

# LEEDS NFM

INVESTMENT READINESS PROJECT

# PROJECT OVERVIEW

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# OVERVIEW

The Leeds NFM Investment Readiness project aims to develop a commercial structure to attract private investment to help fund and finance the delivery of a long term, sustainable Leeds NFM programme, at scale, in the Upper Aire Catchment.



## WHY

Hard engineered flood risk solutions alone will not address our future flood risk challenges. They must be supplemented with natural based solutions which help to reduce the impact of flooding while delivering wider social, environmental, and economic benefits.

Mechanisms to finance the implementation and the subsequent maintenance of NFM still remain a significant barrier to uptake. Traditional sources of grant in aid and government funding will not be sufficient to deliver a long term sustainable NFM programme and must be blended with private investment to realise the benefit.

# LEEDS NFM PROGRAMME

Currently there are insufficient monies to complete the delivery of the Leeds NFM programme. Furthermore, there are no monies available for the maintenance or long-term adaptive management of the NFM assets; estimated at £24m to 2069. To realise the full ambition of the NFM programme other mechanisms to funding the programme must be explored.

The minimum required capital expenditure (capex) for the NFM programme is £8.1m. To date £5m has been secured leaving a shortfall of £3.1m investment required to achieve the critical 5% reduction in peak flows for a 1 in 200-year event. This critical reduction in peak flows is essential to ensure that the in-city hard defences are effective.

However, the ambition remains to deliver over and above this; the original ambition was for a £13.6m project which will provide increased climate resilience post 2069.



## Ambition

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## Flood Risk

Critical 5% reduction in peak flows for a 1 in 200-year event. This critical reduction in peak flows is essential to ensure that the in-city hard defences are effective.



# HOW

This project will look to bring together various stakeholders through a transactional model. Revenue will be generated through the sale of ecosystem services created by the delivery of the NFM programme.

At the heart will be a Special Purpose Vehicle (SPV). This will be established as a legal entity and will manage commercial contracts between buyers and sellers of ecosystem services. This might require external upfront capital in which investors will provide debt capital that can be repaid over a period time.



## ECOSYSTEM SERVICES

Ecosystem services are the direct and indirect contributions ecosystems (known as natural capital) provide. The Leeds NFM programme will deliver several interventions in the Upper Aire catchment that will deliver a range of ecosystem services



Natural Flood Management

Natural solutions which reduce flood risk i.e. tree planting, leaky dams, soil aeration. .



Habitat creation

Creating and improving valuable habitats which increase biodiversity



Water Quality

Improve the water quality and quantity in the project in the catchment



Social

Working with Flood effected communities reduce the stresses of flooding..



Carbon

Through interventions which will sequester carbon i.e. tree planting and rewetting peat

# KEY TERMS & GROUPS

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## Buyers

those who will directly benefit from the flood risk reduction or from the other ecosystem services generated from the delivery of the NFM interventions

Example: A business with assets in the catchment that are at risk of flooding



## Sellers

those that will deliver, host or maintain the NFM intervention on the land.

Example: A farmer or landowner who is willing to host the intervention on their land.



## Investors

A individual or institution that provides upfront capital to pay for the capital delivery of NFM. Investors are paid back through revenue streams generated by the buyers



# CASE STUDY

## WYRE NFM INVESTMENT READINESS PROJECT



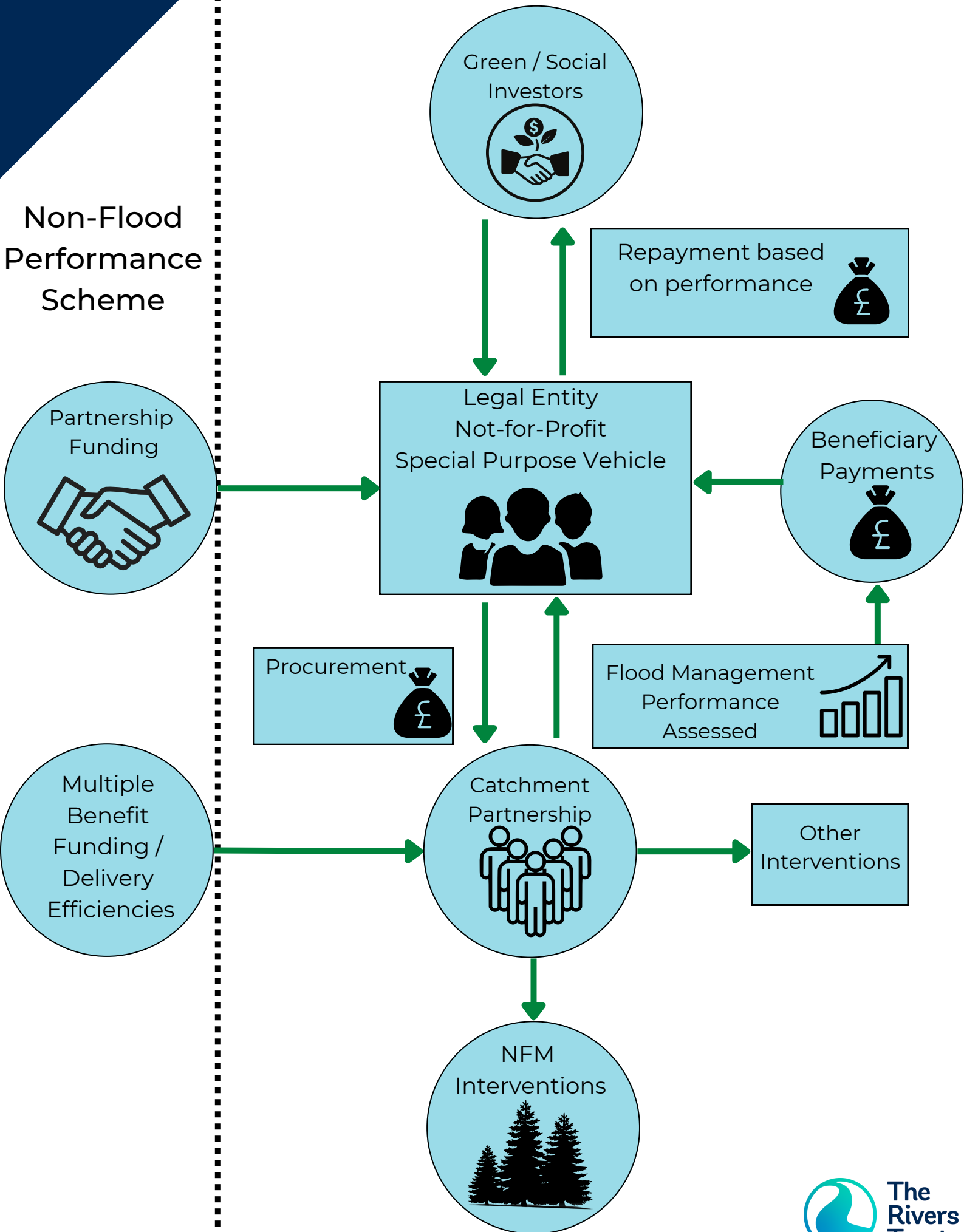
The Rivers Trust, Wyre River Trust and Triodos Bank worked in partnership to deliver The Wyre NFM Investment readiness project. This project was one of four pilot “nature-based investment” projects across England which have received development grant funding from Esmée Fairbairn Foundation in partnership with Defra and Environment Agency. The aim of these projects was to look at how to attract private finance to help tackle climate change, protect, and restore nature, and deliver environmental benefits.

This was a new and pioneering project, which has successfully established a collaborative business model of attracting green investment that will deliver a catchment scale NFM intervention, tackling flood risk and creating a meaningful solution to address our climate and biodiversity crisis.

The Wyre Catchment Community Interest Company, a not-for-profit company, has been established. This entity will be responsible for raising £850k of financial investment, structured as a 9-year loan. This will be repaid through the sale of ecosystem services to organisations that will seek to benefit from those interventions including flood risk reduction, carbon sequestration, increasing biodiversity and improving water quality. Local farmers and landowners will then be paid to host and maintain a series of highly targeted NFM measures.

# Financial Model and Revenue Diagram

Non-Flood Performance Scheme



# CONCLUSION

There are economic advantages to investing in nature based solutions. A climate ready catchment will better protect infrastructure, jobs and the Leeds City Region economy. Communities throughout the Aire catchment will also benefit from living in a more resilient landscape.

This provides an exciting and innovative solution to funding the delivery of NFM at scale and pace.

## PROJECT PARTNERS

