NCI Dialogue: Natural Capital Monitoring

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Natural Capital Accounting (NCA) Programme

- As part of its Natural Capital Accounting programme, ONS in partnership with Defra has developed and produced a range Ecosystem Asset and Ecosystem Services Accounts.

“We agree that getting natural capital in to the national accounts by 2020 is a priority” (Government response to Natural Capital Committee report, 22 September 2015).

- Our aim is to meet international and government commitments to incorporate the value of natural capital within the National Accounts framework/Nation’s balance sheet.
Strategic case for natural capital accounting

- GDP tells us only part of the story

- Strong international momentum to accounting

- Growing interest in accounting at all levels – national, sub-national and corporate

- Getting the best overall outcomes for society through:
  - informing resourcing and management decisions
  - highlighting links with economic activity and pressures on natural capital
  - monitoring losses and gains in our natural capital and providing an integrated information set for analysis of interactions between the economy and the environment
Account types

ONS and Defra are working to develop three types of natural capital accounts:

1. Broad aggregate estimates of UK Natural Capital
2. Habitat based accounts (e.g. freshwater, woodland)
3. Cross cutting accounts (e.g. carbon, water)
What are Natural Capital Accounts?

- Extensions of conventional (National and Corporate) accounts to include natural capital
- Use same accounting concepts:
  - ‘balance sheet’ of assets (= stocks) at a point in time;
  - A record of ‘income and expenditures’ through the year (= services = flows)
- Not necessarily all in monetary terms – **important to keep track of changes in stocks and flows in physical terms as well**
- Coherent and rigorous framework within which to understand and monitor change
Progress to date

• Initial, partial estimates of aggregate UK natural capital
• Initial accounts for:
  – Land Use, Land Cover.
  – Peatland, Marine/Coastal – Account scoping studies.
  – Exploratory spatial accounts for Woodland

– Work in progress
  • Revised aggregate UK natural capital estimates
  • Farmland ecosystem accounts.
  • Cross cutting Carbon account.
  • Pilot Accounts for Protected areas i.e. national parks
Key achievements

• Creation of dedicated web-pages

• Innovative partnership between Defra

• Publication of a suite of ecosystem accounting principles

• UK’s position as an international leader in discussions on developing natural capital accounting

• Initial accounts are already furnishing a range of insights about the value of and trends in natural capital –
Challenges identified

• Developing accounts that have early policy and practical application

• Understanding how accounts can inform sustainability

• Developing and refining accounting principles in the light of experience

• Building analytical and institutional capacity for natural capital accounting

• Increased user engagement to ensure greater awareness and use of the accounts
The aim by 2020 is to:

• Incorporate Natural Capital into ONS Environmental Accounts
• Make broad but targeted progress within available resources and data
• Develop and improve the aggregate estimates of UK Natural Capital
• Develop initial accounts for the remaining broad habitats such as farmland and urban ecosystems
• Compile robust cross-cutting accounts for recreational services, carbon, water, biodiversity, pollination
Thank you

ONS Natural Capital Accounting web-page: