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# Sustaining Nature and Farming on Llŷn

## The 'Payment for Outcomes' project



## Summary

This project seeks to explore new ways of supporting farmers to help nature thrive on their farms, and to demonstrate the merits of sustainable farming, not just for the benefit of nature, but for the long-term future of farming.

The threat to our natural environment has never been so great, but by empowering farmers to be part of the solution we seek to help stem the decline, and create an environment on Llŷn that is healthier, richer and more resilient.

Nature will play a key role in the economic viability of the trial farms and the wider rural economy, and this will bring greater enjoyment and well-being to those who use the countryside.



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## About the Llŷn Peninsula

The Llŷn Peninsula is an exceptional place. Escaping many of the significant events shaping modern society, the area has retained a sense of tranquillity and many of the natural and cultural features which have long since vanished elsewhere.

Its status as an Area of Outstanding Natural Beauty is testimony to a highly varied landscape dominated by rugged heath clad hills spectacularly dropping to the sea. The landscape is a patchwork with ancient field systems and old crofter's cottages neighbouring more modern farming practices on the fertile land.

The habitats on Llŷn are a haven for numerous species from the distinctive chough which relies on the coastal grasslands and heath, to the grey seals which need rocky cobbled beaches, sea caves and sheltered coves.

But Llŷn's beauty and tranquillity conceal the underlying pressures that challenge the long-term viability of the natural environment - pollution, climate change and an intensification of farming.

This project looks holistically at the farming system on 3 trial sites with the objective of moving to a more sustainable model where delivering outcomes for nature is central to each farm's resilience.



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## Why do we need this project?

As is the case across the country, over the last 50 years Llŷn's natural environment has suffered significant losses of both habitats and associated species, as is highlighted by the 'State of Nature Report 2019' that shows that since the 1970's there's been a significant decline of 41% in both the abundance and distribution of UK species. The pressures that have caused this loss in nature have continued to have an effect, with agricultural management, and the abandonment of some of our most important marginal habitats being highlighted as two of several factors causing this decline.

The result is biodiverse, valuable habitats become increasingly isolated. These 'islands' of habitats are less valuable for nature as they're not connected and the movement of the species they contain is limited. This makes them vulnerable to sudden changes (for example a major weather event). Land management practices on adjacent land, such as nitrate pollution through run off from agricultural land can cause coastal grasslands to become dominated with agricultural grasses and depleted of wildflowers.

## The challenge ahead

Our ambition is for all our land to be rich in nature and achieve what we call a 'High Nature Status'. It is about 'nature-friendly farming' or 'wildlife-friendly land management'. Our aim is for at least half of our land to achieve High Nature Status by 2025. Around 41% of the 3,000 hectares of our land on Llŷn is currently in this condition, so there is more work to be done. We manage some of this land directly but most of it on Llŷn is tenanted coastal farms.



## What do we seek to achieve?

The Payment for Outcomes (PFO) trial is an innovative approach to finding ways in which farming can be both more environmentally and economically sustainable on Llŷn.

The project will adopt a whole farm approach. Tenants will have the knowledge and the incentives to carry out work to enhance nature and improve habitat connectivity along the coastal belt; and will understand the opportunities to align this with profitable farming.

We want to test a new way of encouraging, supporting and empowering our tenants to take a nature friendly farming approach. We will work closely with them to help

their farms become richer in nature, and their businesses more secure in turn. This will establish a more sustainable approach to farming, whereby the food that they produce is done in ways that work with nature, not against, and which doesn't deplete or damage natural resources.

Thus, the ribbon of coastal habitat around Llŷn and the farms that help to maintain this will become more resilient. Deteriorating cliff top habitats will be on the road to recovery, alongside new species-rich farmland habitats expanding inland. Wildlife will be able to flourish and move more freely through this landscape. We want to use the learnings and results from this trial to help Welsh and UK governments develop their post-EU farm support schemes.

The project is being delivered through a long-standing partnership: the Llŷn Partnership is made up of conservation organisations, farmers unions and managed by Gwynedd Council. The project is funded by the National Trust with the capital works element forming part of the wider 'Tir a Môr' Sustainable Management Scheme.

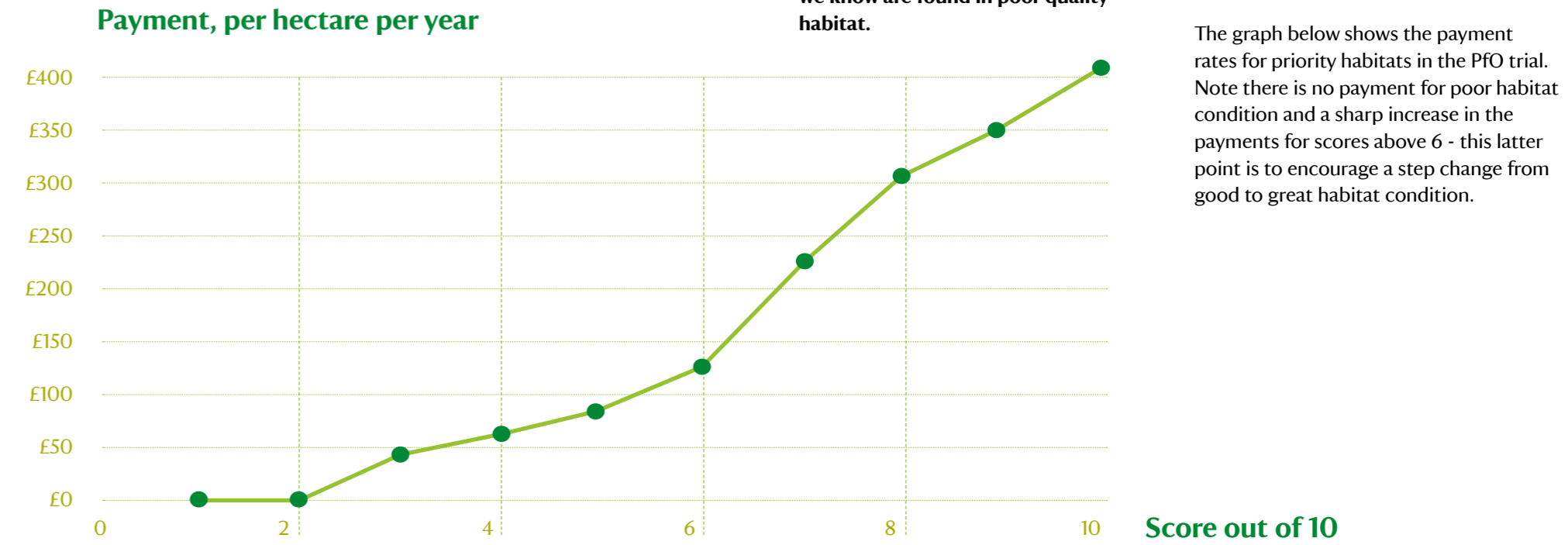
## Payment for Outcomes (PFO) trial – what's involved?

The PFO trial differs from typical agri-environment models in that the payments are based on measurable outcomes rather than solely on the delivery of specific actions (that may not achieve the intended outcome).

**The payment system takes into account positive and negative indicator species and features related to each habitat. More positive species and features will result in a higher score and therefore a higher payment. These indicators are the plants or other features that we consistently find in high quality habitats, or the plants or features that we know are found in poor quality habitat.**

This system should encourage farmers to carry out work such as habitat creation, restoration and to adapt farming methods to enhance what they already have. Critically, the farmers will decide the actions they undertake, learn from experience and have more control over the condition of their land and the resultant payment. The pilot on Llŷn is taking place on three of our tenanted farms, Cwrt, Muriau and Penrhyn Mawr. On each farm there is a mixture of habitat creation, significant changes to farming methods but also small subtle changes which will have significant positive impacts.

The graph below shows the payment rates for priority habitats in the PFO trial. Note there is no payment for poor habitat condition and a sharp increase in the payments for scores above 6 - this latter point is to encourage a step change from good to great habitat condition.

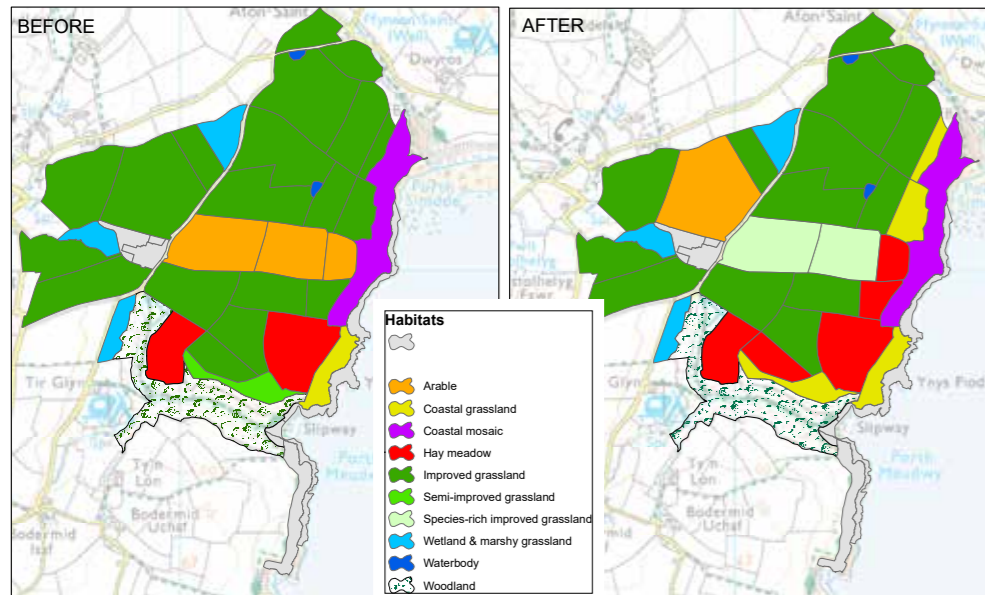


# Case Studies

## Cwrt Widening the coastal corridor

On this mixed beef and sheep farm the trial is exploring opportunities to enhance existing habitats and broaden the coastal corridor by creating significant areas of species-rich meadow and coastal grassland. This habitat creation is being undertaken by the tenant with guidance from us and the wider Llŷn Partnership group. We are also returning stone-faced earth banks (clawdd walls) to this spectacular stretch of the coast. A popular section of the Wales

Coast Path runs along the edge of this farm. We want to provide a more beautiful, nature-rich landscape for visitors to this place. The map below represents Cwrt farm, one of three farms participating in the PFO trial. The map on the left shows the land cover before, and the map on the right shows the land cover that the trial is aiming to establish.



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## Muriau Restoring coastal grassland habitats

One of the habitats that's seen a dramatic deterioration across the Llŷn in recent decades are coastal slopes, either because of enrichment from fertiliser run-off from adjacent fields, over grazing or an abandonment of grazing completely. Muriau's coastal slope has deteriorated through a lack of grazing, with a low diversity of plants, a dominance of bracken and gorse and a thick thatch of grass.

The trial's work so far is demonstrating that habitat gains can be achieved with

modest investment in capital works. Simply by working up a solution with the farmer who knows the site better than anyone, significant improvements have been made.

This has involved the introduction of fencing and a water supply to allow cattle to return to the coastal slope. After only a year the changes are staggering. We've also taken the opportunity to educate people about how to share the coast with livestock, using interpretation panels that contain advice and guidance.



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## Porth Gwylan A test farm for herbal leys

We've been directly managing this small coastal farm since 2017, following the retirement of the previous tenant. We're creating new grassland habitat next to the coastal land, and we're establishing multi-species grasslands on the productive core of the farm. Known as 'herbal leys', these type of grasslands are known to promote better soil health through deeper rooting, provide animal health benefits that include natural worming capabilities, reduce the need for costly and environmentally challenging chemical fertilisers, and offer

more nectar potential for pollinators, compared to single species productive grasslands.

Furthermore, herbal leys are significantly more drought resistant, which will enhance farm resilience while providing benefits for nature, including pollinators.

Within the Pfo 'Improved Grassland' habitat category, herbal leys score more than single species grassland so, reflecting its higher environmental value, generate a higher annual payment in the Pfo.



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## Penrhyn Mawr Grazing regime

Some of the fields sloping down towards the sea at Penrhyn Mawr have great potential for flowering plants and pollinators. However, the grazing pattern to date hasn't allowed them to flourish. Through incentivising changes to management, such as altering the timing and intensity of the grazing, the range of plants on the coast will have more opportunity to flower. Where a diverse range of species are recorded as flowering, there will be an increase in the scores and payments.

## Public Perception of Nature

The project is looking to undertake research to understand the public’s perception of nature in this area. Tourism is a key part of the area’s economy, with walking and nature- based tourism both on the rise and key to this, is to be seen as a year-round destination.

As nature begins to thrive on the farms in the PfO trial, we hope that visitors will gain more enjoyment from this landscape and find new reasons to return. By creating a broader, more diverse and cohesive suite of habitats along the coastal corridor we want to provide opportunities for tourism and enhance the well-being of visitors to the countryside from near and far.



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