

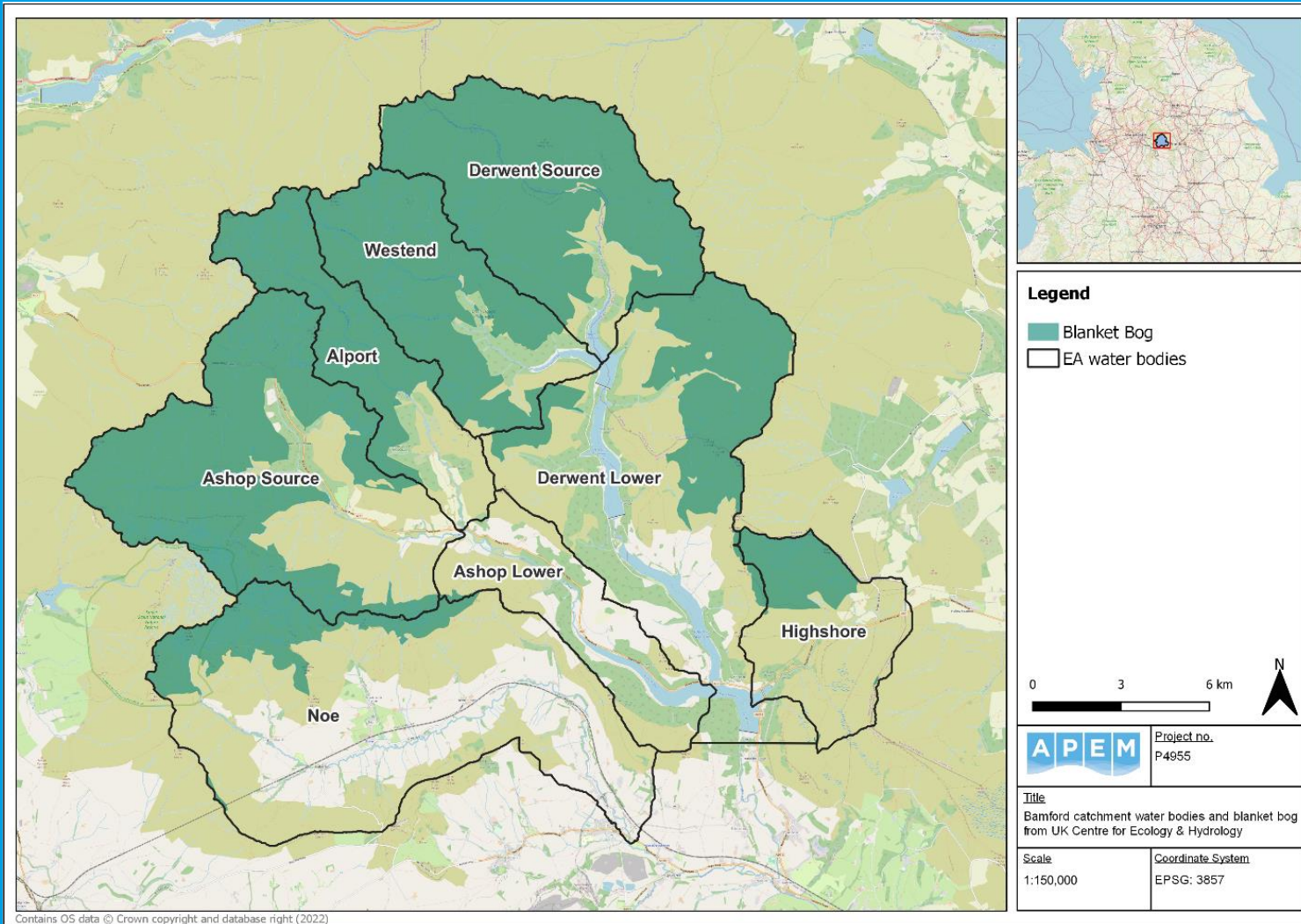
AFTER REVEGETATION HOW DO YOU JUSTIFY CONTINUED INVESTMENT IN MOORLAND RESTORATION TO CONTINUE THE TRAJECTORY TO FORMING ACTIVE BLANKET BOG?

Severn Trent and the Moors for the Future Partnership

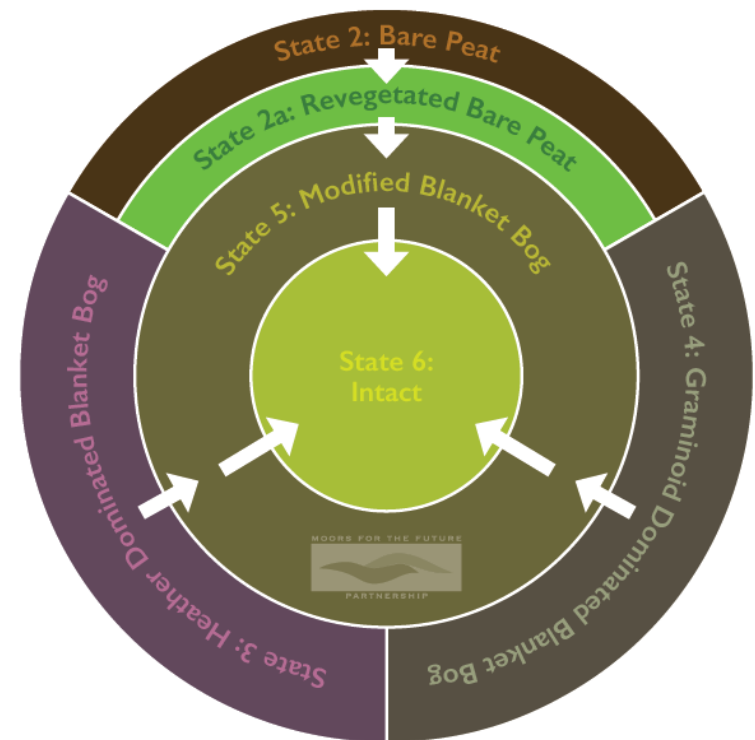
WONDERFUL ON TAP



INTRO TO MOORS FOR THE FUTURE PARTNERSHIP AND BAMFORD CATCHMENT



- South Pennines SAC covers 650km² it is also designated as a SSSI. It is the source of 8 major rivers and provides water to 3 water companies
- The majority of this area is in a degraded condition
- Severn Trent has been a key partner in MFFP since it was established in 2002. MFFP's aim is to work on a landscape scale to return the uplands to a sustainable condition
- Blanket bog condition is categorised into 6 states from bare, eroding (state 2) to functional active blanket bog (state 6)
- Work to date has moved the majority of the South Pennines from state 2 to state 2a, revegetated bare peat. The long term aim is to move towards state 6 and its associated ecosystem services benefits

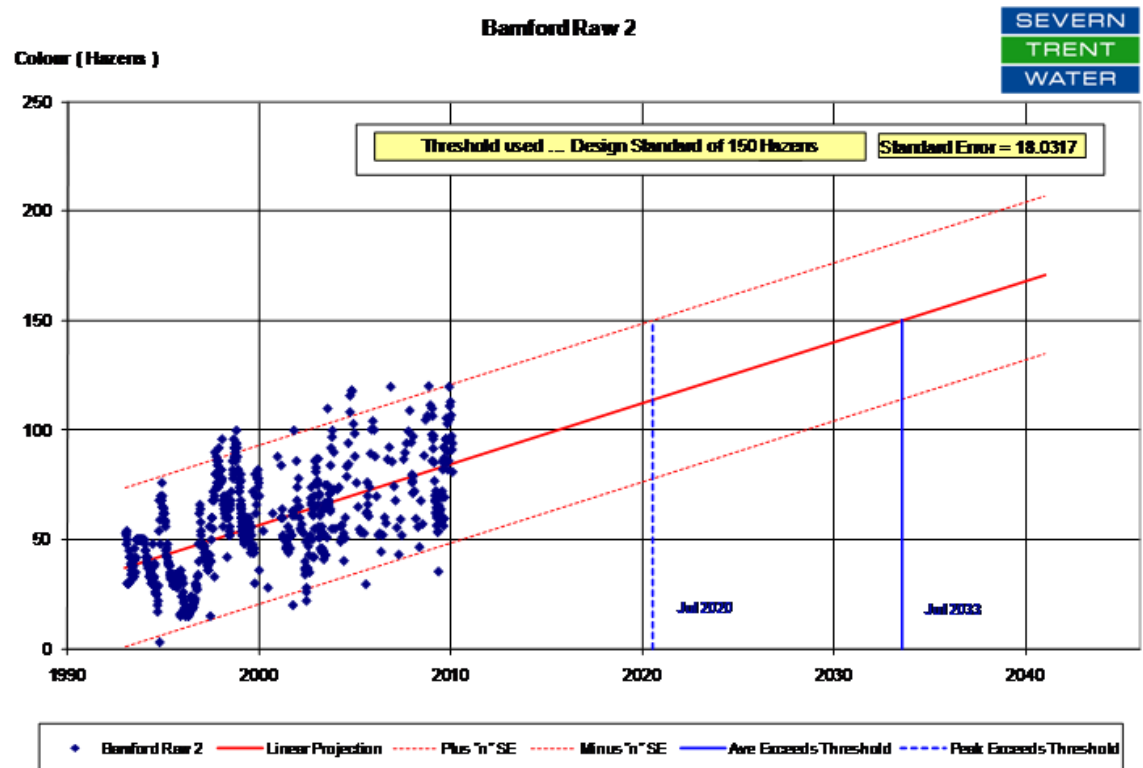


WHY ST INVESTED IN MOORLAND RESTORATION

Investment by Severn Trent in moorland restoration of Bamford catchment began because the projected peak colour in the raw water was predicted to exceed treatment capacity by 2020

Degraded moorland leads to increased sediment, acidity, colouration and the release of heavy metals.

The cost of building an extra treatment process to remove higher coloured water would be around £5 million plus extra operational costs



WATER COMPANY INVESTMENT CYCLES

AMP cycles, WISER and WINEP

AMP CYCLES



An Asset Management Plan (AMP) is a tactical plan for managing an organisation's infrastructure and other assets to deliver an agreed standard of service. They run in 5 yearly cycles, we are currently in AMP7 2020-2025.



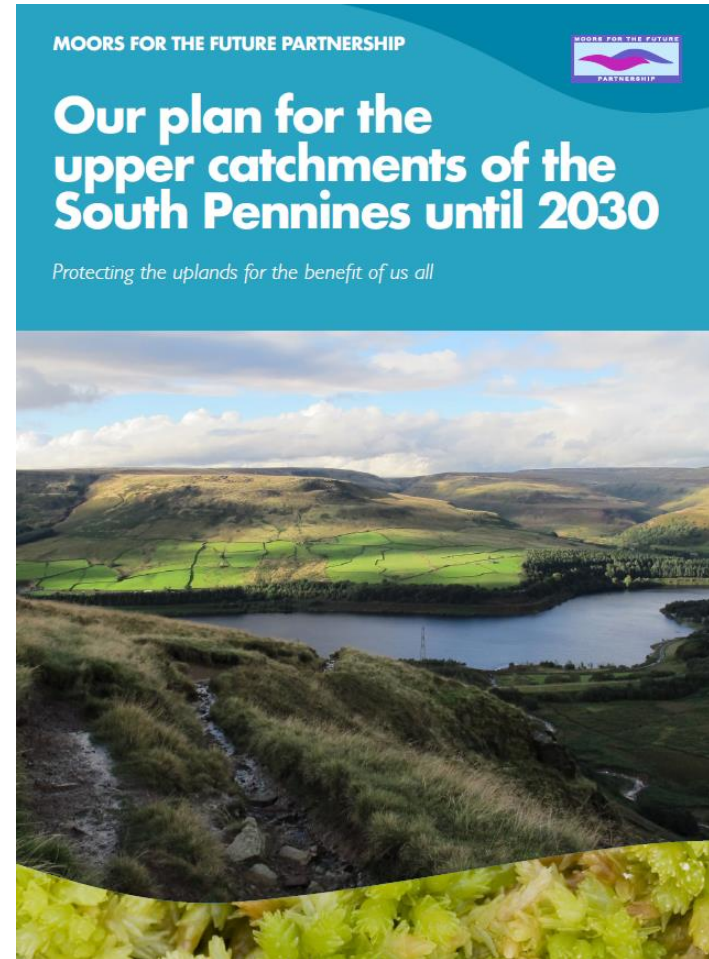
Price reviews are how Ofwat regulate water companies by setting the price, investment and service package that customers receive. It is a balance between customers interests and ensuring companies can finance the delivery of water and wastewater services whilst meeting environmental and social duties.



We are currently working on the price review for 2024 (PR24). This will set wholesale price controls for water and sewerage companies for AMP8 2025 to 2030.

WISER AND WINEP

- The Environment Agency and Natural England jointly publish the Water Industry Strategy Environmental Requirements (WISER) It provides the strategic steer to water companies on:
 - improving the environment
 - resilience for the environment and customers
 - flood risk
 - relevant legal requirements
- The WINEP gives information to water companies on the actions they need to take to meet their environmental legislative requirements and related government priorities (as set out in WISER).



AMP7- MOORWATER PROJECT

COMMS AND SCIENCE



Investing in the communications and science elements of moorland restoration is vital when thinking about long term investment



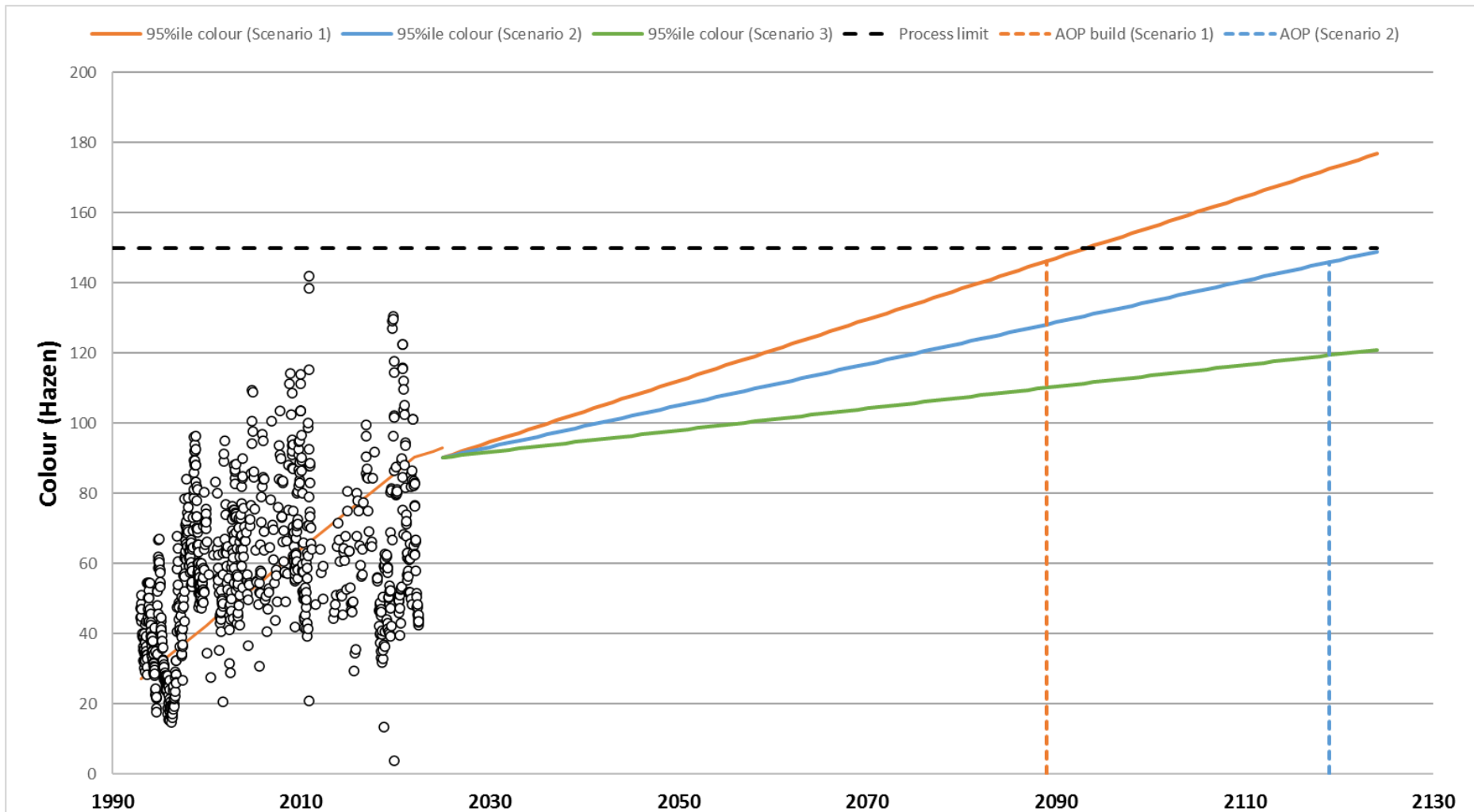
Communication of the projects goals and achievements to both customers and stakeholders is essential to get understanding and buy in to support future investment



Funding the monitoring and research provides the long term data and evidence that moorland restoration is effective in improving water quality and delivering other natural capital benefits

WATER QUALITY

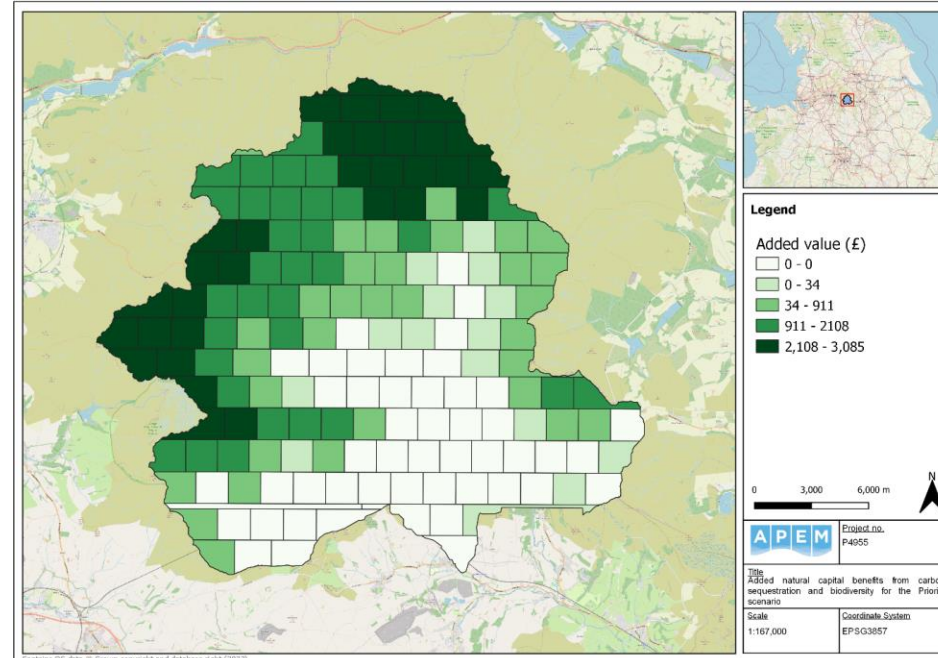
- Treatment investment is now projected to be required in 2089 and with further investment in AMP8 is projected to be 2119 and that is without considering investment beyond AMP8



AMP8

COST BENEFIT ANALYSIS

- Severn Trent has used CBA to support investment in moorland restoration since AMP5
- For AMP8 planning we commissioned through MFF the 3rd version of the CBA. APEM have undertaken this with latest Natural Capital methodologies
- We hope to use the outputs of this report to build our business case for funding in AMP8 to continue moorland restoration in the catchment
- The report shows that if we were to invest at similar amounts to AMP7 we would get a 7.5 benefit cost ratio return in natural capital benefits reflecting a benefit compared to the do nothing scenario of £9.6 million
- £2.5million of the benefits is water treatment cost savings



UTILISING NATURAL CAPITAL AND MATCH FUNDING

- Severn Trent's investment is often used to obtain match funding through grant applications by MFFP
- This is one of the great benefits of partnership working for Severn Trent
- The Moor Green investment project is a pilot natural capital project to assess potential for developing a market for ecosystem services and leveraging in private sector investment for environmental restoration

DO YOU HAVE ANY QUESTIONS?

Laura Flower

Senior Catchment Management Scientist, Severn Trent

Laura.flower@severntrent.co.uk

Tony Price

Project Manager, Moors for the Future Partnership

Tony.price@peakdistrict.gov.uk

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