

CSR case studies



United Utilities

Establishment of a multi-partner sustainable water catchment management programme that will benefit wildlife and water.

● The company

United Utilities Plc was created from the merger of North West Water and Norweb in November 1995. Its principal activities are managing and operating the regulated electricity distribution, water and wastewater networks in north-west England, a region with a population of around 7 million people.

As well as operating utility networks, the group owns two support services businesses: United Utilities Contract Solutions and Vertex. These businesses apply the group's core skills of infrastructure management and business process management in the provision of services to others. For example, Contract Solutions manages water networks in Wales for Dwr Cymru Welsh Water and is part of consortia helping to deliver capital investment programmes for Southern Water and Scottish Water. The company operates a gas network in the north of England and Vertex is one of the UK's leading providers of business process outsourcing and technology services. The company provides services across four continents and employs around 18,000 people.

Corporate social responsibility, or corporate responsibility (CR) as United Utilities calls it, is important as it helps the business to take active responsibility for the management of its impact on society and the environment. Positive and negative impacts are managed through the development of active partnerships and initiatives addressing focus areas, for example debt and affordability; and

encouraging employee involvement in communities.

This case study focuses on United Utilities' partnership approach to sustainable water catchment management.

● The drivers

Going beyond the requirements arising from UK government and EU policy/regulation the company engages in CR for a number of reasons. It benefits their reputation amongst stakeholders by understanding their expectations and taking them into account in business decisions; protects the resources used in the business; reduces risk; makes cost savings; improves performance; builds trust; motivates the company employees who enjoy working for a responsible business and contributes to the wider UK government sustainability agenda.

United Utilities has two-fifths of water catchment land owned by the water industry (areas which have the natural ability to store rainwater, for example in bogs). Increased regulation through the EU Water Framework Directive meant that water companies had to find more sustainable ways of delivering new requirements. Key drivers were to improve the condition of sites of special scientific interest (SSSIs), enhance the sustainability of the company's catchment management programme and, ultimately, to benefit the quality of the raw water being captured in its reservoirs.

● **Taking action**

United Utilities is an important landowner, with 57,000 hectares of land in the Lake District, Peak District and the Forest of Bowland. The land was inherited and is mostly rented out to sheep farmers and commercial forestry. It has high landscape value and is important for conservation. For example, it contains sites of special scientific interest and nationally important populations of birds such as the Golden Eagle, Hen Harriers and Twite. It is important for amenities and tourism as well as being a significant water catchment area.

The land is mainly upland moorland and suffers from soil erosion caused by more intensive farming practices. The erosion has led to colouring of the water, which needs treatment before it can be supplied to the public. There has also been a loss of both biodiversity and soil quality, and farming productivity has suffered.

To enhance the quality of the catchment, the sustainability of the farming practices of its tenants and improve raw water quality, United Utilities developed the Sustainable Catchment and Management Project (SCaMP) with the conservation organisation RSPB. SCaMP is a five-year scheme which started in 2005 and covers United Utilities' estates in Bowland and the Peak District. The RSPB and United Utilities work with farmers, land managers, local authorities and government to influence the management of water catchment areas. They also work with tenants and farmers to develop long-term plans that will benefit business, wildlife and water quality. These specific farm plans incorporate advice from other partners such as Rural Futures in Lancashire and the Peak District National Park Authority.

The scheme currently includes more than 20 large tenanted farms, as well as other grazing licences and bare land lets. Examples of the work undertaken include:

- Restoring blanket bogs by blocking drainage ditches;
- Restoring areas of eroded and exposed peat;

- Restoring heather, hay meadow and woodland habitats;
- Providing new waste management facilities to reduce run-off pollution of water courses;
- Fencing to keep livestock away from areas such as rivers and streams and from special habitats.

SCaMP is costing £10 million and funding to enable and carry out the new management approaches has come from agri-environment schemes such as the Environmental Stewardship Scheme, from United Utilities and from Ofwat (the economic regulator for the water and sewerage industry in England and Wales). Ofwat needs to approve any investment United Utilities makes. It is interested in how the scheme is improving raw water quantity as well as the environment and how it might be applied to other water catchment areas.

SCaMP's vision for the region in 2010 includes: the restoration and maintenance of habitats to halt the declining population of birds; economically viable farming that helps maintain and enhance these special habitats, as well as improving raw water quality. This vision should also deliver government targets for improving sites of special scientific interest.

Other approaches had been tried before SCaMP and provided some useful learnings. For example, in 2000 United Utilities and RSPB ran the sustainable farm project, which explored the de-stocking of sheep and the planting of wildlife plants. At the same time another project, Moors of the Future (conducted with the Peak District National Park Authority), investigated different ways of reducing moorland erosion. In 2003/04 the projects were evaluated and both the RSPB and United Utilities started to look at ways to extend them. As a result SCaMP was born.

Developing SCaMP was not easy; many challenges had to be overcome. Ofwat agreed that an investment programme for the management of the environment and improvement of water quality was important, but needed to be convinced that there was a

direct benefit to customers, who should therefore help to pay. United Utilities needed to present its case well. “We had to win over everyone from our own board to Ofwat. We had to demonstrate real customer and business benefits, not just environmental benefits,” said Dan Walmsley, CR Manager for United Utilities.

However the real tipping point that made the difference was the realisation that SCaMP could actually happen came when a number of influential organisations (RSPB, English Nature and the National Park Authorities) supported the project and started to lobby the UK Government’s Department for the Environment Food and Rural Affairs (DEFRA) for funding. DEFRA looks after water and the environment as part of its remit. The lobbying was successful and DEFRA is lending its support to SCaMP through its agri-environment schemes.

● **The business benefits**

The main business benefit is the improvement of raw water quality from the water catchment areas. “Water treatment starts on the catchment – the gathering grounds for our reservoirs – and when we get it right there it means we don’t need to keep adding more expensive engineering solutions at our treatment works,” said Dan Walmsley.

Another benefit has been the partnership with the RSPB, as together they have been able to pilot innovative thinking to help protect wildlife and landscapes, as well as improve the quality of water.

There has also been a reputational benefit, through being able to demonstrate a track record in innovation to improve raw water quality.

The project has created the platform to discuss key issues. This, in turn, has built credibility and trust with those involved and has helped to improve relations with DEFRA. It has forged new ways of working and better understanding of partners, especially the RSPB. The business has also benefited from RSPB’s

specialist knowledge of conservation and land management.

The media and the public have noticed the project, but nothing negative has been said. Typically this response is not uncommon and generally means the water company is doing something right!

● **Why is it CSR?**

Although the EU Water Framework Directive was a driver, the approach taken by United Utilities demonstrates CSR as it was under no obligation to restore upland habitat and support economic farming or biodiversity conservation. The case study demonstrates that, through looking at bigger picture – the needs to transform upland moorland management – it is possible to use CSR as a tool to meet business objectives.

● **What next?**

United Utilities hopes that by 2010 the project will prove that the concept works. Assuming this is the case it will continue with SCaMP and it is hoped that it will become a model case study for major landowners (both public and private) to follow.

Contact us

Any comments on this profile?
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