

LAND STEWARDSHIP

managing sustainability

United Utilities has partnered with government agencies and the Royal Society for the Protection of Birds in an ambitious scheme to ensure the quality of its drinking water while benefiting wildlife and improving the long term viability of upland farms

Who is one of the largest landowners in the North West of England? The Forestry Commission, with its vast plantations? The Ministry Of Defence? A big private landowner – a Duke perhaps? The Duchy of Cornwall, whose extensive estates provide a living for the Prince of Wales?

Step forward United Utilities, in whose veins runs water, not blue blood. At first sight, the mundane roles of supplying water and sewerage services fit oddly with the grander responsibilities associated with land ownership. But history, as ever, has played its part. When the water industry was sold off in the late 1990s, some of the newly privatized water

companies inherited large tracts of land in their regions that had originally been acquired to protect the gathering grounds for the country's reservoirs.

United Utilities owns more land than any other UK water company. Almost half of its 59,500 hectares (147,000 acres) lies within National Parks. Some is reservoir land, some grouse moor, but much is occupied by tenant farmers, making the FTSE 100 company the owner, but not the manager, of this land.

Since the 1970s, when the effects of the Common Agricultural Policy first began to be felt, farmers have been encouraged to get as much produce from their land as possible. Subsidies encouraged the farmers

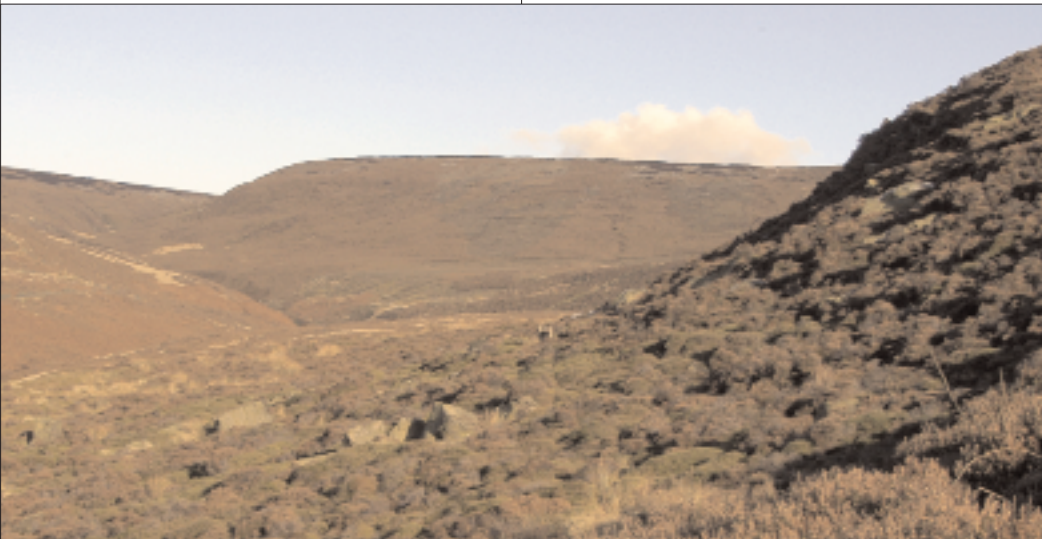
working the water company's land to dig long ditches, known locally as grips, to bring marginal hilltop land into production. These have steadily washed away the peaty soil. 'Grips drain the high ground quickly, but from the water quality point of view, you want the water to find its way down to the reservoirs slowly because this removes colour and cloudiness', says Bruce Bendell, head of corporate social responsibility at United Utilities. Overgrazing was also a problem – subsidies have encouraged production regardless of its environmental effect – and the soil, no longer held together by vegetation, began eroding to bare rock. Longstanding agricultural tenancy agreements meant that the company could only advise, and not require, its tenants to farm in a more sustainable way and so protect what in hydrological terms is a giant water filter.

'Water treatment starts for us the moment the rain falls on the hills,' says Bendell. 'We can never do without treatment works – they make the water safe to drink – but by managing our land as best we can, we can avoid adding more and more levels of treatment.'

During the water industry's 2005 spending review, the company put forward a radical plan for managing its catchments which would restore areas of high value for nature conservation and simultaneously improve the quality of the raw water before it was treated for drinking. The result, after scrutiny from the water regulator, was the Sustainable Catchment Management Programme, or SCaMP.

SCaMP covers two of United Utilities' four estates, in Bowland and the Peak District. More than 20 farms and other landholdings are already involved in the five-year scheme, which covers 28,000 hectares. 'SCaMP is

the company proposed a holistic approach, making improvements 'from hilltop to tap'



UNITED UTILITIES

➤ Arnfield Moor in the Peak District near Glossop, Derbyshire is a good example of the kind of rugged upland covered by United Utilities' Sustainable Catchment Management Programme

about a lot more than just improving the quality of drinking water', says Bendell. 'We're working closely with the Environment Agency, the Forestry Commission and English Nature, among others, to ensure the scheme benefits not just water consumers, but also the rural economy, leisure interests and wildlife.'

The Royal Society for the Protection of Birds, in particular, which leases part of the water company's estate, is heavily involved. 'SCaMP is definitely the most exciting project we've ever worked with United Utilities on', says Roy Taylor, the RSPB's conservation programmes manager for North West England, who is based at Denby Dale in West Yorkshire. 'This is the very first sustainable catchment management plan of any size anywhere'. The company has drawn on the conservation body's expertise in writing a management plan for the landholdings. This identifies the number of animals that a given area of land can sustain, and may recommend new buildings be erected for overwintering livestock to reduce the pressure on grazing and suggest how best to protect endangered blanket bogs, which hold water rather like a giant sponge.

SCaMP can pay for capital costs, like that new winter sheep shed or to block a grip that is draining an upland bog, causing it to dry out. The long term benefits flow not just to wildlife and the water company, but also to the farmer's family – the tenancies typically pass from one generation to the next. It also helps to put cash from other sources into the hard-pressed upland farmer's pocket, as subsidies now increasingly support conservation rather than production. At Whitendale farm in Bowland, SCaMP has paid for the planting of an 84 hectare upland oak woodland on marginal land. Besides reducing erosion and providing wildlife habitat in the long term, the farmer will receive over £5000 a year in Forestry Commission grants for 15 years.

SCaMP is costing £10million (\$17m), but United Utilities has three million household and business customers. How does the company justify spending water users' hard-earned cash on a land management scheme? 'We are not just doing this out of the goodness of our heart. We believe this is a sustainable solution to a long-term problem. The costs are fairly simple to identify, but research is needed to quantify the full range of benefits', says Bendell. 'We have to do this work in order to find out.'

Other agencies are taking a close interest. The Department for Environment, Food and Rural Affairs is studying the economic benefits for farmers and local businesses, and also whether the model will work in other parts of the country, while English Nature is looking at whether SCaMP will reduce downstream flooding in the Bowland catchment.

Taylor adds: 'SCaMP is important because it has national resonance. It shows how raw drinking water quality, nature conservation, recreation and farming all relate to each other. For all the partners, this is a rare opportunity to collect hard evidence on sustainable land management.'

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MIKE RICHARDS

n the rare ring ouzel is one of the beneficiaries of the water company's ownership efforts to conserve habitat in wild moorland areas. This close relative of the blackbird arrives in spring to breed

the company

United Utilities is the largest operator of water and wastewater networks in the UK. The FTSE100 company had around 17,000 employees worldwide and turnover of £2.37billion (\$4.3bn) in the year to March 31, 2005. It:

- n invested £3m over the same period in communities in terms of cash, time and in-kind help, which represents 0.74 per cent of pre-tax profit
- n reduced the number of reportable accidents per 100 employees by over 12 per cent in that year
- n makes purchasing decisions based on suppliers' environmental and social impact, having prioritized over 500 key suppliers in this way
- n has been reporting on its social and environmental impacts for a number of years. The company first published a social audit of its activities in 1999. The following year it won Business in the Community's Impact on Society Award for its 'clearly defined approach to managing and accounting for its impact on society', and also the UK Environment Reporting Awards



comment UNITED UTILITIES

Many large companies find they have responsibility for assets that are not core to their business. United Utilities is a case in point. Large land areas – forests, moors and farmland – are all important as water catchment areas and are owned but not managed by the company. The 'hilltop to tap' plan indicates that United Utilities takes its responsibility for people and the environment seriously. It is a model worth replicating.

features of particular interest:

- n a catchment managerial programme for each landholding
- n collaboration with a number of specialist agencies, such as the RSPB and English Nature
- n genuine concern for the functioning of the rural economy as well as making sure customers have a sustained supply of clean water
- n systematic research on outcomes of the programme

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