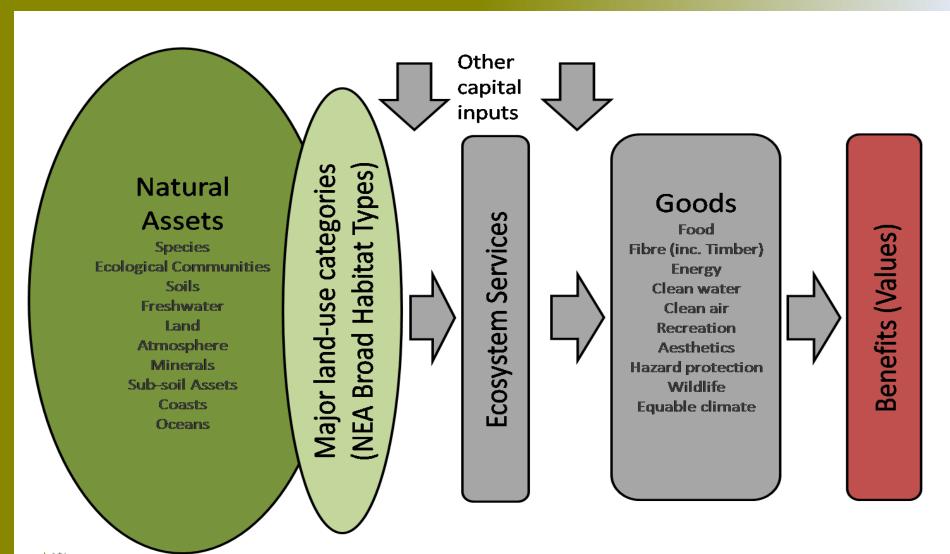


UK Government perspective on natural capital

Presentation to Valuing our Life Support Systems Summit, 6 November 2014

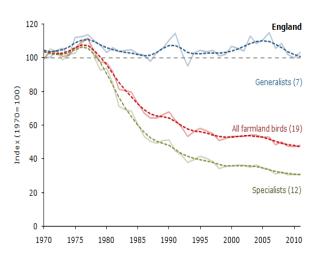
Dr Ulrike Hotopp, Director of Analysis and Chief Economist, Defra

What is natural capital about? Natural Capital Committee Stocks → Flows of services → Values



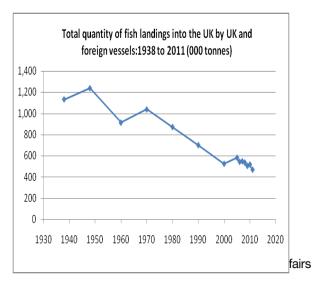
To help gain a better understanding of issues such as:

Does it matter that our natural assets are declining?











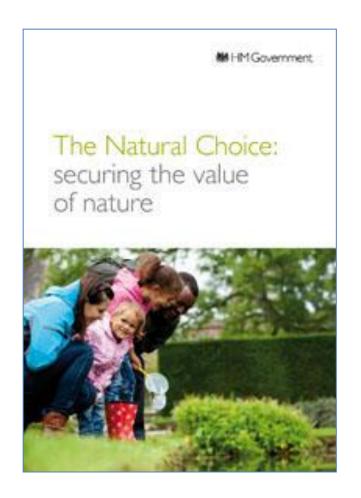


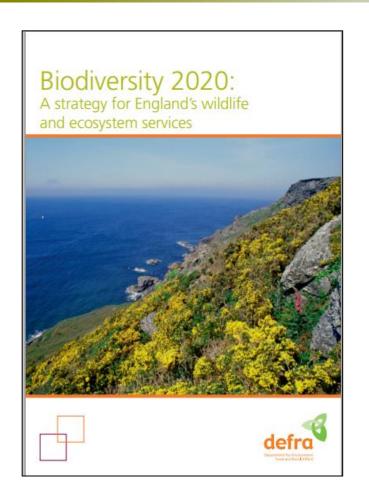
The key UK evidence base on the condition, trends and value of UK's ecosystems and their services was set out in the National Ecosystem Assessment 2011

- An independent and peer-reviewed National Ecosystem Assessment, structured around 8 UK broad habitats
- Raised awareness of the importance of the natural environment to human well-being and economic prosperity.
- Ensured full **stakeholder participation** and foster better **inter-disciplinary cooperation** between natural and social scientists, as well as economists.
- NEA follow-on study provides greater understanding of the value of the natural environment, particularly cultural ecosystem services. It also develops a number of tools for government, business and the voluntary sector



This has informed policy strategies so that they set the right framework for taking ecosystems and their services into account





New guidance on taking better account of the value of nature in government project/policy appraisals

UK Treasury 'Green Book (2003): Sets out basic principle of project and policy assessment and evaluation



Supplementary guidance on accounting for environmental impacts (2012): High level guidance on identifying and

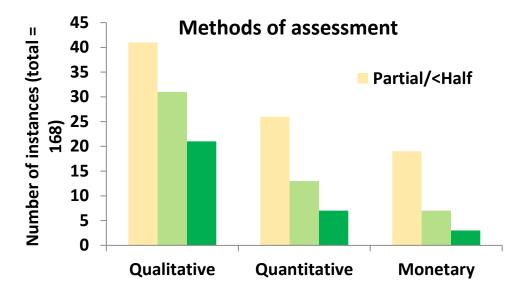
valuing impacts

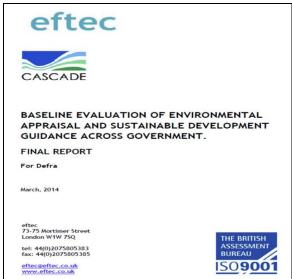


Mainstreaming value of nature in policy appraisal – more work to embed in practice

'Serious omissions' of "wider environmental impacts" are rare, but:

- omissions of less significant effects are common, affecting around half of wider environmental impacts identified,
- ecosystem service language rarely adopted leading to some services being overlooked
- monetary valuation remains rare

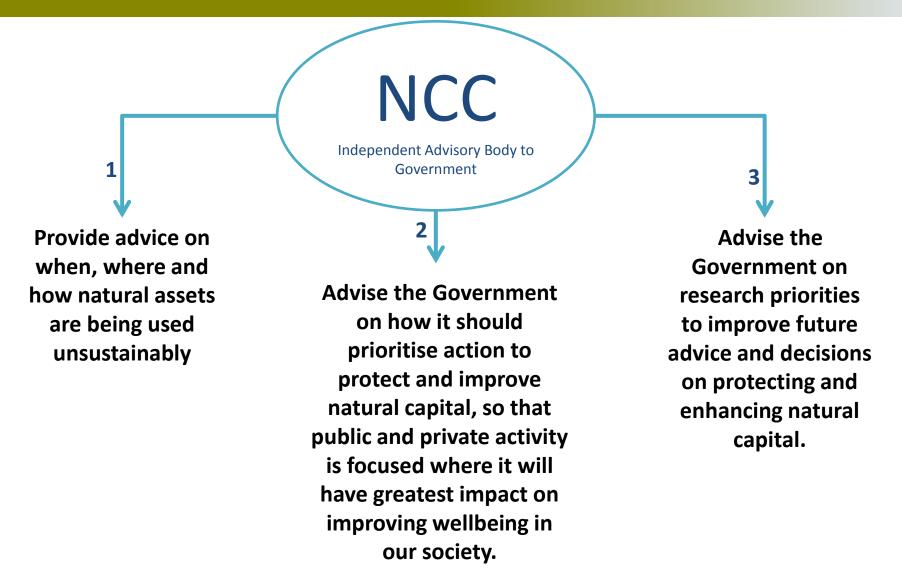




A long-term programme of work on incorporating the value of nature in the national accounts



Role of Natural Capital Committee



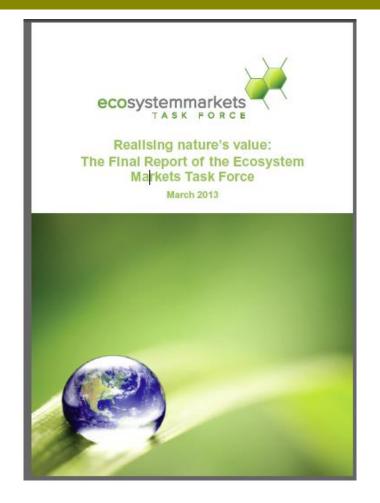
Reports to the Economic Affairs Committee chaired by the Chancellor

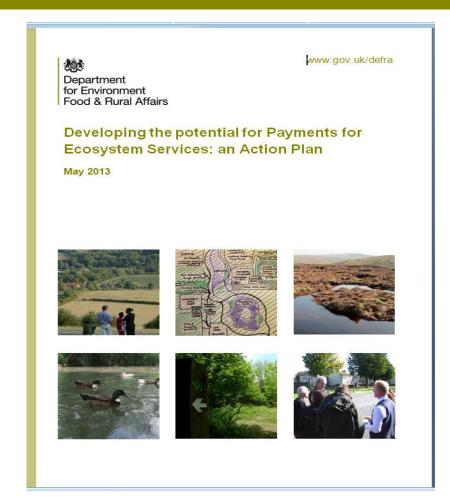
Natural Capital Committee - benefits 'at risk'

Figure A: Benefits from natural capital at high or very high risk

Much of our drinking water is sourced from upland areas and their declining quality is a source of concern. In addition, the Clean Water projected growth of urban areas is likely to lead to deterioration in freshwaters and soils, affecting the natural water purification process in these systems. Wildlife is declining in many places in England but is a particular concern in semi-natural grassland, farmland and Wildlife freshwater environments owing to poor quality habitats and fragmentation. Carbon storage is important for England's contribution to an 'equable climate'. There is the potential for greater carbon Carbon storage storage through improving the condition of mountains, moors and heaths. Hazard protection can be significantly improved by changing the way in which land is managed. Better management would Hazard protection reduce soil erosion and make the most of natural processes to manage flood risk through actions such as tree planting and the reinstatement of wetlands. Recreation is of enormous value and benefits that we receive from it can be increased by orders of magnitude by improving Recreation the quality of freshwater areas, increasing the amount of woodlands and other recreation areas around towns and cities and increasing urban green-space. Air quality has improved over recent decades but there are still very high costs associated with it. Negative health impacts Clean Air related to poor urban air quality are estimated at £9-20bn per annum, so this remains a priority for action. Wild fisheries are an important resource and are not being managed effectively with long-term sustainability in mind. The Marine Fisheries gains from improving wild populations could be worth as much as £1.4bn per annum to the economy.

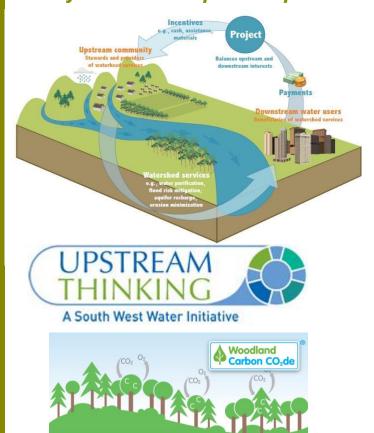
Developing greener markets - opportunities for business that might be realised through an enhanced approach to the natural environment

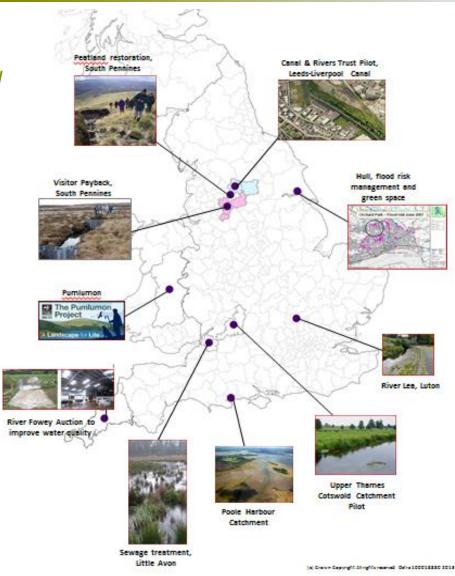




Investing in natural solutions

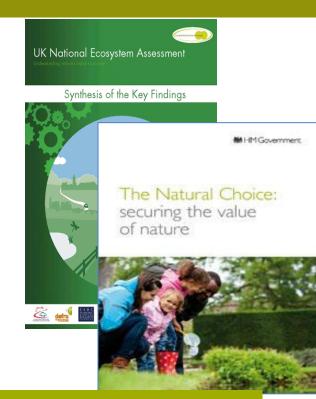
"Green infrastructure as a substitute for or complement to traditional engineered approaches is gaining currency in the developed world." State of watersheds payments, Ecosystem marketplace report





High level messages: the case for natural capital

- > Natural capital helping to reframe debate on importance of natural environment to economy and society
- Recognising the value of natural capital to country's long-term economic growth and prosperity
- Decline in natural capital is not good for the economy
- > Investing in natural capital can deliver substantial economic benefits and can often provide more cost effective and resilient 'natural' solutions than grey infrastructure alone



"The natural world, its biodiversity and its ecosystems are critically important to our well-being and economic prosperity, but are consistently undervalued in conventional economic analyses and decision making"

UK National Ecosystem Assessment

Thank you

Relevant links

UK National Ecosystem Assessment: http://uknea.unep-wcmc.org/

Natural Environment White Paper:

https://www.gov.uk/government/publications/the-natural-choice-securing-the-value-of-nature

Natural Capital pages on the ONS website:

http://www.ons.gov.uk/ons/guide-method/user-guidance/natural-capital/index.html

Natural Capital Committee: https://www.naturalcapitalcommittee.org/

Defra PES initiatives: