments were almost entirely offset by the income foregone by landowners, due to lower production and the resultant changes in production costs. Seventy three per cent of the additional expenditure went to Welsh industries, with an additional 23 per cent going to Welsh families; indicating that most benefits are retained locally. The scheme created an estimated 112 full time equivalent jobs, of which 60 per cent were in the ‘agriculture, forestry and fishing’ and ‘construction’ sectors. On the basis of these results, the evaluation estimated that the £8.2 million spent on capital works in the period 2000 to 2003 had led to £21.3 million of spending in the wider economy and the creation of 385 full-time equivalent jobs. These additional jobs would be of particular benefit in small rural communities, where other employment opportunities are limited.

**1.58** Our focus groups supported this view, with several participants emphasising the importance of Tir Gofal in sustaining and increasing demand for traditional rural businesses such as walling and hedging. The group of farmers from Merionydd in particular felt that the scheme helped support local communities and thereby had a benefit for the Welsh language. The financial benefits also helped to sustain family farming by encouraging children to take on their parents’ farms. Most of the participants in the focus groups welcomed the opportunity to reintroduce or extend traditional farming

practices, and to encourage wildlife, in ways that would not otherwise be financially viable.

## The benefits achieved by the scheme may be at risk without a long-term financial commitment

**1.59** The environmental benefits Tir Gofal aims to achieve are mainly long term. This is the case with most environmental schemes, where long-term management and commitment are required to realise and sustain the full benefits of policy intervention. For example, hay-meadow restoration can take 60 years, and studies looking at grassland reversion have found that nitrogen levels can remain damagingly high eight years after the use of nitrogen-based fertilisers has ceased. The Assembly Government recognises this, and has set out its strategic direction for environmental policy over a 20-year period<sup>11</sup>. The strategy states that ‘this time period is intended to provide a longer-term focus and to reflect that many environmental processes operate over long time periods’.

**1.60** The Assembly Government is undertaking a review of all land management schemes included in the Rural Development Plan for Wales, including Tir Gofal, in 2007/2008. To consolidate the environmental gains that the scheme appears to have made so far, sensitive management practices will need to be maintained so that habitats continue to improve over time, and landscape and historic features remain in a good condition. It is likely that a degree of ongoing financial support will be needed to achieve this, especially for prescriptions which result in changes to farm management practices and which otherwise have little financial benefit for a farmer.

<sup>10</sup> The review estimated the total additional spending created by Tir Gofal based on changes in farm expenditure between 1998 and 2003. These changes are the direct effects of the scheme. The indirect effects refer to extra expenditure in the economy by third parties receiving financial benefits from the scheme, for example local contractors engaged by farmers to undertake capital works.

<sup>11</sup> Assembly Government, *Environment Strategy for Wales*, 2006

**1.61** In considering the form and value of ongoing support, the Assembly Government will need to take into account:

- a The impact of its support under Tir Gofal and previous schemes.** In line with policy decisions at the time to preserve the ethos of Tir Gofal as a scheme available across the whole of Wales, Tir Gofal did not prioritise applications from farms that were previously in Tir Cymen or the ESA scheme, and there has been no succession planning or monitoring to ensure that the benefits derived from participation in those schemes have been sustained. There is only anecdotal evidence to suggest that many Tir Cymen and ESA farms subsequently entered Tir Gofal; the Assembly Government does not know how many. The long waiting list from the 2003 Tir Gofal application window, and the fact that no new window opened in the subsequent three years, accentuates the risk that participants in the earlier schemes have forgone agri-environment schemes altogether, and therefore have no incentive to maintain their environmentally friendly farming practices without the financial support to which they had become accustomed.
- b The impact of improvements in the level of statutory protection.** The 2002 Environmental Impact Assessment (Uncultivated Land and Semi-natural Areas) (Wales) Regulations provided a new level of protection for many of the semi-natural habitats covered by Tir Gofal. Under the regulations, landholders are prohibited from destroying or seriously damaging these habitats. The regulations

therefore provide some of the protection that was previously being paid for by Tir Gofal. However, even though these regulations have now been reinforced by the introduction of the cross-compliance regime, they are not effective in preventing the gradual destruction of habitats through neglect. In particular, they do not require environmentally friendly farm management practices, do not necessarily cover mosaic habitats<sup>12</sup>, and do not preclude potentially damaging 'routine operations', such as regular heather burning, fertiliser applications or routine cleaning out of ditches. Tir Gofal therefore provides a higher level of protection by specifying desirable management practices and by providing a more proactive monitoring regime that is likely to detect non-compliance.

- c The likely impact of Tir Cynnal:** Tir Cynnal is a new scheme designed to meet many of the same objectives as Tir Gofal. Participants must safeguard habitats and prepare (but not necessarily implement) a resource management plan to avoid damaging soil and water quality. However, the scheme does not specify management practices in the same way as Tir Gofal, and offers lower payment rates. Tir Cynnal therefore has less potential for sustaining environmental gains than Tir Gofal.

As well as considering the relevant environmental issues, in reviewing Tir Gofal the Assembly Government will also need to take into account the impact of the scheme on the long-term financial viability of agreement holders and the scheme's broader socio-economic effects.

<sup>12</sup> A combination of semi-natural habitat types in a single area, with no single habitat type being clearly dominant.



## Part 2 - The scheme is well designed and managed, but costs more to run than originally expected

### The scheme fits well with the Assembly Government's strategies for the environment and farming

#### Tir Gofal is part of an agri-environment pyramid that is designed to meet wider policy objectives

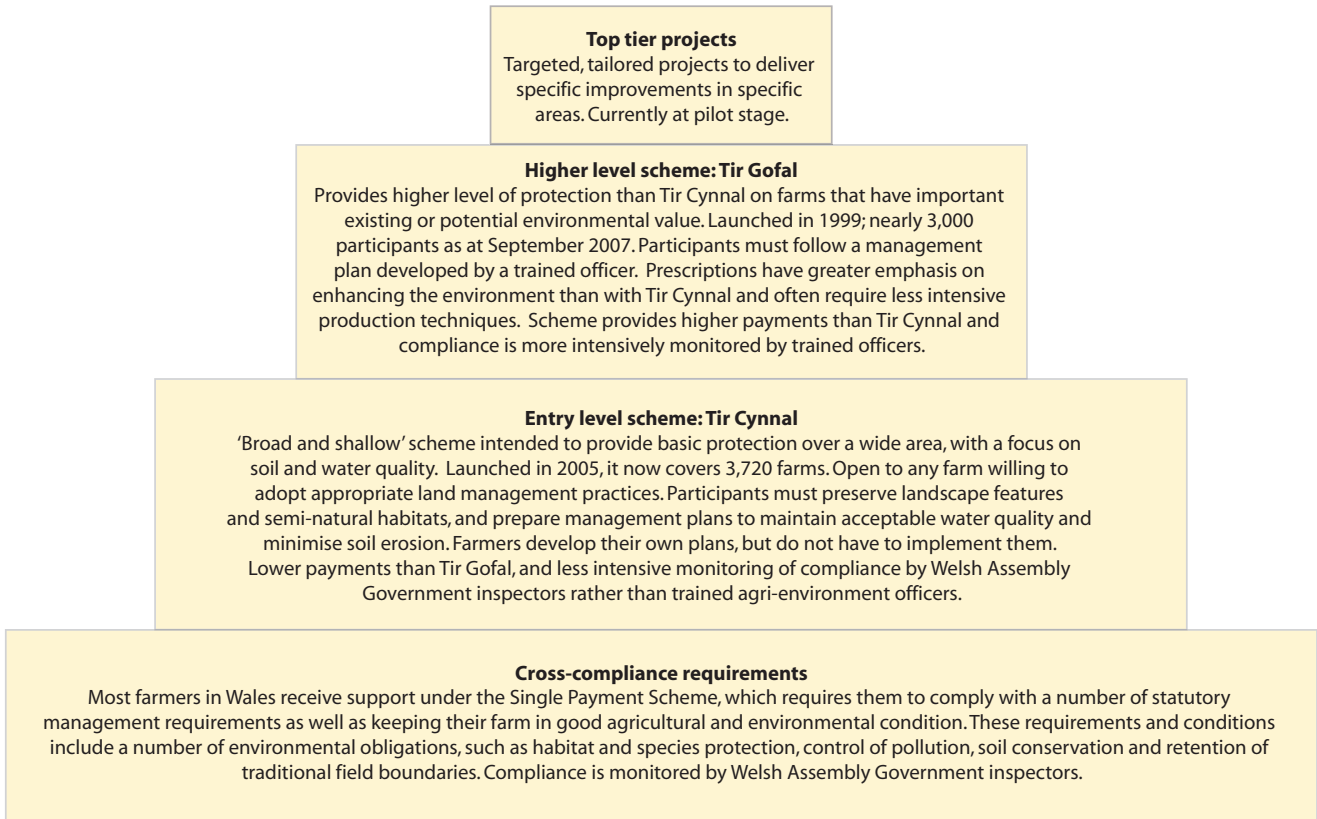
**2.1** Tir Gofal was launched in March 1999 to simplify and improve the range of agri-environment schemes available at that time. One aim was to make it widely accessible, unlike other schemes that were limited to particular areas, farms or habitat types. Since then, a number of developments have reinforced the original objectives of the scheme, but also indicated its limitations:

- a** Tir Gofal has proved very popular, and budgetary constraints have prevented it from meeting demand on a more timely basis.
- b** The conditions set by the scheme are relatively demanding, and mean that it does not achieve the comprehensive coverage needed to make a significant impact on wide-scale problems like soil erosion and water quality.
- c** The European Commission has increased its emphasis on the 'multifunctionality' of farming (its impact on the environment, wider economy and local culture) and continues to require and support agri-environment schemes in all member states.

- d** Reform of the CAP in 2003 means that, from 2005, farm subsidies are no longer directly linked to production. In Wales, a single farm payment is made to each qualifying landholder based on their subsidies in the period 2000-2002.
- e** The single farm payment requires recipients to meet certain basic environmental standards over and above those required by the law (the first time this has been done for subsidies outside agri-environment schemes). These are known as cross-compliance requirements and apply to all European Union member states.
- f** United Kingdom law has been tightened, with the Environmental Impact (Uncultivated Land) Regulations now reinforced by the operation of cross-compliance under the Single Payment scheme. These arrangements help to prevent farmers from destroying valuable existing habitats on a substantial scale.

**2.2** The effect of these developments has been to raise the required standard of environmental management across agriculture, to reduce the economic incentive for intensive (and potentially damaging) farming, and to focus attention on extending the coverage of agri-environment schemes to encompass as much agricultural land as possible and address the full range of environmental needs. The economic incentives to intensify agriculture still exist, however, and could lead

**Figure 11: The pyramid of agri-environment schemes**



to adverse environmental consequences if prices for farm produce rise significantly. In the light of these changes, the Agricultural and Rural Development Committee of the National Assembly for Wales (the National Assembly) undertook a review of Tir Gofal in 2003, and recommended that agri-environment schemes should be expanded in scope by creating various tiers of participation (Figure 11).

**The scheme fits well with the Assembly Government's environmental policy and sustainable development agenda, although these have developed since the scheme was established**

**2.3** The National Assembly has a statutory duty to promote sustainable development in the exercise of all its functions. It aims to promote biodiversity and local employment, and to maximise the distribution of economic wealth in a way which minimises demands on the environment. Evidence suggests that Tir Gofal supports local businesses which have positive environmental impacts, such as dry-stone walling contractors, and protects and enhances priority habitats and species.



**2.4** Tir Gofal works in conjunction with other key strategies and plans of the Assembly Government, including some developed since Tir Gofal was introduced:

- a** *Farming for the Future* (2001) argues that the Assembly Government should seek to ensure that farming is more environmentally sustainable. Accordingly, Tir Gofal features prominently in the *Rural Development Plan for Wales, 2000-2006* which sets out the programmes undertaken by the public sector to support rural development;
- b** *People, Places, Futures: The Wales Spatial Plan* (2004) seeks to spread prosperity more evenly across the country, and sees agri-environment schemes as part of efforts to safeguard our environment;
- c** the *Sustainable Development Action Plan (2004-2007)* sees Tir Gofal, alongside Farming Connect and the agri-food strategy, as central to ensuring the success of the Assembly Government's plan for a sustainable farming industry in Wales; and
- d** *The Environment Strategy* (2006) sets out a 20-year action plan covering issues such as access to the countryside, habitat fragmentation, species loss and the condition of environmental sites of global, national and local importance, all of which are covered by Tir Gofal.

**2.5** It is clear that Tir Gofal fits well with the various strategies and policies of the Assembly Government, as it promotes biodiversity and funds activity that improves social, environmental and economic sustainability.

## **The scheme is generally well designed, but some relatively minor changes are needed to ensure that it remains fit for purpose**

### **The scheme is designed to address the main risks to the Welsh countryside**

- 2.6** Tir Gofal was designed in the period 1997 to 1999 by a working group comprising representatives from the Welsh Office, the CCW, the Farming and Rural Conservation Agency, the Environment Agency, the Forestry Commission, Cadw, the National Parks, the National Farmers Union, the Farmers' Union of Wales, the Country Landowners Association and the Royal Society for the Protection of Birds (RSPB). The working group reviewed evidence about the main environmental risks to the Welsh countryside and the operation of agri-environment schemes in existence at that time.
- 2.7** Tir Gofal addresses the main risks identified by the working group, which were subsequently reflected in the Rural Development Plan for Wales 2000-2006 (Figure 12). In line with the Rural Development Plan, Tir Gofal entry requirements were changed in 2001 to encourage participation by family farms and younger farmers, as well as promoting environmental improvement.
- 2.8** In designing the scheme, the working group took advice from appropriate specialists to ensure that the prescriptions were appropriate to the needs identified. The CCW's Natural Science Group advised on changes that it felt would foster success in achieving ecological/ biodiversity objectives. This advice was based on a review of recent research, good practice

**Figure 12: How Tir Gofal addresses the risks to the Welsh Countryside**

Risk	Tir Gofal
<p><b>Increasing size of farms</b></p> <p>Tends to lead to larger hill farms, the development of a sheep monoculture in the uplands and intensified grazing</p>	<ul style="list-style-type: none"> <li>■ Scoring system favours mixed farms and there are prescriptions to introduce cattle and arable cropping onto farms</li> <li>■ Whole Farm Section often requires reduction in stocking rates</li> </ul>
<p><b>Reductions in cattle</b></p> <p>Particular concern as cattle can graze coarse vegetation and assist in the control of problematic species such as bracken and moor grass. Cattle manure and straw bedding provide food for a range of invertebrates which, while important in their own right, are also an important source of food for farmland birds and mammals, such as bats. A paucity of cattle manure makes it increasingly difficult for farmers to maintain hay meadows in the traditional manner (ie, without artificial fertilisers)</p>	<ul style="list-style-type: none"> <li>■ Option to introduce cattle, including a special incentive payment</li> </ul>
<p><b>Decline in area devoted to cereals and barley</b></p> <p>Reductions in cereal production and winter stubbles in upland areas have particularly affected birds such as the linnet and the yellowhammer, while the decline in spring barley is particularly problematic for such birds as the lapwing and the skylark which use bare soil and young crops for nesting</p>	<ul style="list-style-type: none"> <li>■ Option to sow winter barley</li> <li>■ Option to sow spring cereals</li> <li>■ Option to establish wildlife cover crops</li> <li>■ Option to establish unsprayed cereal, rape and linseed crops</li> </ul>
<p><b>Increased use of silage rather than hay</b></p> <p>Silage is more productive than hay, but requires heavier fertiliser use and a concomitant reduction in plant diversity. Moreover, cutting dates are significantly earlier for silage than for hay, which has had adverse impacts on farmland birds and mammals, such as the brown hare</p>	<ul style="list-style-type: none"> <li>■ Options to restore or create hay meadows</li> <li>■ Whole Farm Section regulates hay cutting dates</li> </ul>
<p><b>Decline in the length of traditional field boundaries</b></p> <p>Hedgerows in particular provide a valuable habitat for wildlife, and traditional field boundaries of all types are an important and attractive feature of the landscape. Many field boundaries are thought to be medieval or older, and are therefore an important part of Wales' historic heritage</p>	<ul style="list-style-type: none"> <li>■ Existing boundaries must be maintained in good condition</li> <li>■ Option to restore or create new boundaries</li> <li>■ Restrictions on flailing of hedges to maximise value for wildlife</li> </ul>
<p><b>Loss of heath and heather moorland</b></p>	<ul style="list-style-type: none"> <li>■ Requirement to restore existing habitats</li> </ul>
<p><b>Imbalanced age structure of the farming industry</b></p> <p>In 1995, 40 per cent of farmers were aged 60 years or over, affecting the long-term viability of family farming</p>	<ul style="list-style-type: none"> <li>■ Scoring system gives additional points for young farmers and family farmers, making it more likely that they will qualify for the scheme</li> <li>■ However, this does not translate into higher payments for such farmers, and means that they need not do as much as other applicants in order to gain entry</li> </ul>

Source: Mid-term evaluation of the Rural Development Plan for Wales 2000-2006 (2003)



and experience with the management prescriptions of Tir Cymen, the ESA scheme and the Habitat Scheme. External organisations also provided advice. These included the Game Conservancy Trust, the Shared Earth Trust, the RSPB, the Council for the Protection of Rural Wales, the Welsh Wildlife Trusts and the Ramblers' Association.

**2.9** The working group was particularly interested in the experience with Tir Cymen, which had been introduced in 1992 in three pilot areas of Dinefwr, Swansea and Merionydd. This was a whole-farm scheme that aimed to combine good farming practice with the conservation of traditional landscapes and wildlife habitats and the provision of public access. It is generally considered to be the forerunner for Tir Gofal, and was closed to new applicants in March 1998. The Welsh Office submitted a 'lessons learned' document to the European Commission as part of the process for securing the Commission's approval for Tir Gofal. Based on policy reviews and research<sup>13</sup>, the document identified those aspects of the Tir Cymen scheme which had been successful and those which needed to change.

**2.10** As a result of this analysis, the Welsh Office decided that Tir Gofal would:

- a** be available to all farms with sufficient actual or potential environmental value – no type of farm should be excluded;
- b** be a whole-farm scheme, as this would provide better environmental management over a wider area than a part farm scheme;
- c** include the enhancement of public access to the countryside as a central objective; and

- d** use a more refined system of habitat classification to develop prescriptions, while avoiding a very detailed and complex system that would be impractical to use.

**2.11** In 2001, the Assembly Government undertook a major review (known as the Stocktake review) of Tir Gofal in response to complaints about the complexity of the scheme, the long time taken to process applications, and a perception that the scheme favoured very small and very large farms over medium-sized family farms. The aims of the Stocktake review were to improve the application process, reduce the dropout rate and improve value for money by allowing a greater number of farms to enter the scheme for a given budget. The review recommended several changes to the scheme, including:

- a** Additional points in the scoring system for mixed farming and arable options, and 10 additional points if the applicant was under the age of 40. The aim of these changes, which were implemented in April 2002, was to reward environmentally beneficial mixed farming, support medium-sized family farms and offset the potentially damaging effect of the changes on young farmers building up their businesses.
- b** Reducing from April 2002 the cost of individual plans by introducing lower limits for the value of capital works, limits on the number of wooden gates and ponds on each farm, and restricting work on field boundaries to the second and subsequent years of agreements.
- c** Simplifying the scheme by cutting the number of prescriptions from 186 to 159 in April 2002.

<sup>13</sup> A socio-economic study of Tir Cymen, a five-yearly policy review conducted in 1997 and the *Evaluation of the access provisions of the Tir Cymen scheme* conducted for the CCW in 1997.

## Figure 13: Scoring system for Tir Gofal applications

The system awards points in two ways:

- a fixed number of points for the existence of particular farm features or willingness to follow a particular prescription; and
- a variable number of points based on the relative coverage of the farm by particular habitats (or potential habitats, for restoration or creation options). The habitats carry a weighting of 50, 100 or 200 to reflect their relative environmental value. For example, if 20 per cent of the total area of a farm is species-rich meadow, the score would be 20 per cent x 200 = 40 points. There is no maximum score, since each farm has varying areas under various habitats, and differing potential for habitat management.

Points are awarded for:

- organic farming or under organic conversion;
- agreement land including an SSSI (introduced in 2006);
- an applicant or any of the business partners being aged 18-40 (introduced in 2001);
- diversity of on-farm livestock and crops grown;
- average field size (more points for smaller size);
- Scheduled Ancient Monuments;
- traditional farm buildings;
- non-designated archaeological buildings;
- rocks/outcrops;
- water features (ie, rivers/streams/ponds/lakes); and
- 'priority' wildlife habitats, which are weighted according to their likely environmental importance. These include species rich rough grassland, unenclosed heathland, wetland, woodland, scrub, species-rich meadows, sand dunes and salt marshes.

Points are also awarded if the farmer is prepared to:

- restore pre-existing wildlife habitats, or create new ones on currently improved agricultural land (a weighted scoring system is used depending on the value of the new habitat);
- change current management of arable land;
- restore other environmental features; and/or
- provide new public access.

These criteria have remained broadly consistent since the scheme began in 1999 although, as noted above, some have been introduced more recently. The points are totalled and a farm scoring 100 points or more is eligible to enter the scheme.

Source: Assembly Government and the CCW





- d Shortening and simplifying the management agreement, from January 2004.
- e Making a series of changes to the administration of the scheme to improve the speed and efficiency of dealing with applications and developing new agreements.

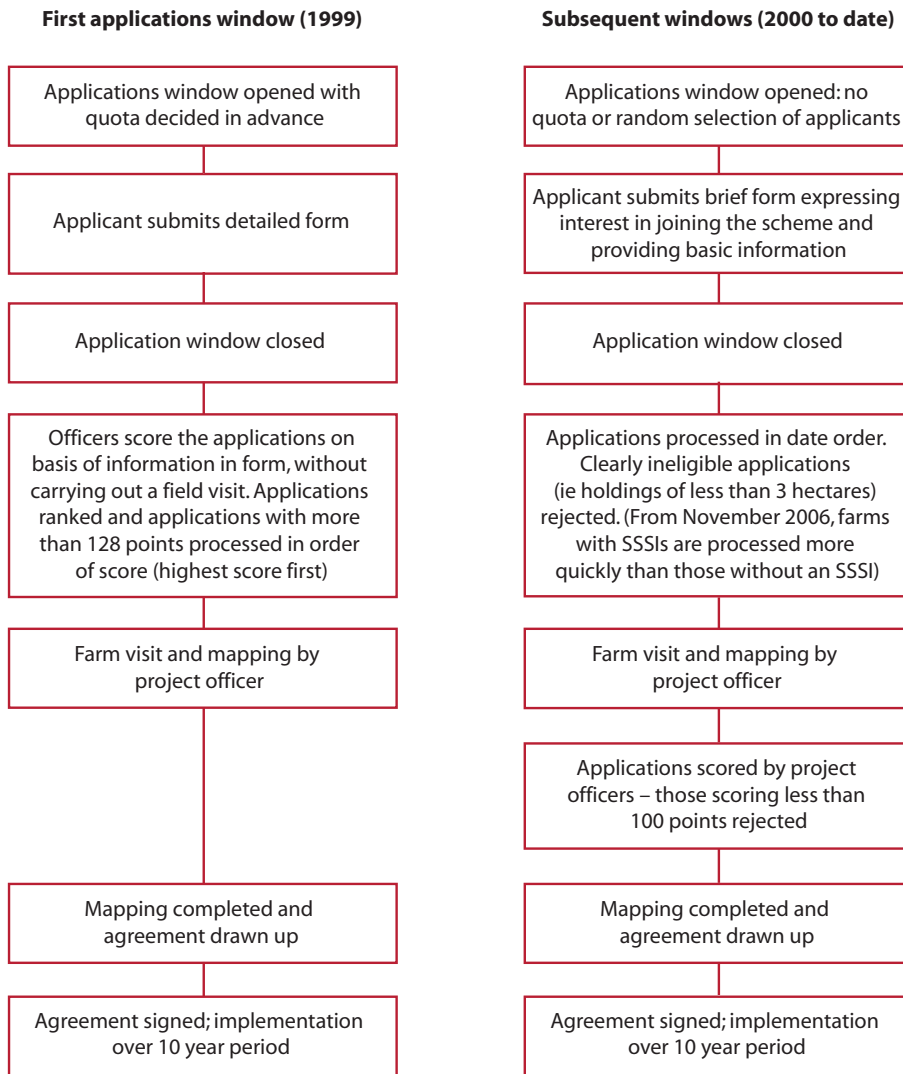
### **The application and scoring system is a pragmatic compromise between conflicting pressures**

- 2.12** The Welsh Office expected the scheme to be highly popular and asked the working group to develop a scoring system that would enable the selection of those applications which offered the best environmental value for money (Figure 13). The CCW controlled the volume of work by requiring farmers to apply within a specified period, known as an application window, so that all applications from that window could be considered before the next window opened.
- 2.13** During the first year of the scheme, the CCW was asked to operate a quota system to limit the number of landholders entering the scheme. Each application was scored by a project officer without visiting the farm, based on information contained in a detailed application form, and the highest ranking 600 farms were accepted. This approach led to all applications with a score below 129 being rejected. Project officers then visited and mapped the qualifying farms in order of their score (highest scoring first), confirmed that the scoring was correct, and drafted an agreement for the farmer to sign.

**2.14** This approach led to a number of problems. The CCW found that some information on application forms was inaccurate, creating the need for project officers to rescore applications. Also, to maximise their scores, potential applicants often applied for a large number of optional categories. This created some expensive individual agreements that tended to be highly complex and ran the risk of establishing conflicting options on small parcels of land. There was also anecdotal evidence that landholders who had not succeeded in the first year were discouraged from applying again in subsequent years.

**2.15** In light of these concerns, and following the Stocktake review, the Assembly Government, on the advice of the CCW, made some changes to the scheme (Figure 14). Scoring is now undertaken by project officers based on registrations of interest received during an application window. There is no quota and all applications scoring 100 points or more are admitted to the scheme on a first-come, first-served basis (from 2006, applications from farms that have an SSSI will be processed before other applications). This has created a waiting list and, due to the large number of applications received during the 2003 application window, the next application window was not opened until October 2006, while the CCW processed the applications on the 2003 waiting list. The Assembly Government therefore intended to reintroduce a quota system in 2006 with a maximum of 750 applications being considered, to include all farms with an SSSI and a random selection of remaining applications. However, in August 2007 the Minister decided to process all of the 1,410 applications received in 2006 over the period to 31 March 2010, in the expectation that a minority of these applicants would drop out before signing agreements.

**Figure 14: The Tir Gofal application process**



*Controlling the volume of agreements:*

*Numbers restricted by initial quota for each application window. Allows regular, more frequent windows*

*Numbers controlled by waiting list: next window opens when all applications from previous window have been processed.*

Source: Wales Audit Office



**2.16** Long waiting lists have proved unpopular with many in the farming industry. Moreover, the first-come first-served approach does not prioritise applications, with the effect that applications with the highest potential environmental value are not guaranteed entry to the scheme before applications that provide fewer environmental benefits. However, despite these limitations, the waiting list approach had the following advantages:

- a** Greater accuracy and consistency in scoring applications. Many applicants in the first round had provided inadequate information about features on their farm, leading to them being under-scored and denied access to the scheme.
- b** Qualifying applicants could be offered an agreement during the round in which applications are received, thereby reducing the risk that applicants with environmentally valuable holdings would be discouraged and fail to apply again.
- c** Through the scoring system the scheme continues to target farms more likely to address the environmental risks deemed to be a priority within Wales, without the administrative effort needed to accurately prioritise all applications, which would require all farms to be visited and mapped before any agreements could be signed.

**2.17** At the end of the first application round the CCW compared the composition of the scores for 'rejected' farms with the scores for 'accepted' farms. This analysis found that a few features had an overwhelming influence on the final scores, and that it was the scores attributed to unimproved/semi-improved land that largely determined whether or not a farm was selected. But the scoring system does not record whether a farmer needs to change the way they manage this land in order to

meet the conditions of their agreement. Therefore, a farmer may qualify for Tir Gofal payments in this regard without needing to change his or her management practices.

**2.18** Agreement scores are not routinely collated or held centrally on the Tir Gofal database, and the Assembly Government does not track average agreement scores over time. The Assembly Government is therefore unable to determine whether the expected level of environmental benefit remains broadly comparable over time, or to assess trends in the cost of agreements, and whether the risk of expensive, overly complex agreements is being avoided. The Assembly Government is also unable to identify the proportion of farms which reach the 100-point threshold without having to take up optional restoration/establishment categories. The ability to do this would provide the Assembly Government with a more accurate assessment of the scheme's impact – since it is the optional prescriptions that provide most opportunities to alter the management of the most intensively farmed part of the landscape.

**Recent reform of the CAP is likely to affect the environmental impact of agriculture, but Tir Gofal will not need radical changes to address these risks**

**2.19** The reforms to the CAP have ended the direct link between subsidies and production ('decoupling') and introduced cross-compliance requirements as a condition of the Single Farm Payment (which has replaced production subsidies). These requirements were introduced in stages between January 2005 and January 2007, and Tir Gofal needs to evolve to ensure that it continues to provide an additional level of protection. The CCW and the Assembly Government consider that these aims could

be achieved through amending, as appropriate, the requirements of the Whole Farm Section (Figure 1). In 2005, the Assembly Government reviewed payment rates to eliminate the potential for dual funding for the same activity from both Tir Gofal and the Single Farm Payment scheme.

**2.20** The Assembly Government commissioned ADAS to prepare an analysis of the likely impact of ending the link between subsidies and production on farming practices in Wales. Their report considered that different sectors would respond differently to decoupling, but that all sectors would suffer from:

- a** loss of cattle;
- b** abandonment of previously agricultural land and its transition to non-agricultural usage or hobby farming; and
- c** development of large, solely sheep holdings.

**2.21** These risks reflect those which, in the main, Tir Gofal has been designed to address. For example, the scheme provides payments to convert land intensively grazed (often with sheep) to arable land or to other forms of habitat, and additional incentive payments for grazing habitats with cattle<sup>14</sup>. The scheme has recently been revised to include minimum stocking rates on semi-natural grasslands, whereas previously there had been maximum rates only.

**2.22** However, the decline of cattle grazing on upland areas is one problem that has proved difficult to address. Grazing by cattle helps to maintain biodiversity and prevent the spread of highly invasive species such as purple moorgrass. However, landholders are often reluctant to introduce cattle onto upland

pastures that are sometimes remote from farmsteads and where conditions for cattle can be unfavourable. Tir Gofal managers and project officers told us that the current financial incentive – a 10 per cent premium over the estimated cost – was insufficient to encourage enough farmers to introduce cattle into areas where they were needed. The removal of an additional 10 per cent premium for Welsh Black cattle as part of a recent payment rate review has further reduced the incentive available.

**2.23** Tir Gofal officers have suggested that higher payments would encourage farmers to form cooperatives to share the burden of managing the cattle. However, European Union rules limit any payment for an activity to the likely cost or income foregone plus a maximum premium of 20 per cent to cover transaction costs. Some other state-aid measures – for example to encourage pony grazing in National Parks – also include the fixed costs (such as travelling to check herds) of managing livestock on often inaccessible and difficult sites. These costs are often relatively high, and enable the National Parks to pay higher rates without breaching European Union rules. In contrast, the cattle-grazing premium for Tir Gofal is largely based on the reduction of income that results from managing cattle according to the Tir Gofal prescriptions. If the Assembly Government wishes to improve the incentive available for cattle grazing, it should identify the typical costs of stocking cattle in difficult locations and ensure that these are fully reflected in payment rates.

<sup>14</sup> As part of a Cattle Grazing Payment introduced in April 2003, agreement holders received a 10 per cent top up to the relevant habitat payments if they grazed these habitats with cattle. Agreement holders received a 20 per cent top-up if they grazed the habitats with Welsh Black cattle, but this additional incentive will be removed in 2007 following a review of payment rates (paragraph 2.27).



**Payment rates are sufficient to maintain demand for the scheme, and have fallen in real terms**

**2.24** In accordance with European Commission and World Trade Organisation rules, Tir Gofal payment rates are based on an assessment of income foregone plus costs incurred by the agreement holder as a result of following a particular prescription (for example, reducing stock density) or carrying out capital works. These payment rates are standard and are applied to all agreements, regardless of the actual cost or income foregone on any given farm. A landholder who does not need to change management practices significantly may therefore make a significant financial gain from Tir Gofal. However, the capital payments are generally set at less than the estimated actual cost, to reflect the fact that such works often enhance the capital value of a farm and that the landholder, as well the environment, will benefit from the investment. Payment rates have remained constant since the inception of the scheme, but new rates are due to come into force during 2007.

**2.25** Evaluations of the scheme have not addressed the question of whether payment rates are set at the right level to secure value for money, or whether they are set at the lowest level necessary to attract a sufficient number of the right farmers into the scheme. The socio-economic evaluation (2005) examined the effect of Tir Gofal on farm incomes between 1998 (before the scheme started) and in 2003. Based on a survey, it found that:

**a** The scheme had a significant effect on farm income, with 65 per cent of agreement holders considering scheme payments as 'essential' or 'very important' to farm revenue.

- b** Tir Gofal led to a net increase in expenditure on participating farms of just 0.3 per cent.
- c** Forty-two percent of the additional labour requirement arising from the scheme was provided by the farmer or their family, and farmers retained a large part of the capital payments for themselves as payment for their own labour rather than passing them on to contractors.
- d** Overall, 56 per cent of farmers found that their income had altered little since entering the scheme, while 35 per cent reported an increase, mostly a small one. Of this 35 per cent, only 22 per cent cited Tir Gofal as the main reason for the increase, with two-thirds citing the scheme as a contributory factor.

This evidence indicates that Tir Gofal has had a beneficial effect for participants but has not led to a rise in farm income for most agreement holders. The precise impact cannot be measured because it is difficult to disaggregate the impact of Tir Gofal from other factors and there was no quantifiable information on the contribution of Tir Gofal to farm profits or the net effect compared with the period before farms entered the scheme. It is also difficult to quantify the impact of the scheme on a farm's capital value, since some prescriptions (most capital works, especially improving field boundaries) will add to the value, while others (such as reducing stock density to very low levels or ceasing to drain marshy land) potentially diminish the farm's value by reducing production potential.

**2.26** We asked focus groups of agreement holders about their reasons for joining Tir Gofal and its financial impact. There was general agreement that the scheme was financially beneficial, especially by aiding improvements to farm assets, and this was cited as the main reason for joining by most of the participants. A small minority had joined the scheme mainly for environmental reasons, but the opportunity to farm in a traditional and environmentally beneficial way was attractive to most participants. The security of Tir Gofal payments in the context of volatile market conditions was also an attractive feature.

**2.27** Payment rates were clearly high enough to attract sufficient applications for the first four application windows, the last of which was in 2003 – when 1,915 were received, which took three years to process. In 2005, the Assembly Government undertook a review of payment rates to reflect the CAP reforms which had removed the link between production and farm subsidies. The reforms had affected the gross profit margins that had been used to calculate Tir Gofal payment rates for management prescriptions that tended to reduce production, and led to a significant cut in the payment rates for such prescriptions. This resulted in much criticism from the farming community, which complained that it was unreasonable to reduce rates in the context of rising costs for agricultural labour and materials. They also argued that until 2005 payment rates had remained static whilst the cost of many items, especially fencing and walling, had risen well above inflation.

**2.28** The Assembly Government carried out a further review and has now published alternative rates, which will come into force during 2007. Some of the management payments have still been reduced, to comply with European rules that limit them to income foregone plus a 20 per cent premium for transaction costs, while many capital payments have been substantially increased. Officials believe that the net financial impact is broadly unchanged, although there will be some winners and some losers. The new rates have been broadly accepted by the farming industry and there is little risk that they will be insufficient to attract enough entrants into the scheme; the 2006 application window yielded 1,410 valid applications, 88 per cent more than the quota set by the Assembly Government.

**2.29** Tir Gofal managers and project officers raised concerns about the size of payments made for those agreements which brought large swathes of upland areas into the scheme. It was felt that these agreements received a disproportionate share of the available funds, while not always delivering significant environmental benefits. Staff suggested two ways in which this might be addressed:

- a** upland payments should be further tiered – the payment per hectare should decline more steeply the greater the overall area brought into the scheme; and
- b** prescriptions covering upland areas should be more rigorous – the scheme should demand more environmental work in exchange for these payments.



## Tir Gofal officers and stakeholders have some reservations about the flexibility and targeting of the scheme

**Tir Gofal is highly prescriptive and only limited use is made of the mechanisms that could make the scheme more flexible**

- 2.30** Tir Gofal depends primarily on a set of mandatory prescriptions for certain habitats that exist throughout Wales. The scheme generally does not allow farmers to deviate from these prescriptions to reflect local conditions or individual circumstances.
- 2.31** We asked the agreement holders who participated in our focus groups for their views on the flexibility of the scheme and its responsiveness to conditions on their own farms. Most were content with the options available to them and with the overall design of the scheme, but some expressed doubts about the suitability of some prescriptions for their farms. In particular, they felt that the stocking rates prescribed for rough grassland were too low and were leading to poorly managed pastures that were overrun with bracken, heather or purple moorgrass, and were actually damaging biodiversity and reducing the quality of the environment. They wanted the flexibility to vary stocking rates within their farms so that they could better manage such problems, for example through mob stocking (heavily grazing certain areas for a short time) and supplementary feeding. However, the general feeling was that stocking rates in upland areas were too low.
- 2.32** Some participants in the focus groups also wanted to plant conifers rather than native trees at higher altitudes, to drain or lime grasslands, and to defer capital works from one year to another. However, introducing greater flexibility on such matters would make it more difficult to achieve the environmental objectives of the scheme or to manage expenditure within annual budgets.
- 2.33** The scheme has two principal mechanisms that enable a degree of flexibility:
- a** Project officers are allowed to grant derogations (permission to vary the standard prescription) for individual agreements. However, all such derogations must be approved by the Tir Gofal management team (three senior officers and the scheme manager), and policy advisors are consulted in any case that sets a precedent. This team approach is intended to ensure consistency across the scheme. In some cases, the Assembly Government issues scheme-wide derogations, for example by bringing forward hay-cutting dates in a particularly dry year.
  - b** Project officers, with authorisation from the scheme manager, can also develop 'special projects' to provide additional environmental benefits, tailored to individual farm conditions. A total of £168,802 had been paid for 195 special projects at 31 March 2007.

**2.34** Discussions with Tir Gofal managers and project officers suggested that there were some constraints which limited the extent to which they could justifiably use derogations and ‘special projects’:

- a** Tir Gofal officers do not share a common understanding of the derogation process, and there were differing perceptions of the scope for derogations. The CCW subsequently provided officers with further guidance.
- b** All derogations must be approved by the Tir Gofal management team. In England, officers for the Countryside Stewardship Scheme had the authority to modify prescriptions in management agreements if the modification did not affect the level of income foregone by the agreement holder (thus altering payments). A similar approach in Wales might improve flexibility and reduce the time and resources needed to deliver each derogation. However, the Assembly Government is reluctant to follow the English model, believing that any inconsistency in the application of the rules will undermine the credibility and integrity of the scheme.
- c** Granting derogations and developing special projects are time-consuming and divert administrative resources away from developing new agreements and general monitoring and compliance work. Officers have targets for new agreements and are likely to minimise the time spent negotiating derogations or special projects, unless their workload and targets are altered to accommodate them.

### The scoring system prevents the Assembly Government from targeting local priorities

**2.35** Tir Gofal applies the same criteria to all applicants, wherever they are located in Wales; and all farms which meet the threshold score of 100 points are eligible to join the scheme. There has been some debate among academics and voluntary groups about whether the scheme could be better targeted on specific environmental priorities, which might vary from place to place.

The Environmental Stewardship Scheme in England provides an example of how this might work. The DEFRA has divided the country into 150 ‘joint character areas’<sup>15</sup> and has identified environmental priorities for each of them. The scoring system in each area reflects these local priorities and local conditions, enabling the higher-level scheme to emphasise prescriptions that will be of most value in a particular area. In Wales, a degree of targeting has been introduced into Tir Gofal through ‘species packages’ and awarding additional points to applicants who have SSSIs on their land.

**2.36** Species packages are combinations of prescriptions that together provide favourable conditions for declining species. The RSPB argues that unless certain prescriptions are delivered as a package, the conditions needed for threatened species to flourish will not be created (Figure 15). The RSPB has suggested that species packages should be targeted on areas where vulnerable species, such as lapwing, are known to breed.

<sup>15</sup> Each joint character area has similar landscape and environmental features which can best be managed by common systems of prescriptions and incentives.





## Figure 15: Species packages

The RSPB considers there to be several problems with the way in which Tir Gofal currently operates:

- Insufficient take-up of the options most beneficial to farmland birds.
- Take-up of options most beneficial to birds does not reflect the distribution of the relevant bird populations, so the resources provided by these options are not necessarily delivered in the right areas.
- The right combination of prescriptions is needed to create the right habitat for the relevant species, but the current system of optional prescriptions does not always provide this combination. For example, in the spring lapwings need short grass (5-12 centimetres) with some tussocks; in late June chicks require damp areas, ideally with small areas of surface water and high levels of invertebrates. And, to prevent nest destruction, harrowing or rolling of spring-sown cereals (necessary as breeding sites) should be avoided between mid-March and late June.

Applicants are not required to select a combination of prescriptions delivering all these habitat features, which means that key elements of the required habitat may be missing at critical times of the year. The RSPB has identified a series of 'key areas' where declining populations of birds are still present in good numbers. They argue that agreement holders in these areas should have to adopt a combination of prescriptions or 'species packages' that are designed to provide the most favourable environment for the birds. To facilitate this approach the RSPB suggests that farmers adopting relevant 'species packages' within the key areas might receive either additional points during the scoring phase or additional payments once in the scheme.

Source: The CCW, RSPB

**2.37** Tir Gofal has now adopted this idea and will encourage farmers to adopt species packages, although no extra points under the scoring system will be awarded and no additional payments made. However, farmers may be able to access additional funds through the prescriptions which are needed to deliver a package. Species packages will be optional, so their success will depend on the financial attractiveness of the prescriptions, and on whether project officers are able to negotiate the inclusion of a package where the farmer does not initially volunteer to introduce one.

**2.38** The CCW assessed 68 per cent of SSSIs in Wales as being in an unfavourable condition in 2006<sup>16</sup>, compared with 55 per cent in England. The Assembly Government is therefore lagging well behind its target of having 90 per cent of SSSIs in a favourable condition by 2010. Furthermore, evidence from a previous, more detailed review in 2003 indicated that most features that were in an

unfavourable condition were also deteriorating further. The Assembly Government therefore wishes to increase the area covered by SSSIs that is positively managed to achieve and maintain favourable condition. Such positive management may include, for example, restrictions on grazing, keeping sites clear of invasive species and prevention of burning or other harmful practices. In March 2006, only 47 per cent of the area covered by SSSIs was under positive management; 30 per cent was covered by agri-environment schemes and 17 per cent by specific management agreements.

**2.39** Many of the SSSIs at risk are on habitats covered by Tir Gofal (for example, grasslands, heathlands and bog) and the scheme's prescriptions can help deal with the causes of these sites' unfavourable condition, typically undergrazing or overgrazing. Tir Gofal agreements may also provide a useful protective buffer zone around smaller SSSIs. By targeting Tir Gofal on SSSIs, the

<sup>16</sup> Report by the Countryside Council for Wales, *Sites of Special Scientific Interest (SSSIs) in Wales, Current statement of knowledge Report for April 2005 to March 2006*, January 2007. Assessments of condition are indicative, based on a combination of survey data (where available) and the professional judgement of CCW officers. The figures quoted here relate only to those sites that the CCW has assessed to a high level of confidence, which account for 47 per cent of SSSIs.

Assembly Government considers that it can help bring more SSSIs into favourable condition, whilst also providing a mechanism to prioritise Tir Gofal applications in the event of demand exceeding supply. The Assembly Government therefore will award 10 extra points, in the 2006 application window, to any applicants who have an SSSI on their land, and intends to process their applications more quickly than those without an SSSI. The situation will be reviewed in 2008, when the Assembly Government will consider whether to introduce more stringent targeting.

**2.40** Targeting the scheme on SSSIs increases the emphasis on the most valuable habitat land, whilst reducing the emphasis on agriculturally improved land and the parts of the scheme that deal with the historic environment, landscapes and public access. It follows that such targeting is likely to reduce the share of resources available for agriculturally improved land, which can still deliver important environmental benefits through optional changes to land management practices (for example, through arable cropping or introducing cattle grazing). Moreover, such land has fewer protections than SSSIs, which benefit from stricter legal protection and specific initiatives to encourage good management. These include Site Management Statements, which identify good management practice for each site and are prepared by the CCW, and funding for specific management agreements that are tailored to the needs of an individual site. In 2005/2006, the CCW spent £1.7 million on these agreements, which covered 18 per cent of SSSI land.

**2.41** The CCW monitors the condition of SSSIs using a framework agreed between the main conservation agencies in 1998, which focuses on the whole site and the condition of individual features within it. This framework is not sophisticated enough to compare condition assessments with land management practices, such as those prescribed by Tir Gofal, that may be in place across only part of a site, so the CCW cannot say for certain whether Tir Gofal or specific management agreements are more effective at delivering improved conditions. The CCW is working to develop the framework to enable such comparisons in the future. The CCW considers it highly likely that Tir Gofal has a positive impact, particularly by creating more favourable environmental conditions over a wide area, for example as buffer zones around sites. However, a specific management agreement is likely to be most effective to achieve or maintain good condition on an SSSI itself, as it is tailored to the particular needs of the site and has statutory force.



## The scheme functions smoothly, but costs more to run than originally expected

**The CCW has recorded a variable performance against its annual headline targets, but has exceeded expectations for land coverage**

**2.42** The Assembly Government has agreed two key performance targets with the CCW: the number of agreements signed and the amount of land included under agreements, each target usually set for each financial year. The second target was introduced from 2000/2001 at the CCW's request, as they were signing a relatively small number of large agreements and felt that the numbers target alone did not fairly reflect their performance. Together the two targets reduce the incentive to favour disproportionately either larger or smaller farms.

**2.43** The Rural Development Plan for Wales (2000-2006) had envisaged that Tir Gofal would deliver 600 agreements covering 30,000 hectares each year over the seven-year life of the Plan: a total of 4,200 agreements covering 210,000 hectares. Although only 2,958 agreements<sup>17</sup> – about 70 per cent of the expected figure – have been delivered in the seven year period, they cover around 333,000 hectares of land, some 59 per cent more than expected. The average size of the holding in Tir Gofal is more than double the expected size of 50 hectares.

**2.44** The Assembly Government changed the CCW's targets from those anticipated by the Rural Development Plan to reflect the availability of funds, trends in the size of farms entering the scheme, and external factors, such as the outbreak of Foot and Mouth Disease in 2001, which restricted

access to the countryside and therefore caused delays. The CCW has recorded a variable performance against each year's targets (Figure 16). This was partly due to the Foot and Mouth outbreak, and also because the duration of the process leading up to an agreement varies greatly depending on the complexity of the application, the accuracy of mapping and the speed of farmers' response to requests for information. It is difficult to judge performance over the whole period since Tir Gofal was introduced because targets were set for both measures in only four of the seven periods since targets were first set in 2000/2001. Excluding those years for which a target was not set, on average, the CCW fell 12 per cent short of its target for the number of agreements, but only 0.8 per cent short for the area of land covered by the scheme. The CCW met two of the six annual targets for the number of agreements, and one of the five targets for the area of land covered.

**Some habitats are classified differently by project officers and specialist surveyors, but this is a complex issue that does not necessarily reflect flawed decisions by Tir Gofal project officers**

**2.45** Accurate habitat classification is very important as management prescriptions and payment rates are based largely on habitat types. Inaccurate classification therefore puts the effectiveness of the scheme at risk through inappropriate prescriptions and creates the risk of incorrect payments.

**2.46** As part of its contract to undertake ecological monitoring of Tir Gofal habitats, ADAS reported to the CCW problems encountered during the baseline surveys that it undertook between 2002 and 2004. The ADAS reported that the most common cause of problems

<sup>17</sup> 3,098 including agreements that were signed but have since left the scheme; this would represent 74 per cent of the figure expected in the Rural Development Plan for Wales.

**Figure 16: Performance of Tir Gofal against its headline targets**

Financial year	Hectare target	Reported output	% Difference	Agreement target	Reported output	% Difference
1999/2000					71	n/a
2000/2001	49,000	47,000	-4%	600	400	-33%
2001/2002	50,000	38,000 <sup>1</sup>	-24%	500	286	-43%
2002/2003	50,000	74,000	+48%	550	755	37%
2003/2004	60,000	55,205	-8%		559	n/a
2004/2005	50,000	42,706	-15%	500	500	0%
2005/2006		36,000	n/a	400 <sup>2</sup>	355	-11.3%
April-Oct 2006		14,490	n/a	156	105	-33%
<b>Totals<sup>3</sup></b>		<b>331,246</b>			<b>3,031</b>	

**Notes**

- 1 The outbreak of Foot and Mouth Disease and the consequent restrictions on access to farms severely hampered the work of Tir Gofal officers in 2001/2002
- 2 The lower target reflects the additional work of renegotiating the 408 agreements reaching the five-year break point in 2005/2006
- 3 The total output of 331,246 hectares and 3,031 farms excludes agreements concluded after the transfer of the scheme to the Assembly Government in October 2006 but includes agreements that have since left the scheme, so the output is different from that that reported in paragraph 2.43

Source: The CCW

faced by its surveyors was mapping errors by Tir Gofal project officers, with the misclassification of sites the greatest single problem. The ADAS classified around 20 per cent of sites differently from the habitat identified by Tir Gofal officers. Wetlands (particularly blanket bogs), parklands and heathlands were most likely to be classified differently (Figure 17).

**2.47** The ADAS attributed the differences in classification to a number of factors:

- a Habitats often exist within mosaics of several habitats, and plant types often grade into one another or co-exist, rather than form sharp boundaries. In such cases it is difficult to classify a site definitively.
- b Wetland habitats are particularly difficult to classify, as vegetation types are often very similar between the habitat categories, and classification depends on the depth of peat (as with blanket bog) or other geological factors that are hard to discern in the field.
- c Degraded habitats may be difficult to classify due to the absence of enough reversion categories. The ADAS noted a tendency to classify as marshy grassland and parkland, habitats that may previously have been in these categories and were now reverting to their former state. However, without a 'reverting to parkland' category, for example, such habitats are difficult to classify correctly.



**Figure 17: Differences in the classification of habitats between Tir Gofal officers and ADAS ecological monitoring officers 2002-2004**

Habitat type	Number of sites classified differently	% of sites classified differently
Blanket bogs	35	97.2
Parkland	6	54.5
Heathland	56	45.5
Unimproved neutral grassland	14	29.2
Semi-improved marshy grassland	37	26.2
Unimproved acid grassland	23	18.9
Reedbeds, swamps and fens	19	18.8
Semi-improved hay meadows	10	13.7
Woodlands	3	1.5
Semi-improved grasslands (grazed)	0	0
Unimproved grassland	0	0
<b>Total</b>	<b>203</b>	<b>16.9</b>

Source: The ADAS monitoring reports (Assembly Government)

- d A high level of expertise is required to classify such sites correctly, and Tir Gofal officers do have the same level of expertise as ADAS field researchers. They also have less time to classify habitats, and have to make quick, practical judgements about mixed habitats. In contrast, field surveyors based their judgement on an in-depth examination of a small site. And in some cases, even acknowledged experts may classify sites differently.
- e Management mapping: ADAS suggested that officers had sometimes classified certain borderline habitats or degraded habitats as marshy grassland or heathland to ensure that the land was managed in such a way as to re-establish the original habitat. This was known as management mapping. For example, an officer may have classified a semi-improved grassland as a marshy grassland in order to reduce grazing rates and raise water levels, thereby helping to create a marshy grassland.

**2.48** Tir Gofal staff acknowledged that management mapping sometimes occurs, and is motivated principally by a desire to derive the greatest environmental benefit from the scheme. In some borderline cases, it might be used to help applicants enter the scheme if they were willing to undertake environmentally beneficial options (such as establishing streamside corridors or arable cropping) but would otherwise still fall below the threshold score. Officers also drew attention to the difficulties of mapping at a very small scale (down to 0.1 hectare) and of mapping in winter when many indicator species were difficult to detect.

**2.49** There is no reliable information on the financial impact of management mapping, but it is likely to lead to greater cost because it usually involves lower grazing rates that draw higher rates of subsidy. This higher cost may be justified by additional environmental benefits, but the evidence suggests that this is unlikely always to be the case.

### **Mapping farms is a complex and time-consuming process**

**2.50** Mapping is fundamental to the administration of Tir Gofal. It is essential to have an accurate map of every landholding in the scheme so that there is a reliable record of the habitats, features and management options covered by the scheme. This enables officials to score farms correctly, check compliance with agreements and undertake ecological monitoring of habitats. Mapping is carried out by project officers during their initial visit to a farm, when they walk around the farm with the owner and amend existing maps if necessary. The map is then sent to the Assembly Government's Cartographic Unit in Aberystwyth, which updates the digital record. A paper copy of the revised map is then sent to the project officer and the farmer for confirmation that it is complete and accurate.

**2.51** The mapping process is problematic, with maps often having to be amended and returned to the Cartographic Unit several times before being finally agreed by landowners. Tir Gofal officers in our focus groups expressed their frustration with the process, and wanted to be able to amend the maps themselves without having to go through the Cartographic Unit.

**2.52** The Assembly Government has gradually streamlined the mapping process, and error rates and turnaround times have improved. Project officers now have access to electronic versions of the maps in their offices and can view aerial photographs and maps of neighbouring farms. The Stocktake in 2001 had recommended that the whole mapping process be done electronically, with officers creating and amending maps on a laptop during farm visits. The complexity of the scheme and the technical challenges involved make this option inherently difficult, and little progress has been made towards this. In addition, the Cartographic Unit wishes to retain ultimate control of the digital maps, as they are part of a complex mapping system that includes other farm support schemes.

### **Monitoring and compliance regimes are effective, but cannot detect all possible breaches of agreements**

**2.53** Effective monitoring of agreements after they have been signed is very important, to ensure that agreements are fully implemented and to maintain contact with farmers so that any problems can be resolved in a positive way. The Assembly Government's monitoring strategy depends on farm inspections by Tir Gofal project officers. The strategy involves:



- a Servicing visits – each agreement holder receives a ‘servicing’ visit during their first year in the scheme. The emphasis is on providing support and advice to resolve any problems at an early stage, but the full range of compliance checks is also undertaken.
- b Capital works monitoring visits – a compliance visit is triggered when an agreement holder makes a fourth claim for capital works or when an individual claim exceeds £5,000.
- c Additional inspections of a sample of agreements – around 10 per cent of the total each year – to check that agreement holders are complying with prescriptions. These visits are required by the European Commission.

**2.54** Monitoring officers normally give informal warnings for minor breaches of agreements, but apply a standard system of penalties for more serious cases of non-compliance. The level of penalty depends on the number of breaches and the severity of their impact. Breaches are deemed to be severe if they cannot be rectified within the lifetime of the agreement. Financial penalties involve withholding management payments relating to the breach of agreement and a proportion, ranging from 10 per cent to 75 per cent, of the remaining management payments. In very serious cases, officers will terminate an agreement. In 2006/2007, the CCW applied penalties to 43 agreements totalling £31,868, representing 0.17 per cent of total payments under the scheme. The Assembly Government does not collect information on the number of warnings, the type and severity of breaches, or the type of farms on which they occur. Therefore, it is not possible to assess fully the extent of non-compliance or which areas are most at risk.

**2.55** The compliance regime can detect clearly visible breaches of agreements, but certain prescriptions are difficult to verify because they are less visible:

- a **Restrictions on the use of fertilisers or pesticides.** Without catching a farmer in the act, the unauthorised use of fertilisers and pesticides is very difficult to confirm without chemical analysis of soil or water.
- b **Restrictions on stocking rates.** These are often complex to apply because they may vary between habitats that do not coincide with field boundaries and may vary according to the time of year. The stocking rate is expressed in terms of livestock units, which depend on the size and age of the animals. The European Commission has expressed concern about the difficulty of assessing compliance with prescribed stocking rates, especially as some farmers are not required to maintain grazing diaries (a detailed record of the number, type and age of livestock grazing on each parcel of land at each time). In reality, project officers adopt a pragmatic approach, asking to see grazing records only if land appears overgrazed.
- c **Seasonal requirements**, such as restrictions on hay-cutting dates or a requirement to sow winter stubbles, can be assessed only during the relevant season. Tir Gofal officers suggested that they might visit such farms mainly during the relevant period of the year. This would make sense, but could be logistically difficult. Currently, the planning of visits is based on general risk factors, not in a way that reflects the specific requirements of each agreement.

**2.56** Tir Gofal Officers also felt that inadequate recording of the pre-scheme condition of the land made compliance monitoring less effective. Officers suggested that photographs could be used to create a record of initial conditions, which would help them to decide whether changes in condition were sufficient to indicate compliance with prescriptions. Although the Assembly Government has rejected a comprehensive system of baseline monitoring and on-farm targets on the grounds of expense, greater use of photographs to assess change in the condition of habitats and features would be a useful source of evidence for compliance and monitoring work.

**2.57** Farm visits during the implementation of an agreement could have a much broader purpose than simply confirming compliance with scheme prescriptions. They could be used to discuss progress more generally, explain the benefits of scheme prescriptions, put right any misunderstandings and identify any modifications to the agreement that might be required, thereby avoiding problems subsequently. The DEFRA plans to adopt this approach for the Environmental Stewardship Scheme in England, where 'care and maintenance' visits will be undertaken separately from compliance visits to provide advice and support for agreement holders. The DEFRA hopes that the visits will help develop a shared vision of environmental management with agreement holders, and will support those who might otherwise lack the expertise to deliver the scheme. In Wales there are no 'care and maintenance' visits, although the servicing visit in the first year of each agreement partly fulfils this function. We found a consensus among scheme

administrators that such visits would be highly desirable, but there are obvious resource implications: visiting each farm every year would require a substantial increase in staff<sup>18</sup>.

**2.58** Scheme managers have not carried out any regular satisfaction surveys of agreement holders, and therefore are not in a position to draw robust conclusions about their opinions of scheme management. Based on our focus groups, agreement holders appeared broadly content with the way in which their agreements were monitored, but several stated that they would welcome 'care and maintenance' visits, partly to show officials what they had done on the farm. Others, however, were wary of any additional involvement, and some were concerned about the over-zealous application of the rules by compliance officers.

### **The full cost of administering Tir Gofal has not been routinely monitored and is higher than expected**

**2.59** The cost of administering Tir Gofal is met by the Assembly Government. Until the transfer of the scheme in October 2006, the Assembly Government provided grant-in-aid to the CCW specifically to fund the administration of the scheme. This grant-in-aid remained stable for the four years ending 31 March 2006, while the actual cost of payments to farmers and the number of agreements rose (Figure 18). As a result, the provision for administrative costs fell from 48 per cent of the total scheme costs in 2000/2001 to 10 per cent in 2005/2006 (Figure 18).

<sup>18</sup> The Assembly Government would need to employ seven additional project officers, assuming half a day per visit, 2,900 active agreements and 200 visiting days per employee.





**Figure 18: Tir Gofal budgets, 1999/2000 to 2005/2006**

Financial year	Administrative budget <sup>1</sup> (£m)	Payments <sup>2</sup> (£m)	Total costs (£m)	Admin budget as % of total costs
1999/2000	1.4		1.4	100%
2000/2001	2.0	2.2	4.2	47.8%
2001/2002	2.3	5.2	7.5	30.7%
2002/2003	2.5	7.7	10.2	24.5%
2003/2004	2.5	14.0	16.5	15.2%
2004/2005	2.5	18.1	20.6	12.1%
2005/2006	2.5	23.0	25.5	9.8%

**Notes**

- 1 Based on Assembly Government Grant in Aid to the CCW for running Tir Gofal
- 2 Payments to agreement holders by the CCW (actual figures)

Source: Assembly Government

**2.60** However, the grant-in-aid budgets do not represent the full costs of running Tir Gofal. The CCW spent a significant proportion of its general budget on the scheme, seeing it as a good way of delivering its wider objectives in relation to the countryside, and part of the administrative costs was met by the Assembly Government directly. Neither the Assembly Government nor the CCW routinely monitor the total cost of administering the scheme, as staff time is not allocated to individual schemes or projects. However, as part of the work in 2006 underpinning the transfer of the scheme from the CCW to the Assembly Government, a detailed analysis estimated the scheme's running costs to be £4.27 million in 2005/2006, 15.7 per cent of the total scheme costs (Figure 19).

**2.61** In collating the data to estimate the scheme's total running costs, the CCW had to estimate how much of each officer's time was spent on Tir Gofal, and how much on other activities. As staff time is not analysed in any systematic way, it is not possible to identify how much time is actually needed to appraise, service and monitor each agreement. Managers told us that the standard assumption used was eight days for appraising an application (plus one additional day for each additional 100 hectares), two days per year for monitoring the agreement and five days to renegotiate the agreement at the end of five years. This indicates a total of 33 days staff time for a 100 hectare farm over the 10-year life of an agreement. The Assembly Government should analyse staff costs and consider the reasons for any significant variances from expected figures. These may indicate areas for improvement or a need to change budgets.

**Figure 19: Scheme administration costs in 2005/2006**

	Cost (£000)
Tir Gofal staff costs	2,400
Overheads <sup>1</sup>	556
Cartographic Unit support	325
Snowdonia National Park contract	275
Capital costs <sup>2</sup>	248
Specialist support from expert CCW staff (outside the Tir Gofal scheme)	200
Back office support <sup>3</sup>	113
Archaeological advice	110
Farmer training	40
<b>Total scheme running costs 2005/2006</b>	<b>4,267</b>
Payments to agreement holders in 2005/2006	22,994
<b>Total cost of the scheme</b>	<b>27,261</b>

**Notes**

- 1 Includes accommodation, travel and subsistence, telephony, training and IT licences
- 2 Includes costs of replacing IT equipment and costs of replacing pool cars
- 3 Includes centrally provided services such as payroll and network servicing

Source: Assembly Government

## The transfer of responsibility for the delivery of the scheme to the Assembly Government has potential benefits, but there are also risks that need to be managed

**2.62** The CCW, in conjunction with a number of partner organisations such as the Welsh archaeological trusts, delivered Tir Gofal on behalf of the Assembly Government from the

launch of the scheme in the spring of 1999. In November 2004, the First Minister announced that responsibility for the administration of the scheme would transfer from the CCW to the Assembly Government. The transfer was achieved on target on 16 October 2006, despite some slippage during the process. This was due mainly to a delay in deciding where Tir Gofal staff should be located and problems with procuring the necessary IT infrastructure to transfer the Tir Gofal database to the Assembly's computer systems.



- 2.63** Following transfer, the scheme's administrative and IT systems have been operating smoothly with no apparent loss of business continuity. However, there was a delay of around eight months in beginning work on any of the applications received in the November 2006 application window, partly because of uncertainty about the level of funding that will be available to implement the agreements. The Assembly Government had intended to use funds transferred from the Tir Mynydd scheme to finance the new agreements, but the National Assembly subsequently decided that the budget for Tir Mynydd should not be cut. The issue was resolved in July 2007 and work on the applications has now begun. However, the delay was unrelated to the transfer of the scheme's administration to the Assembly Government.
- 2.64** The decision to transfer the administration of the scheme from the CCW to the National Assembly was part of the wider agenda of the Assembly Government to deliver improved public services which are joined up, more responsive to people and business, and more efficient. The Assembly Government considered that the transfer of Tir Gofal would deliver specific benefits:
- a** Compliance with the new European Finance and Rural Development Regulations which require all farm support payments to be made by one paying agency in each region from 1 January 2007.
  - b** More democratic accountability, as the Minister for Heritage and Rural Affairs becomes directly responsible for the scheme's administration.
  - c** A single agency will deliver the whole range of agri-environment schemes available in Wales, which should lead to a better, more integrated service to customers who will be able to obtain advice on all the agri-environment schemes from one organisation. The Assembly Government hopes that this will facilitate movement between schemes and encourage take up of the more demanding schemes.
  - d** Greater efficiency through streamlining administrative processes and running the range of agri-environment schemes as a single coherent package.
  - e** Increased and more direct access to highly skilled and experienced staff.
  - f** Increased opportunities for Tir Gofal staff, enabling them to work on a wider suite of agri-environment schemes and to develop their skills and career prospects within a much larger organisation.
- 2.65** Organisational change can be contentious and unsettling for staff and, to a lesser extent, service users. Prior to the transfer taking place, we discussed future prospects with Tir Gofal officials and with agreement holders, who expressed a number of concerns about the transfer (**Figure 20**).
- 2.66** To the extent that these perceptions are well founded, the Assembly Government faces a challenge to allay them and achieve its objectives in taking on responsibility for the delivery of Tir Gofal. The Assembly Government has concluded a service level agreement with the CCW to share staff and resources, so that Tir Gofal officers continue to have access to specialist and policy advice.

**Figure 20: Perceptions of Tir Gofal officers and agreement holders about the transfer of the scheme from the CCW to the Assembly Government**

Tir Gofal officers
<ul style="list-style-type: none"><li>■ Impact on relationships with agreement holders. The CCW had built up good relations with the farming community through the Tir Gofal scheme, and officers felt that this was at risk from the transfer, as farmers tended to view the Assembly Government in a less favourable light.</li><li>■ Potential change of ethos resulting from a dilution of environmental focus in the Assembly Government, which was perceived as being more focused on administrative tasks.</li><li>■ Difficulty of accessing expertise within the CCW on ecology, species and habitats.</li><li>■ The CCW left without administrative support in some offices as staff are transferred to the Assembly Government.</li><li>■ Career prospects: officers feared that they would be used increasingly for compliance work on the single farm payment and Tir Cynnal, and would have less time to develop Tir Gofal agreements. Some felt that this could lead to de-skilling and downgrading.</li></ul>
Agreement holders (focus groups in Llandeilo, Llandrindod Wells and Dolgellau)
<ul style="list-style-type: none"><li>■ Few farmers were aware of the transfer; those that were aware of it, opposed it.</li><li>■ The CCW seen as 'farmer-friendly' while the Assembly Government was seen as more bureaucratic and in some cases hostile.</li><li>■ Need to avoid staff changes: it was important to deal with the same project officer and especially to retain qualified Tir Gofal staff, who had a good knowledge of the scheme. It was important that project officers had a good understanding of the reality of farming.</li><li>■ However, it would be good to minimise the compliance burden by combining visits for Tir Gofal and the Single Farm Payment.</li></ul>

Source: Focus groups and meetings conducted by Wales Audit Office staff

The two organisations have agreed a budgetary settlement: the CCW has transferred to the Assembly Government £3.75 million a year (all its expenditure on Tir Gofal and Tir Cymen, other than accommodation costs, based on 2005/2006 budgets). The Assembly Government will have to cover the additional cost of £240,000 a year for the transferred staff to have access to the Assembly's IT system. The Assembly Government has recently developed options to deliver administrative savings, for example by merging functions and changing working practices, and these are currently being validated before detailed plans are prepared and implemented.



## Appendix 1 - Methodology

- 1 The study addressed the question: is Tir Gofal well placed to meet its objectives now and in the future? It addressed the following sub-questions:
  - Is the scheme delivering benefits now?
  - Is the scheme designed to achieve excellence?
- 2 The fieldwork included a variety of methods:
  - a Document review – we examined the CCW and Assembly Government files and procedures relating to policy development, scheme administration and the monitoring of outputs and outcomes. In particular, we drew on existing studies and policy documents to inform our analysis:
    - the Rural Development Plan for Wales, 2000-2006;
    - the mid-term evaluation of the Rural Development Plan for Wales (AGRA CEAS Consulting, 2003);
    - the socio-economic evaluation of Tir Gofal (CCW, 2005);
    - the Assembly Government's botanical monitoring study of key habitats on Tir Gofal land (2000-2006);
    - other research papers commissioned by the CCW to assess the environmental impact or potential of Tir Gofal; and
    - the CCW's reports on the condition of SSSIs in Wales (CCW, 2003 and 2006).
  - b Meetings with officials in the CCW, the Assembly Government, Cadw, DEFRA and the Ramblers' Association.
  - c Focus groups of agreement holders. We held three focus groups with agreement holders in Dolgellau (Merionydd), Llandeilo (Carmarthenshire and Pembrokeshire) and Llandrindod Wells (Powys and Monmouthshire), covering a range of geographical locations and types of farm. The focus groups discussed the agreement holders' perceptions of the scheme, including their reasons for joining and their opinions of scheme administration and environmental impacts. [Appendix 4](#) has more information on the method, scope and results of the focus groups.
  - d Focus groups of scheme managers and project officers (one each) to discuss the main issues facing Tir Gofal.
  - e A survey of 500 members of the Ramblers' Association Wales. The survey was undertaken in 2006 for the Auditor General's report on public access to the countryside (published in November 2006), but included some questions on Tir Gofal. The members were randomly selected and the survey had a response rate of 32 per cent.
- 3 We also consulted Dr Janet Dwyer of the University of Gloucestershire, who has worked widely on agri-environment schemes, at key stages of the study.

## Appendix 2 - Key findings from the United Kingdom Countryside Survey 2000

- 1** The Countryside Survey is a major monitoring programme that provides information on the coverage and condition of the main habitat types in the United Kingdom. The Survey began in 1978 and resurveys were conducted in 1984, 1990 and 1998; the preliminary results of the 1998 survey were published in 2000. The most recent survey was undertaken in 2006 and the preliminary results are due to be reported in 2007.
- 2** The 1998 survey in England, Wales and Scotland covered a representative sample of 569 one kilometre grid squares. Within each square, the surveyors measured the proportion of land covered by the main habitat types and the length of linear features such as hedgerows and streams. In addition, the surveyors measured vegetation at a sample of sites within each square, and collected soil and water samples for chemical analysis. This more detailed sample work, alongside results from earlier surveys, allows the condition of the countryside to be assessed and shows how condition has changed over time. The Countryside Survey is the most comprehensive and established monitoring programme of the British countryside and continues to develop as new techniques become available. However, the number of grid squares in Wales is not sufficient for the results of the Survey to be statistically valid at an all-Wales level.
- 3** The main findings of the 1998 Survey were:
  - a** plant diversity increased in arable fields, especially in the boundaries of fields: England and Wales saw an increase in some arable field boundaries of 38 per cent;
  - b** plant diversity continued to decline in the least agriculturally improved grasslands, a likely consequence of increasing levels of nutrient availability or eutrophication;
  - c** there was no significant difference between the 1990 and 1998 estimates of hedgerow length, although there is some evidence that in 1998 the vegetation of such hedges in the intensively farmed landscapes of England and Wales was less species rich compared to 1990;
  - d** plant diversity on road side verges fell by nine per cent in England and Wales;
  - e** broadleaved woodland expanded by four per cent in England and Wales;
  - f** areas of semi-natural acid and calcareous grasslands fell by 10 per cent and 18 per cent respectively across the United Kingdom as a whole;
  - g** the number of lowland ponds increased by six per cent across the United Kingdom;
  - h** the biological condition of streams and rivers improved across the United Kingdom;



- i streamside vegetation became more overgrown and plant diversity decreased by 11 per cent in England and Wales, with fen, marsh and swamp expanding by 27 per cent; and
- j more broadleaved woodland was created than was lost through development; however the gain in area is to some extent offset by evidence of a decline in habitat quality, resulting from eutrophication leading to a decline in ancient woodland indicator species.

*Source: Department for the Environment, Transport and the Regions: Accounting for Nature: Assessing Habitats in the UK Countryside, 2000*

## Appendix 3 - Habitat options funded by Tir Gofal

### Areas of land for which payments were made before 31 March 2007

Optional category	Area (ha)
Establish new heathland	11,459
Conversion of improved to semi-improved grassland	5,199
Unsprayed cereal, rape and linseed crops	3,149
Unsprayed roots	3,020
Retention of winter stubbles in cereal, rape and linseed crops	2,962
Spring-sown cereals	2,565
Conversion of semi-improved to unimproved grassland	1,821
Establish broadleaved woodland	1,431
Manage improved grassland for lapwing and/or over-wintering wildfowl	1,109
Increasing water levels on suitable habitats	570
Convert arable land to grassland	373
Establish streamside corridors	369
Buffer zones	367
Establish wildlife cover crops	323
Uncropped fallow margins	139
Rough grass margins	112
Establish new sand dunes	9
Establish new saltmarshes	8
Establish new reedbeds and swamps	2
<b>Total</b>	<b>34,987</b>

Source: Tir Gofal database (Assembly Government)





## Appendix 4 - Focus groups of agreement holders and applicants

- 1** The Wales Audit Office held three focus groups with agreement holders and applicants to discuss their experience of Tir Gofal. We invited participants on the advice of the CCW to cover a broadly representative range of locations, farm types and experience of the scheme, as follows:
    - a** Location: focus groups were held in Llandeilo, Carmarthenshire (13 participants), Llandrindod Wells, Powys (nine participants) and Dolgellau, Merionydd (nine participants). Participants' farms were in the county in which the focus group was held or, in some cases, in neighbouring counties.
    - b** Type of farm:
      - Sheep and beef: 13
      - Sheep only: six
      - Mixed arable, beef and sheep: six
      - Dairy: one
      - Sheep and mountain ponies: one
      - Not known: four
    - c** Experience of the scheme: two participants had applied but had yet to join. The others had been in the scheme, mostly for periods of one to five years, with three having reached the five-year review point. Eleven participants had been in the Tir Cymen scheme and two had been in the ESA scheme before entering Tir Gofal.
  - 2** Each focus group was facilitated to follow a topic guide developed by the Wales Audit Office and lasted approximately two and a half hours. Each session was recorded and the transcripts analysed to identify common themes and differences between the groups. Each participant was paid £50 for attending the focus group.
  - 3** The focus groups covered the following topics:
    - a** reasons for joining the scheme;
    - b** the impact of the scheme on the environment;
    - c** the impact to the scheme on land management practices;
    - d** delivery of the scheme (administration and monitoring by the CCW and the Assembly Government); and
    - e** the future of the scheme.
- ### Main findings
- #### Reasons for joining the scheme
- 4** Most participants had joined the scheme primarily because it made financial sense. This was not a straightforward matter of making significant money from Tir Gofal, although the management payments were an important part of farm income. Across all three groups, payments for capital works – especially field boundaries – appeared to be the most important deciding factor.

These payments helped to improve stock management and the capital value and appearance of the farm. However, the payments did not cover the full cost of the capital works and had not kept pace with inflation.

- 5 Several participants spoke of the longer-term perspective: Tir Gofal was appealing because it provided a degree of security in a context of volatile market prices and reducing subsidies from other sources. The scheme was perceived as having stronger political support and being better suited to current trends (away from intensive farming) than other subsidy schemes.
- 6 Two participants said that they had entered the scheme expressly to improve the landscape and enhance the wildlife features of their farms, but for most participants this was a secondary motive. Several participants mentioned how much they valued the ability to return to traditional farming practices such as hedge laying, and this seemed to weigh more heavily than purely environmental benefits.

#### Environmental impact

- 7 There was a strong consensus that the scheme had a positive impact overall on the environment: participants had noticed how bird and wildflower populations had increased on their farms, and that on the whole farms in the scheme were 'tidier' and better kept than those outside. There was no common view on which prescriptions were most beneficial, but several participants cited arable options, hedging and fencing off habitat areas as having visible benefits.
- 8 There was a lot of concern that prescribed grazing rates on upland pastures were too low, allowing heather and purple moorgrass to dominate to the exclusion of other species.

Participants wanted the flexibility to vary grazing rates to deal with these problems, including the ability to concentrate animals on problem areas for a short period (mob stocking).

- 9 There were mixed views about the effectiveness of streamside corridors. Many participants could see the value for wildlife, but several others disliked the 'overgrowth, weeds and rubbish' that they perceived in the corridors, and the access that the corridors provided for foxes. In one or two cases, farmers thought that the corridors needed to be grazed or managed more intensively than they were.
- 10 Several participants expressed a wish to know more about the impact of the scheme on the environment and suggested that such information should be more widely disseminated. Very few of the participants were aware of the ecological monitoring study.

#### Impact of land management practices

- 11 Most of the farmers had changed their farming practices as a result of entering Tir Gofal. Most upland farmers had had to de-stock (reduce the number of animals on their farm) to meet prescribed grazing rates. Other examples of changing practices included: less use of fertilisers and pesticides, growing root crops, introducing native cattle, planting trees and providing permissive access. Streamside corridors were viewed as a useful way of gaining points under the scoring system without giving up too much productive land.
- 12 A minority of participants had not changed the way in which they farmed as they had already been farming non-intensively.



## Delivery of the scheme

- 13** In general, participants were complimentary about the way that the CCW had run the scheme and the officers that they dealt with, but thought that the waiting list had taken too long to clear. In terms of improvements they would like to see, participants cited:
- a** Faster processing of applications. Two participants had transferred to Tir Gofal after their Tir Cymen agreements had ended, but had to maintain their management practices without payment for six months and two years respectively while their applications were processed. They felt this was unfair, since the CCW was 'getting something for nothing'.
  - b** Quicker decisions on requests to deviate from the agreement, for example to carry out ditching or liming.
  - c** Dealing with the same officer throughout the agreement, so that the agreement was monitored by someone who understood the farm and its management plan.
  - d** More flexibility to vary prescriptions during the course of an agreement, and greater consistency among project officers about the degree of flexibility they were willing to consider.
- 14** There was considerable anger about the decision to cut payment rates for many prescriptions (the revised payment rates had not been published at the time of our focus groups). Applicants thought that the rates should be fixed at least until their mid-term review, when they would have an opportunity to leave the scheme. Others wanted the rates to increase with inflation.

## The future of the scheme

- 15** The main concern was that the scheme would not continue substantially in its current form or would not be adequately funded. Participants felt that it would be disastrous to terminate Tir Gofal, as a lot of good work would be undone and there would be a negative impact on contractors and local communities. Participants in two of the groups were concerned about the possible financial outlay of restoring their farms to more intensive production if the scheme ceased.
- 16** Most participants were not aware of the impending transfer of the scheme to the Assembly Government, but those who did know about it felt that the CCW had a better understanding of farming than the Assembly Government and would prefer the scheme to remain with the CCW. However, integrated inspections were seen as a potential benefit arising from the transfer.