



Case Study

Developing a place-based Payment for Ecosystem Service scheme for South West peatlands

Introduction

Land managers face increasing demands to manage the countryside for many different purposes, many of which have historically been taken for granted. Alongside this there is an emerging interest from the corporate sector in paying for the societal benefits of managing land more sustainably. Place-based Payment for Ecosystem Service schemes have the potential to combine payments for a number of the different benefits of changes in land management in the same location. However, a major challenge is how to marry these complementary interests, given the practical, legal and economic barriers that need to be overcome. The NERC internship scheme, managed by ESKTN, provided the opportunity for the company to explore innovative approaches to extend the benefits to landowners from their existing initiatives.

Summary

The internship funded by this project supported a team of experts¹ to work with South West Water (SWW) and local farmers to develop a scheme to enable local businesses to invest in the carbon, water and biodiversity benefits of peatland restoration, alongside an existing scheme to achieve water quality improvements (SWW's Upstream Thinking initiative).

As a result of the project, solutions have been proposed to a number of practical problems facing the launch of such schemes. This has been done by compiling a prospectus for potential participants (principally investors and land owners), which covers concerns raised by the many parties involved. The project has also informed the development of a UK Peatland Code, also being funded by Defra, to accredit projects and provide extra confidence to investors that claimed benefits will materialise.

¹ Charles Cowap Chartered Surveyor (Harper Adams University) Viki Hirst (University of Leeds), Mark Reed (Birmingham City University) and the International Union for the Conservation of Nature's UK Peatland Programme working alongside Dr David Smith of South West Water

Methods

To explore the development of a new scheme to pay for peatland restoration based on carbon, water management and biodiversity, the following work was undertaken:

- Literature review on best practice in paying for ecosystem services, coupled with field visits and interviews with local land owners, farmers, land agents, agricultural lawyers, agricultural economists, professional organisations (RICS, CAAV, ALA), farming groups, Upland Hydrology Group, DNPA and others, to understand the context a scheme would have to operate in the SW
- The merits of bundling carbon and other co-benefits with payments for clean water under the existing Upstream Thinking project versus layering a separate carbon scheme were considered
- Sites were identified where restoration is likely to deliver greatest economic advantage to SWW and land managers
- Likely investors in at the scheme were identified, along with any factors that could help target future marketing of the scheme
- Scheme accreditation options were investigated, and lessons from this research fed into the development of a UK Peatland Code



Outcomes

A draft prospectus, intended for potential investors and land owners/managers, is one of the major outputs from the project, providing advice to landowners, farmers, land managers and investors about how a PES scheme could work, what factors need to be considered in deciding on site suitability, and how land managers can decide if participation is right for them. The final prospectus will offer guidance on how the financial impacts of a PES proposal can be evaluated.

Using the wealth of information in the prospectus a [synopsis](#) has been launched online to invite feedback and comments on its overall structure which sets out details of how a scheme could be implemented. Follow on work has been proposed to set out the 'offer' for PES on Exmoor to investors. It is also now hoped to replicate this work on Dartmoor with further support from South West Water Ltd.

SWW has identified the need to provide revenue return to the land owners it is working with to re-wet peatlands in the SW. This has become a priority issue for restoration work that depends upon the participation of private moorland land-owners. The work of the NERC intern Charles Cowap has led to a greater expectation from all stakeholders that there is now a real prospect of developing a scheme in the near future. This aim is supported by SWW as the lead partner in the SW "Mires-on-the-Moors" Projects and the retention of the services of Charles Cowap has been identified by senior management as the best route to achieving this. SWW are now developing follow-up work with him, to deliver a full prospectus and workable scheme to SWW.