



Department  
for Environment  
Food & Rural Affairs

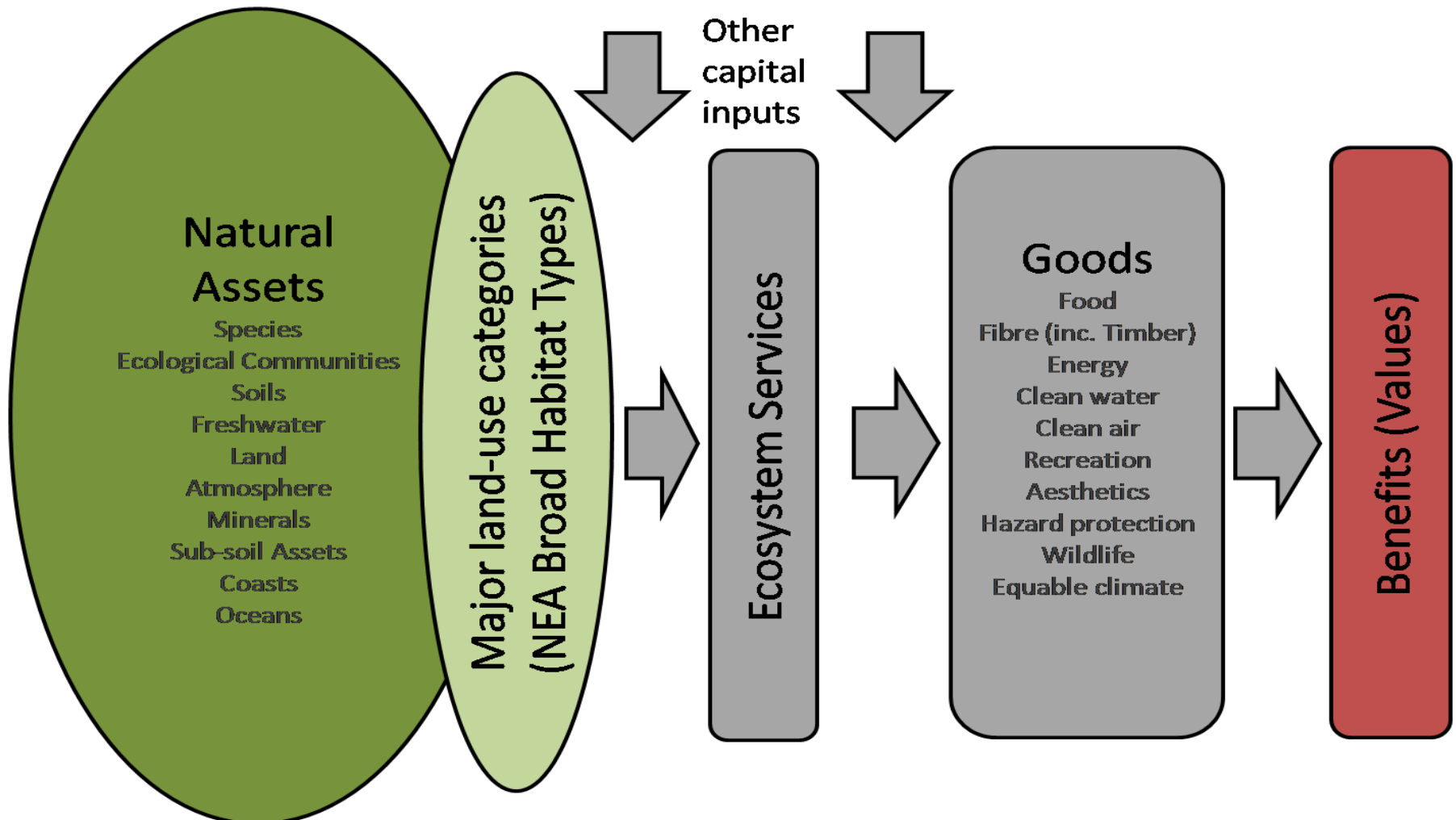
# UK Government perspective on natural capital

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

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

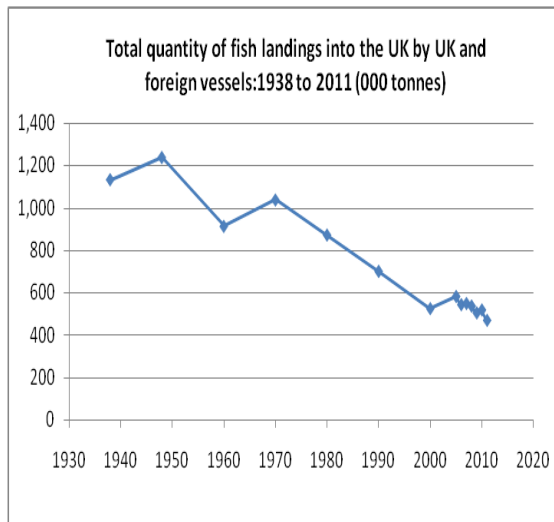
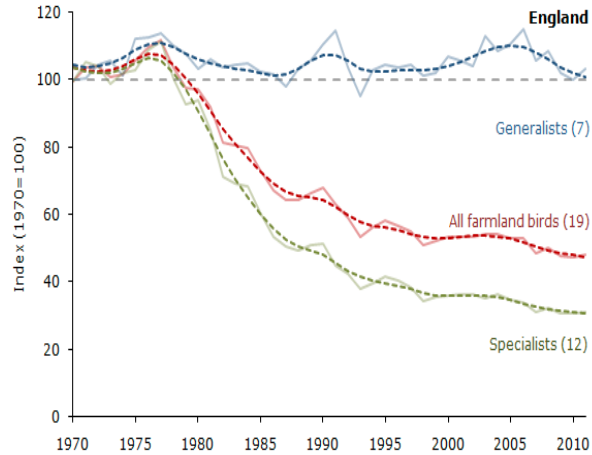
# What is natural capital about? Natural Capital Committee

## Stocks → Flows of services → Values



# To help gain a better understanding of issues such as:

## Does it matter that our natural assets are declining?



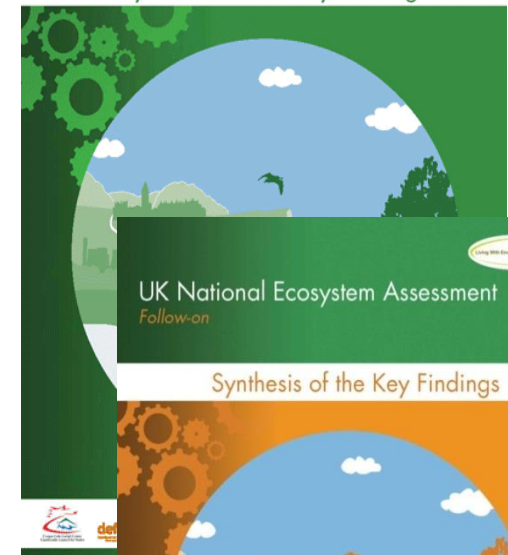
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# The key UK evidence base on the condition, trends and value of UK's ecosystems and their services was set out in the National Ecosystem Assessment 2011

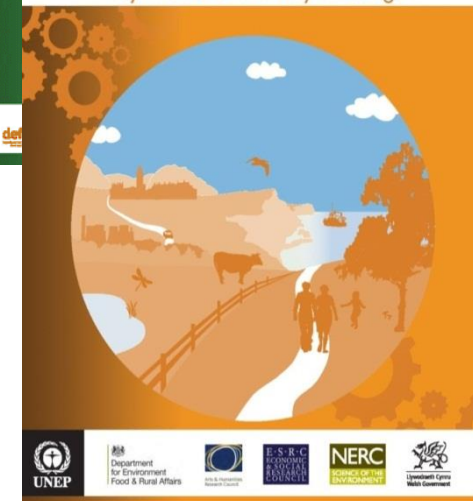
- An **independent and peer-reviewed** National Ecosystem Assessment, structured around 8 UK broad habitats
- **Raised awareness** of the importance of the natural environment to human well-being and economic prosperity.
- Ensured full **stakeholder participation** and foster better **inter-disciplinary 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



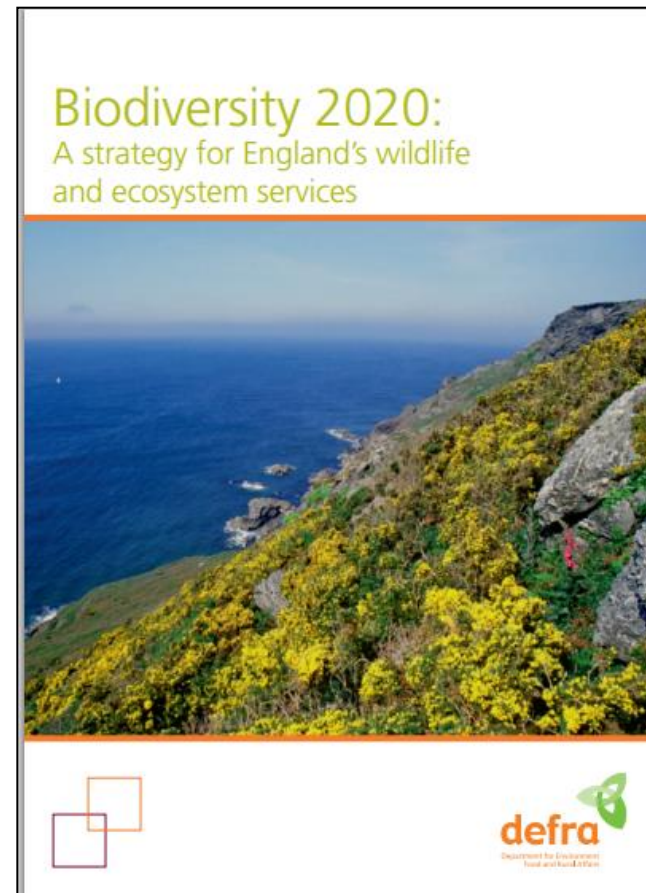
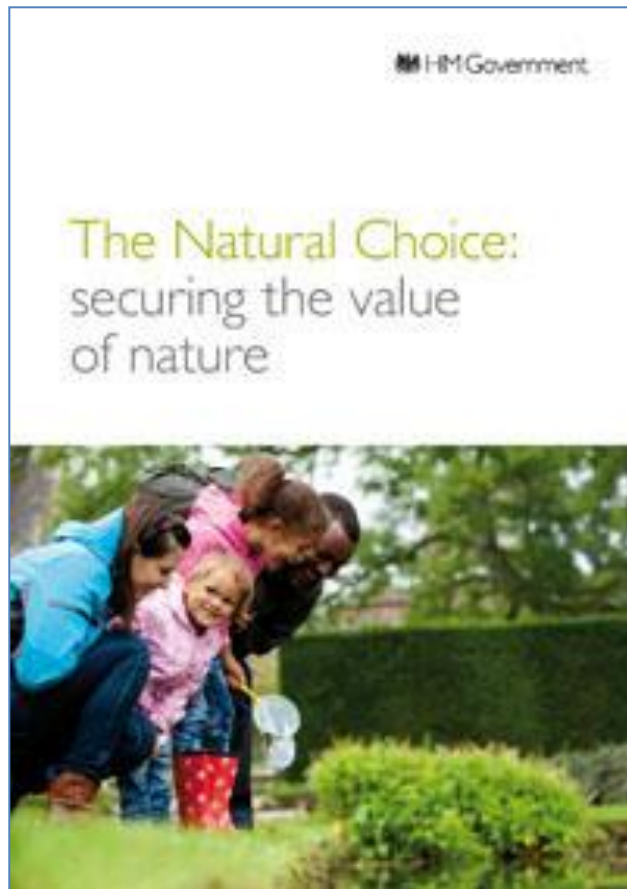
## Synthesis of the Key Findings



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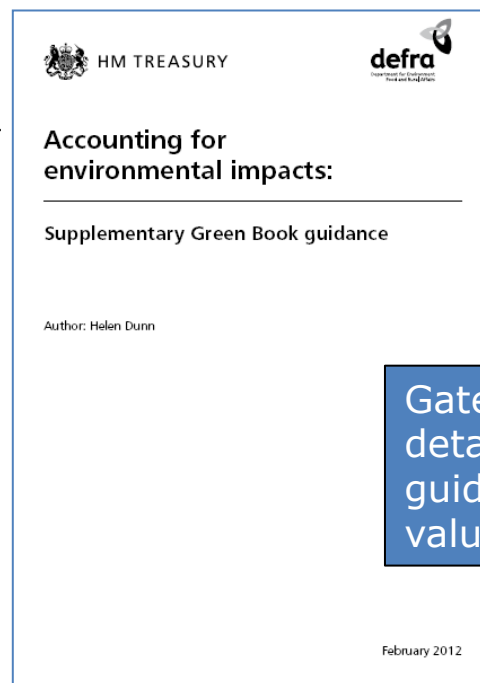
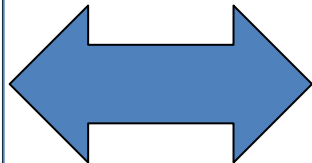
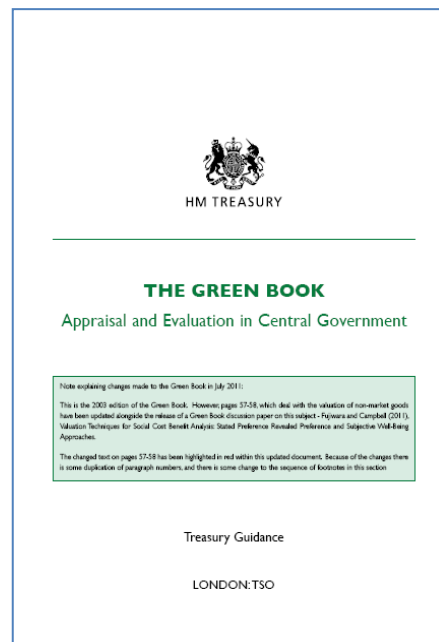
**This has informed policy strategies so that they set the right framework for taking ecosystems and their services into account**



# 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

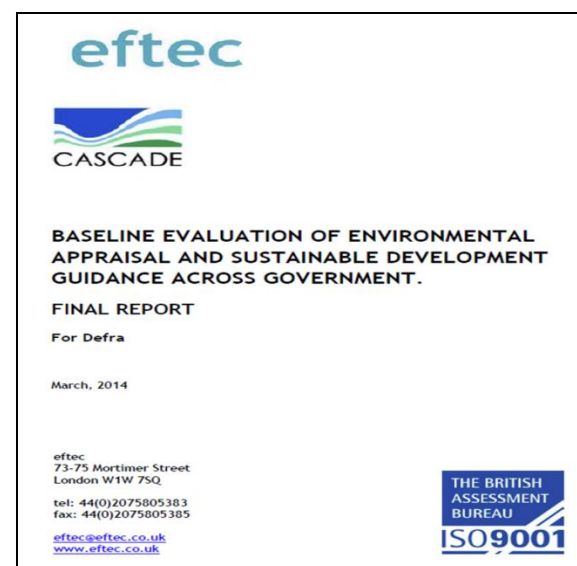
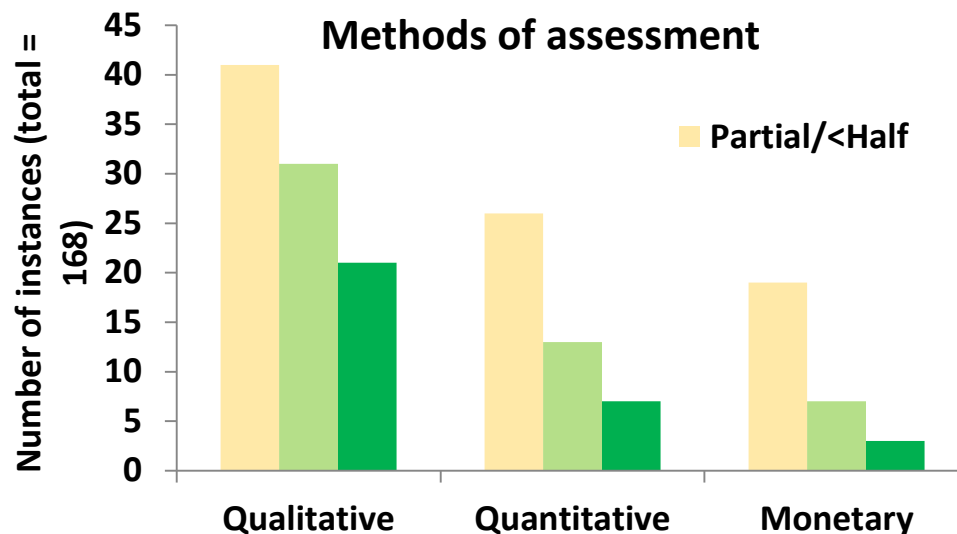


Gateway for more detailed technical guidance, e.g. On value transfer

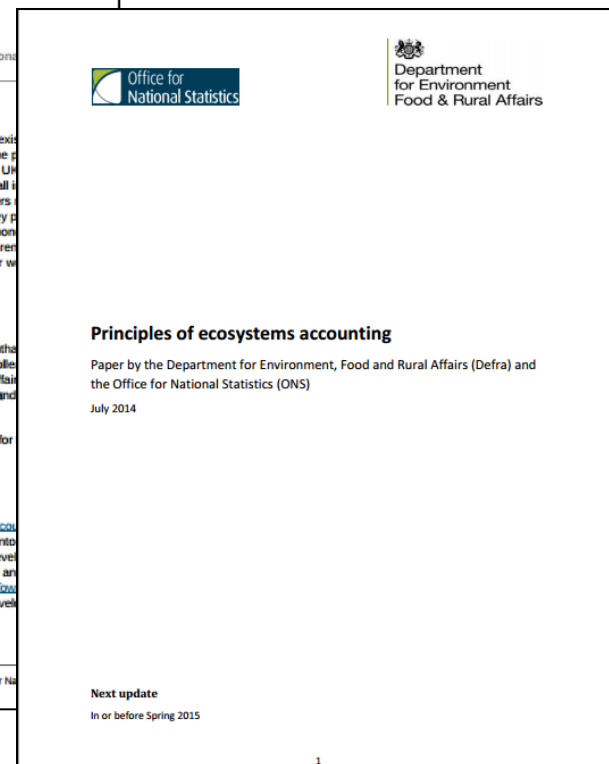
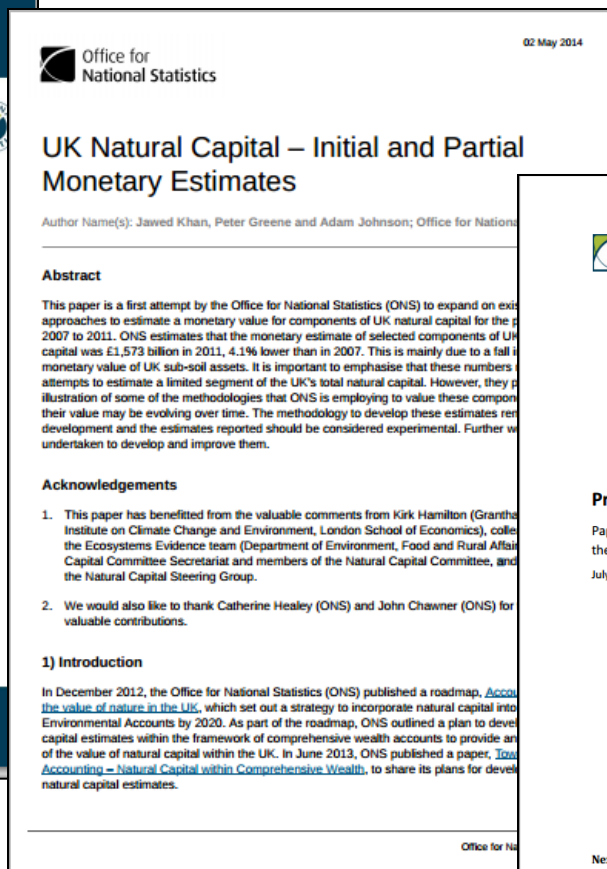
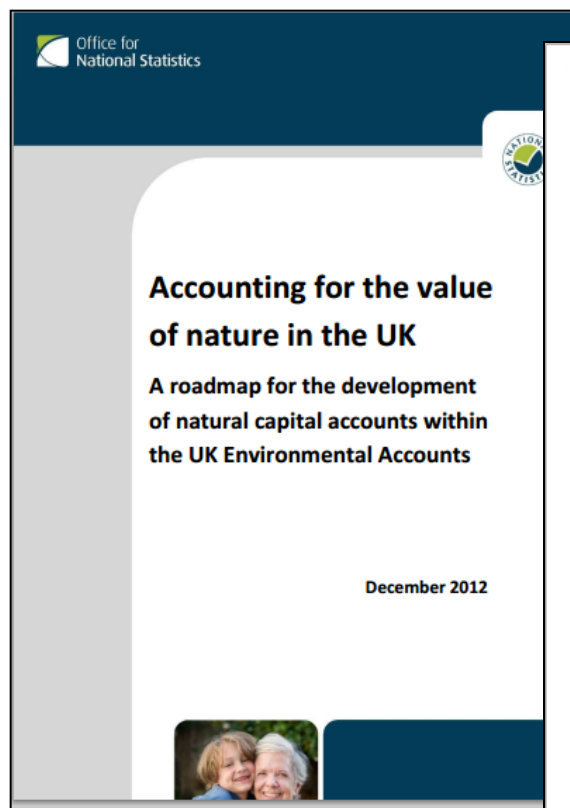
# Mainstreaming value of nature in policy appraisal – more work to embed in practice

‘Serious omissions’ of “wider environmental impacts” are rare, but:

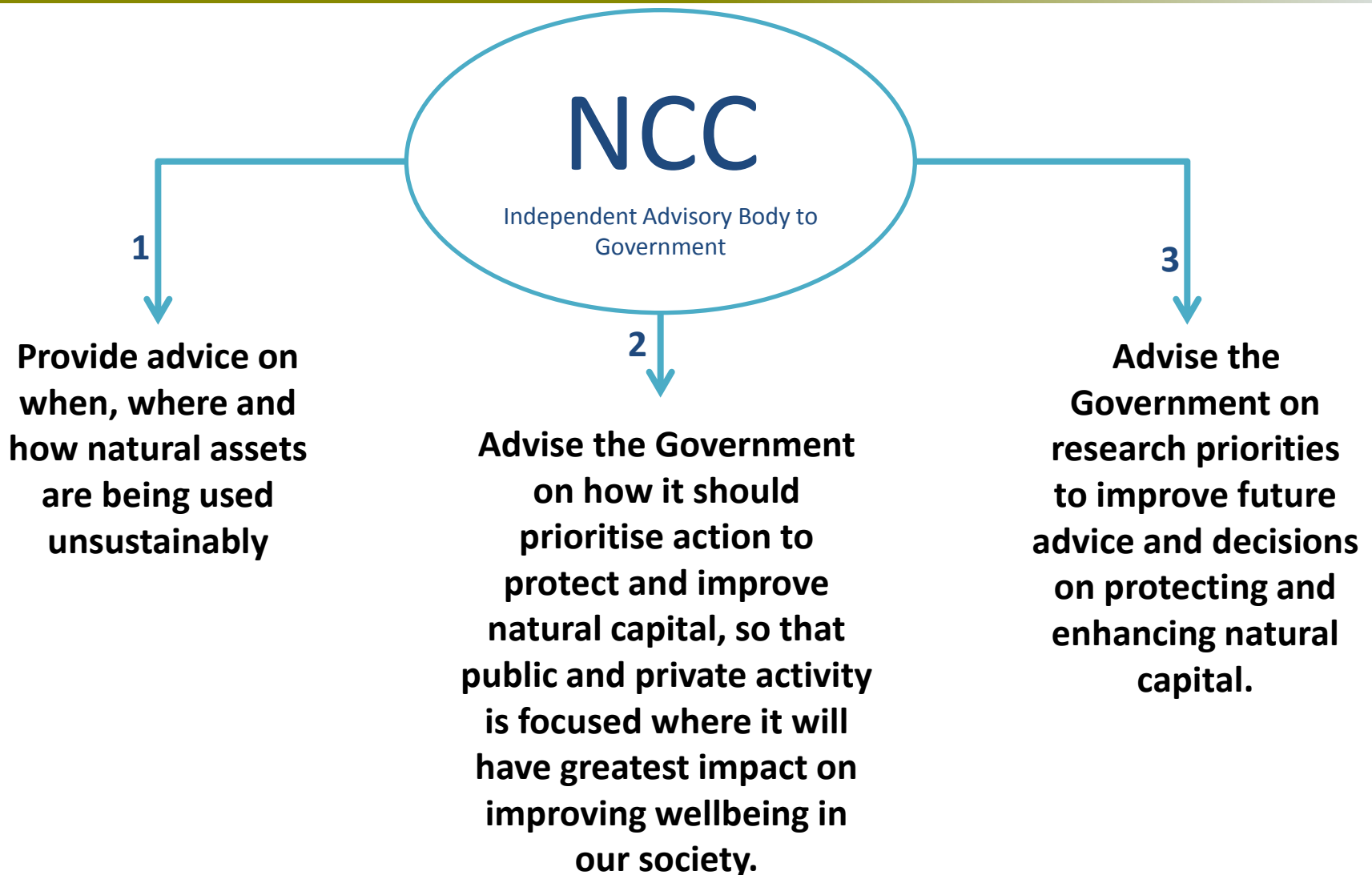
- omissions of less significant effects are common, affecting around half of wider environmental impacts identified,
- ecosystem service language rarely adopted leading to some services being overlooked
- monetary valuation remains rare



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



# Role of Natural Capital Committee

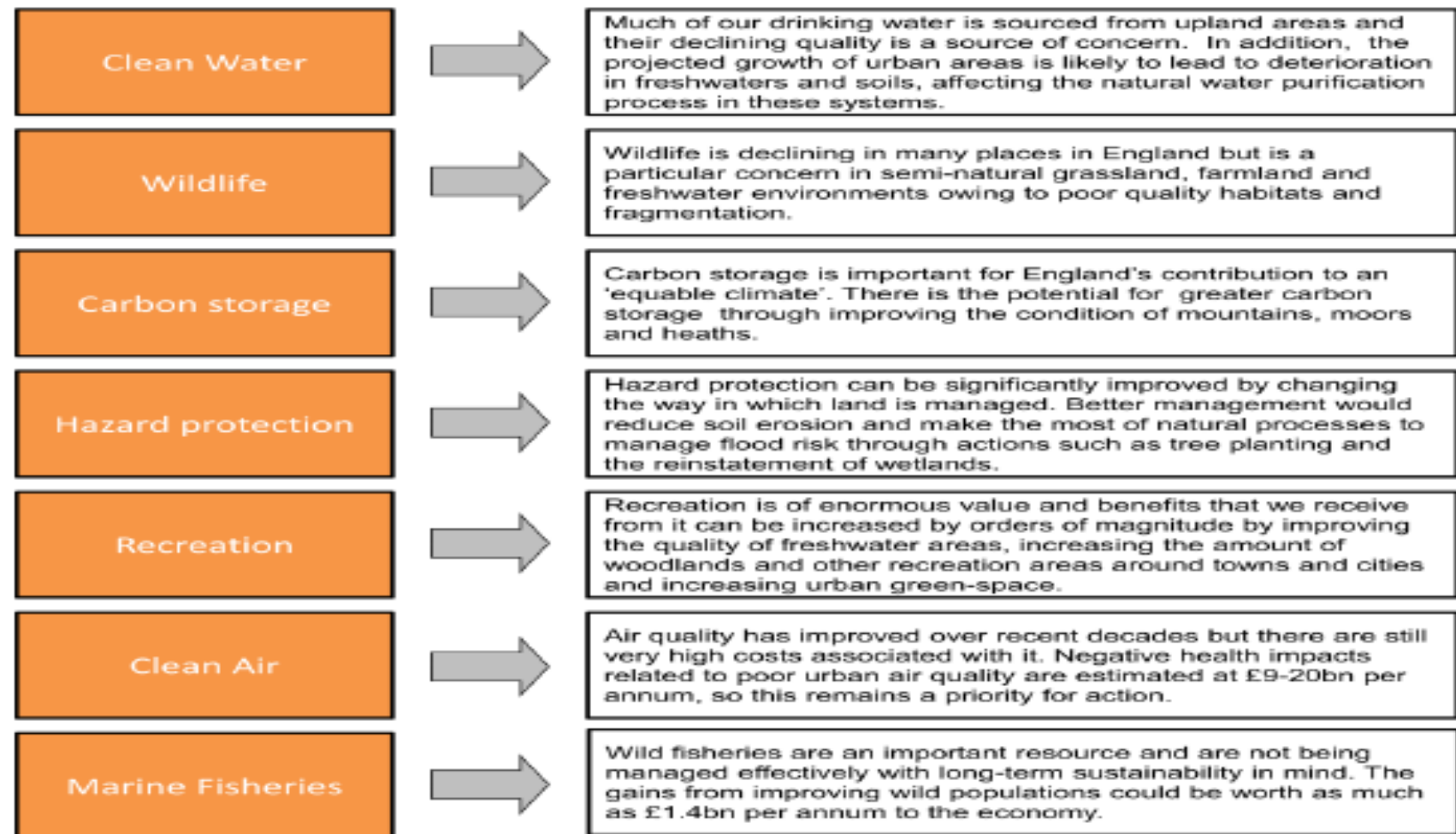


**Reports to the Economic Affairs Committee chaired by the Chancellor**

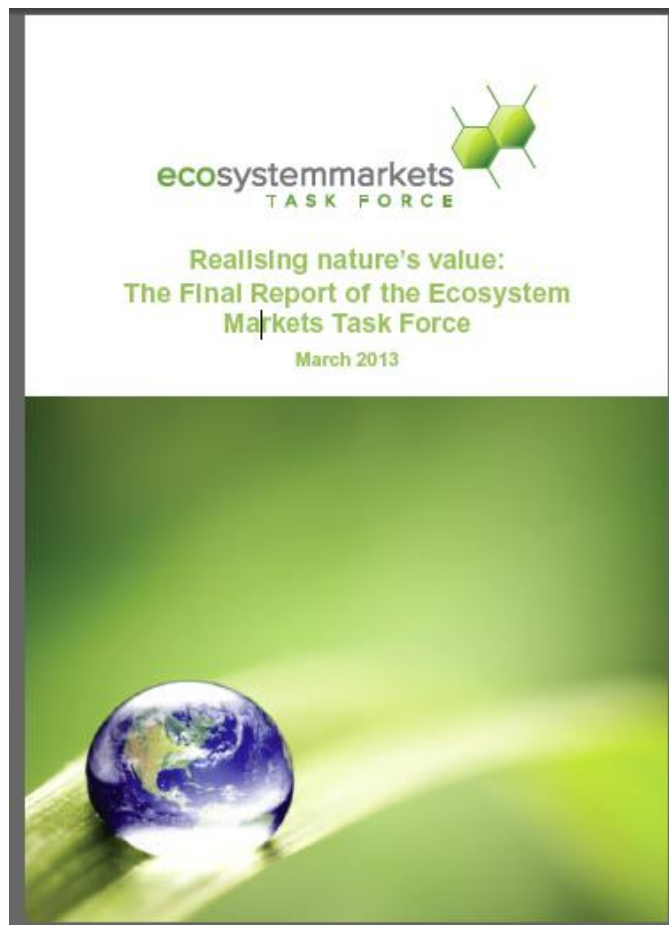


# Natural Capital Committee - benefits 'at risk'

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



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



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[www.gov.uk/defra](http://www.gov.uk/defra)

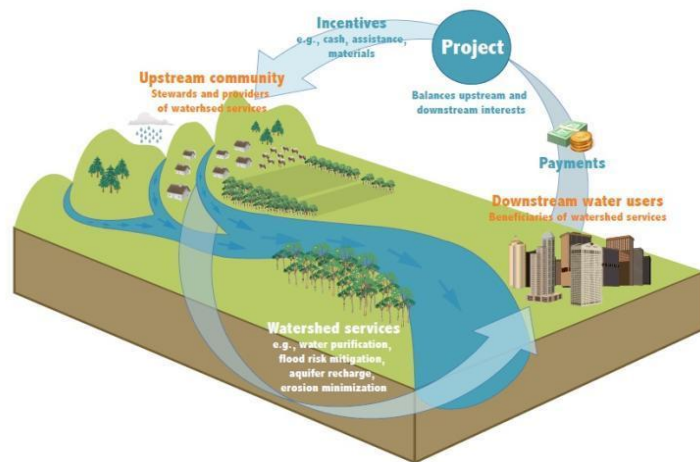
## Developing the potential for Payments for Ecosystem Services: an Action Plan

May 2013

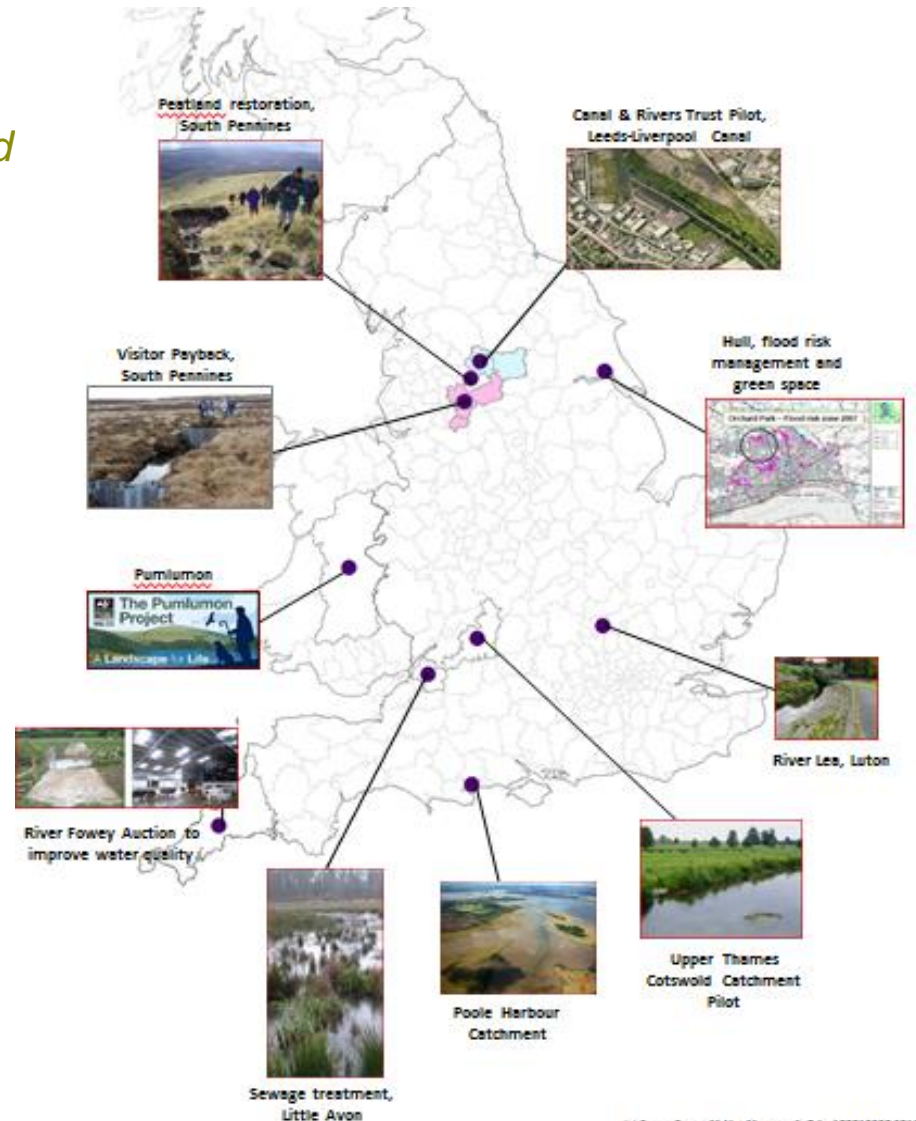
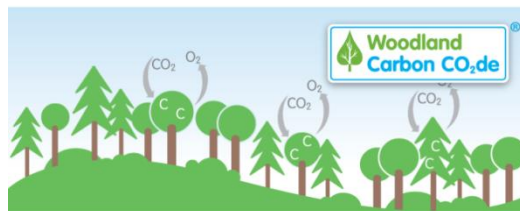


# Investing in natural solutions

*“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**



**UPSTREAM THINKING**  
A South West Water Initiative



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# 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



Synthesis of the Key Findings



**"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:

<https://www.gov.uk/government/publications/payments-for-ecosystem-services-pes-best-practice-guide>