WYRE CATCHMENT NFM

How green investment was used to acclerate private investment to fund a large scale natural flood management solution in Wyre catchment in Lancashire.

Project delivered by:

The Rivers Trust

Triodos Bank

Wyre Rivers Trust
"from Bowland to Bay"

Overview

The Wyre Natural Flood Management (NFM) project has successfully secured funding, through the sale of ecosystem services, to deliver 70ha and more than 1,000 targeted measures. The measures will store, slow and intercept water, reducing peak flow to flood effected communities in the upper Wyre Catchment.

The Wyre Catchment Community Interest Company (C.I.C.) has been established and has successfully secured £1.5mil of capital to pay for a catchment scale NFM Intervention. This is made up of £650k grant from the Woodland Trust and £850k from a nine-year private loan facility. The loan facility will be repaid from buyers of ecosystem services who seek to benefit form the intervention. Farmers and landowners will then be paid to host and maintain the intervention on the ground.

Background

The Wyre NFM Project was initiated in 2019 by a group of partners including United Utilities, Rivers Trust, Flood Re and Co-op Insurance and Environment Agency to consider whether or not it is possible to create a commercial business case for natural flood management intervention within an upland river catchment.

Following discussions with Triodos, the original partners agreed that the project should evolve to become a nature based investment pilot led by The Rivers Trust and the Wyre Rivers Trust. Following a successful competitive tender process in 2020 the Wyre NFM Project became one of four pilot "nature based investment" projects across England which received development grant funding from Esmée Fairbairn Foundation in partnership with Defra and Environment Agency. The aim of these pilot projects was to test whether and how private investment capital can be blended with public sector funding to finance natural landscape restoration through development of monetisable ecosystem services such as natural flood management, carbon sequestration and biodiversity gain.

What is being delivered?

The project will deliver a range of highly targeted NFM interventions which have been modelled to have the biggest impact downstream.

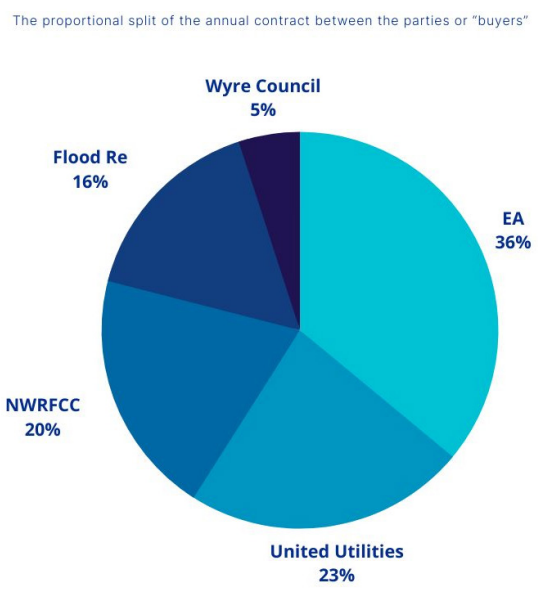
Some of the measures that will be delivered

The intervention being delivered also deliver other benefits, such as carbon sequestration from woodland planting which is supported by the Woodland Trust, water quality improvements from reduced wetland creation, and biodiversity improvements from hedgerow planting and grassland conversion.

Collectively, project aims to reduce peak flow by 5-15% in a 1 in 50 year flood event, significantly reducing flood risk to Churchtown and downstream communities.

Who are the buyers of ecosystem services?

There are five buyers of ecosystem services which have been identified as; Flood Re, United Utilities, the Environment Agency, Wyre Council and Northwest Regional Flood and Coastal Committee. These revenue streams enable the payment or financial mechanism by which required upfront capital can then be secured from investors to pay for NFM measures.



NFM is the primary ecosystem service being delivered which aligns with the individual needs of each buyer. Each of the five buyers of NFM services have established their own internal rationale for supporting this project and justifying the contract value amount based on a combination of commercial, strategic and social value objectives

Farmers and landowners

Farmers and landowners play a critical part of the project as they will host the NFM measures on their land. The Wyre Rivers Trust have been working and engaging with the local farming community for many years and co-designed a attractrive commerical offer which acknowledges them becoming early adopters of NFM through an innovative contracting structure. Farmers entering into a contract with the Wyre Catchment C.I.C. they will be paid to host and maintain the NFM interventions on the ground.

Why is investment needed?

The creation of an investable business model is a fundamentally different approach to usual as it requires the creation of revenue streams for ecosystem services against which external repayable investment capital can be raised and ultimately repaid.

Wyre Catchment C.I.C.

The C.I.C. has been established as not-for-profit Special Purpose Vehicle (SPV) and will act as a local legal entity through which capital flows for the Wyre NFM Project. The Community Interest Company (C.I.C.) will be limited by guarantee, with an asset lock in place which confirms that any retained profits will be applied for the benefit of communities in the Wyre.

The C.I.C. is run by a board of seven voluntary directors which all represent different stakeholders in the project including; buyers, investors, local farmers and communities.

What's next?

Over the next three years, upto 2025, the Wyre Rivers Trust will be contracted by the Wyre Catchment C.I.C. to deliver the capital projects on the ground.

Partners

Environment Agency · FLOODRE · United Utilities · MARKERSTUDY INSURANCE SERVICES LIMITED · Esmée Fairbairn FOUNDATION · co-op Insurance · WOODLAND TRUST