

# 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 of 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



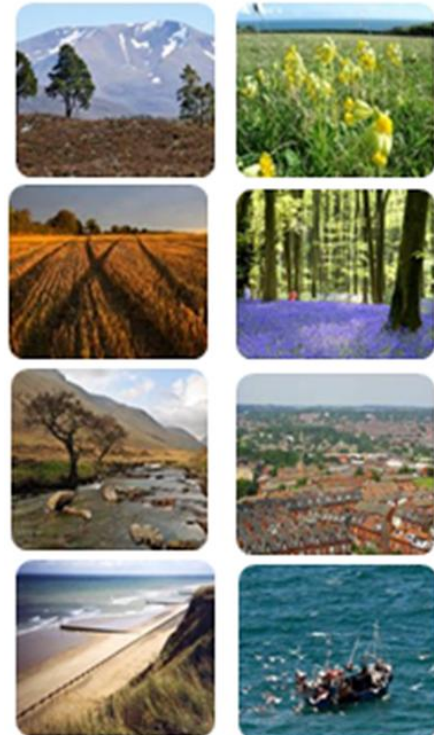
# Strategic case for natural capital accounting

- 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?

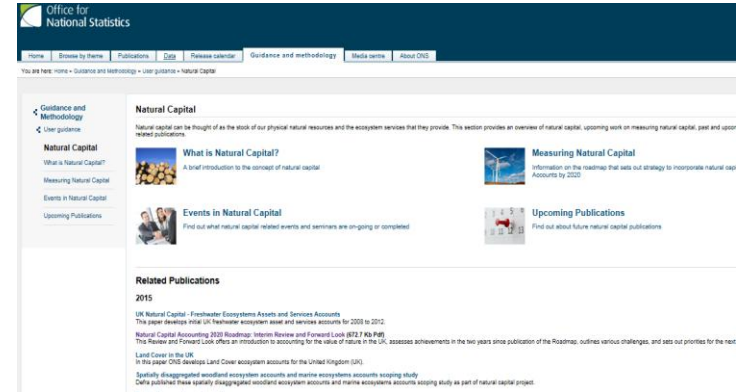
- Extensions of conventional (National and Corporate) accounts to include natural capital
- Use same accounting concepts:
  - ‘balance sheet’ of assets (= stocks) at a point in time;
  - A record of ‘income and expenditures’ through the year (= services = flows)
- Not necessarily all in monetary terms – **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*.
  - *Freshwater, Woodland* – Ecosystem Assets and Services.
  - *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:**

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