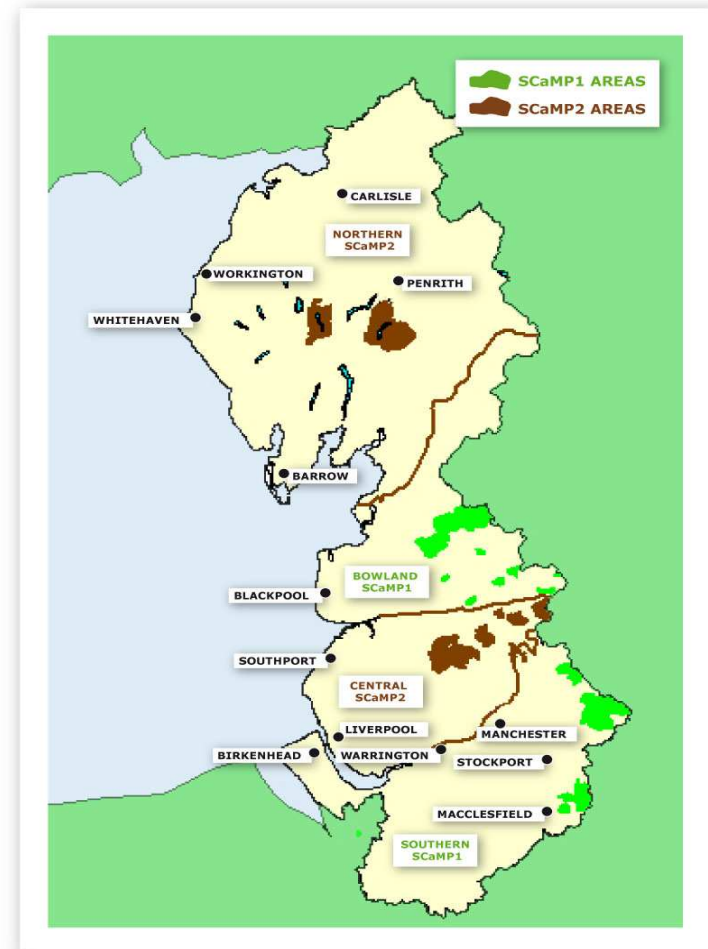


Introduction

- UU land ownership of 56,385 ha
- 17,500 ha designated as SSSI and majority as SPA or SAC to protect habitats and species

SCaMP - an integrated approach to catchment management incorporating sustainable upland farming which delivers a range of water quality, environmental and public goods

- Phase 1 – 2005-2010
- Phase 2 – 2010-2015



Background

- Agricultural pressure on large areas of United Utilities water catchment land
- Large areas of upland peat moors had been drained to improve farming output. Impact of industrial pollution and climate
- Common Agricultural Policy payments based on headage which encouraged farmers to have maximum numbers of stock
- Many areas of SSSI and EC designated Special Protection Areas were in unfavourable declining condition
- Raw water quality was deteriorating



Pressure on the catchment



Opportunity

- Introduction of Single Farm Payment began phasing of payments based on environmental conditions
- Environmental Stewardship Schemes provide an additional opportunity for farmers to gain additional income for managing land for environmental benefits
- Government targets were set to improve SSSI condition
- UK, Lancashire and UU Biodiversity Action Plan targets
- The political climate was right for United Utilities to begin focussing on catchment management

SCaMP 1

- Between 2005 and 2010 the SCaMP 1 programme focussed a spend of £10.7m on our land holdings including SSSIs in the Peak District and Bowland areas
- Work included:
 - Grip blocking
 - Bare peat restoration
 - New farm facilities
 - Fencing, walling, water troughs
 - New woodland, hedgerows
 - Species rich grassland, scrapes, rushy pasture

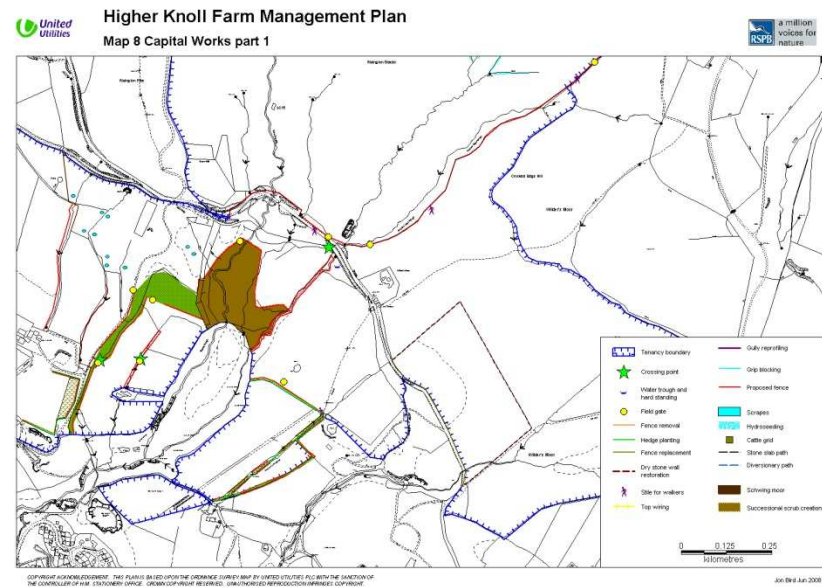


SCaMP2

- The main driver for SCaMP2 is raw water quality
- Analysis of data over several decades has highlighted a rising trend in both colour and turbidity
- This in turn leads to increases in the use of power and chemicals in order to achieve drinking water standards
- Drinking Water standards and price regulation requires the Company to improve raw water input to the treatment works
- This can only be achieved by taking action on the catchments

Lessons learned from SCaMP1

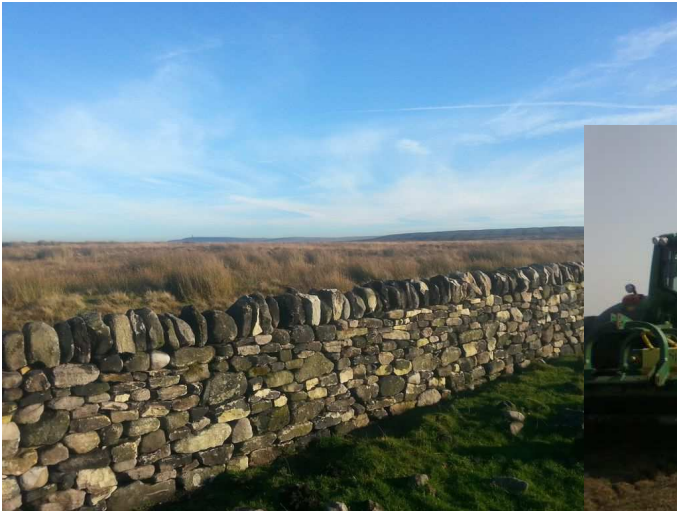
- Plan well in advance and in conjunction with the tenants
- Work closely with NE
- Discuss supply of materials and scheduling of work with contractors
- Ensure that the farm plan is sustainable and delivering benefits



What has been achieved since 2010 ?

- 32 SCaMP2 plans have been delivered
- This encompasses 16 AHA tenancies and 24 Bare land lets across the West Pennine Moors and east Lancashire
- 31 Farms have entered into either ELS/UELS or HLS schemes.
- In effect this has put approximately 7906 Ha into positive management
- To achieve this UU has invested £5m

What are the outcomes





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