

## **Background**

The proposal of the second Dartmoor Test & Trial (T & T) was to test the practical development of payment by results (PBR) on common land by designing and trialling a model with commons graziers across the varied landscape of Dartmoor. It aimed to better understand the barriers and opportunities to improve delivery, including the necessary governance. Both the reward (payment for delivery) and governance and financial administration were addressed.

## **Methods**

Project methods included: literature reviews of PBR and natural capital approaches; detailed analysis of Dartmoor's farming systems and farm economics data using the 'comparative agriculture' method; analysis of commons governance and management through interviews and a survey; regular engagement / information-gathering from more than 70 active farmers / commoners, landowners & key stakeholders (NE, Duchy, DCC, DCOA, DNPA, Hill Farm Project, various Commons Associations, Pony association) in numerous meetings, interviews and regular liaison. Two specialist farmer/owner panels: 'governance' and 'payment by results'; were convened and met regularly throughout the project. Four workshops and extensive field visits on Dartmoor commons were also undertaken with farmers, agency officers / experts / advisors and owners, and Defra policy teams. All actions foreseen were achieved, despite minor delays in appointing local staff and completing the economic analysis and trials. Structures and governance operated effectively throughout, despite significant external distractions and tensions (NE negotiations on HLS rollovers, and the Fursdon review process).

## **Results**

Drawing from the literature, Payment-By-Results approaches develop often as partnerships between NGOs, government and farming bodies; most are farmer-led or government agency-led. PBR typically focus on a specific habitat or landscape type with shared agreement on desired outcomes, and knowledge of appropriate management practices. A clear vision of steps towards outcome(s) is linked to a scoring scale combining criteria, and training is needed for participants to be confident in judging outcomes. PBR scheme assessors can be the farmers themselves, but independent assessors are more usual. Scoring is linked to a payment matrix, payments rise in line with score/quality, incentivising farmers to achieve improvements. Payments are made annually after each scoring, when assessor and grazier(s) review progress and consider scope for improved management.

PBR offers potential benefits to achieve effective commons management on Dartmoor. Key features relevant and applicable to Dartmoor commons include linked advice and training to encourage commoner learning and scoring; 'capital works' or specific 'management actions' funding (on top of a PBR payment per hectare); and a governance approach that enables trust and regular communication between funders, assessors and commons managers (farmers/commoners and owners working together).

A review of NC approaches concluded that these are not appropriate for setting PBR payments on Dartmoor commons, due to poor valuing of biodiversity and landscape (which are central to Dartmoor). A management costs approach will be both more practical and more cost-effective, to develop and use. Our model for trials built on the Wales commons scorecard, integrating Dartmoor-specific aims and knowledge (notably Farming Futures), as well as lessons from recent experience. Duchy college work (FCL funded) and our Dartmoor diagnosis provided up to date detailed management costs to use for PBR costing/pricing.

Financial analysis of FBS data shows the economic fragility of Dartmoor farms. Detailed farming systems diagnosis (Duverne and Pages, 2023) shows how, since 2000, decoupling and agri-environment agreements on commons led to system change and dramatic shifts in

management. A reduction in grazing livestock numbers (sheep, cattle and ponies), near-complete exclusion of cattle overwintering and a shift in business structure to concentrate income on enterprises less dependent on the moor, have increased the fragility of commons management and the knowledge and culture that support it, among farmers and the wider community. Most farm systems on Dartmoor, whether using the commons or not, depend on public subsidy and non-farm income to maintain viability, with limited scope to substitute one for another as BPS reduces.

Sustained farmer engagement and deliberation has enabled us to develop a robust PBR approach. There is broad support for a new scheme which offers a more coherent, transparent and results-focused approach to generate public benefits on Dartmoor. Commoners and owners favour stronger advice, feedback and support as well as more clearly delineated funding for specific, targeted management through 'Management Action Plans' (MAPs) agreed on a 3-year rolling programme, working alongside a regular PBR review and reward system. There are widespread calls for the approach to be led by a body which is independent of Natural England and has a resource adequate to ensure sustained advice and ongoing dialogue with commoners and owners. It is not viable for individual Commons Associations (CAs) to design and oversee PBR without additional institutional support, and there is an appetite for greater co-ordination between CAs, going forward. A bespoke central team with the capacity to engage and coordinate across CAs and overseen by a Dartmoor-wide partnership, offers significant additionality and would command good local support.

These Governance ideas were refined by learning from the FCL test and trial to develop the SFI on common land; also undertaking a CA survey gathering information on Dartmoor commons' governance, rights and administration; and considering relevant good practice elsewhere as well as Dartmoor's own prior initiatives. The proposed PBR approach was developed and agreed for testing through trials: scoring and management action planning, working with graziers and owners. Progress was affected by the parallel conduct of the Fursdon evidence review as well as NE HLS rollover negotiations, which introduced sensitivities and delays. Nevertheless, trials were completed in February on 3 clusters of commons (embracing 6 individual commons).

### **Key conclusions and recommendations**

1. There is broad support and farmer enthusiasm to take forward a PBR-style scheme for Dartmoor commons, based upon three elements as proposed here: a per-hectare annual payment linked to a scoring system which judges how well the common is delivering for a range of public goods; a Management Action Plan comprising a three-year rolling programme of specific management work (labour and capital costs) designed to address particular issues identified through the PBR survey and scoring; and a small core professional team of co-ordinators, facilitators and advisers who can ensure the quality of assessments and oversee efficient and effective delivery.

2. The survey and scoring system was judged usable by graziers / owners, even though surveys were done in winter. Minor weaknesses in species identification could be overcome by surveying in early summer (and would likely add 1 to average values). The approach can valuably 'piggy back' on survey points generated for SFI on commons, saving time and enabling complementary data collection for monitoring. Scores average quite low, emphasizing the need to ensure that the MAP component of the scheme is allocated a significant share of total available funding, to mobilise new active management by commoners and commons' owners.

3. There is potential to recognise the value of supporting good access, fire management, carbon contribution and commitment to responsible practices with an amended scoring system that would add up to 2 extra 'points' at landscape level. A fairly

steep gradient would apply for scores in the low to mid-range of 3 to 6, to encourage land managers/owners to improve scores and returns To cover management costs, also ensure viability and sufficient incentive to join, average scores should result in average payments around £225/ha (at 2024 prices), across Dartmoor commons as a whole.

4. Trials and associated discussions highlight the crucial importance of a core technical team to support commoners in their management. It will improve the performance of commons managers and provide vital assurance for Natural England, Historic England and the RPA as a 'professional' guarantor of the quality and appropriateness of agreed management. It will enable commons secretaries to increase the cost-effectiveness of their agreements by offering independent and qualified advice, training and support, focusing funding on where it brings the best return for the public.

5. It is feasible to plan a total package spending no more than previous HLS + BPS on Dartmoor commons (estimated at c.£11-12m/year in 2020), achieved by focusing a higher share of total payment on the rights holders and owners who take an active part in commons management tasks and responsibilities, rather than allowing a large proportion of payment to be directed to non-active grazing rights, as happens currently. Our evidence suggests the current system is inefficient, insecure and often ineffective. The new scheme would link payments much more closely to regular active management, monitoring and feedback.

6. The new scheme would be ambitious, by comparison with current schemes. However, there has been a good level of farmer engagement and support for the work, throughout, giving confidence that it can proceed to a pilot, aiming for this PBR approach to become a 'special project' under the CS+ scheme, within the next 2-3 years. The pilot should fund a PBR package on at least 6 commons in 2024-2026.

7. The central management team for the special project will enable savings in administrative and delivery costs within RPA and NE, and provide significant added-value in respect of scheme outcomes, compared to an approach which did not include this element. PBR itself offers valuable scope for automated payment delivery, and MAPs could operate a system such as the standard CS capital works procedures, within RPA. However, the RPA should also work to improve in-house capability to ensure fully informed management of ELM collective agreements. This could eliminate current issues of misunderstanding, disincentive and error that have arisen due to inappropriate use of 'single-beneficiary' standard procedures and communications, in these more complex collective-entity situations.

**In sum, our recommendations are:**

- That Defra works with DNPA and others to enable a funding allocation sufficient to support a pilot of this approach on at least 6 Dartmoor commons in 2024-6, to develop and confirm the precise specification of the CS 'special project' that would enable its integration into CS+ from 2026 onwards, subject to a successful pilot.
- That DNPA, DCC, the current project board and CCRI continue to co-lead and deliver the pilot, working in close partnership with Dartmoor farmers and commons owners, as well as the statutory agencies.
- That the RPA (continuing to liaise with FCL and this project) establishes a core of expertise, tailored procedures and communication materials to enable effective delivery of ELM collective agreements.

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**On behalf of the Dartmoor Test & Trials Partnership 2024**