

Natural capital roundtable discussion. 23rd November 2017, Edinburgh.

Summary note.

The event was convened by Francesca Osowska, Chief Executive of Scottish Natural Heritage, in collaboration with the Scottish Forum on Natural Capital. As a high-level roundtable of public sector organisations, it aimed to determine how to take forward the Scottish Government commitments to protecting and rebuilding natural capital. The event was part of the activity surrounding the World Forum on Natural Capital 27th- 28th November.

Summary of key themes

- Investment in natural capital is clearly articulated within Government's Economic Strategy as a key component of sustainable economic growth. It is a useful concept that provides an over-arching context linking climate change, the low carbon economy and circular economy to the competitiveness and inclusive growth agenda.
- Scottish Government has provided strong direction for investing in natural capital, and several organisations are taking this forward; others are at an early stage.
- Scottish Government can support public bodies and business to invest in natural capital through telling a coherent, realistic and evidence-based story around environment and economy (and consistency between environment and economy messages), encouraging a focus on outcomes not outputs, and facilitating and resourcing a practical framework for application by public bodies with specific roles and responsibilities.
- Public sector organisations can support one another in integrating natural capital and its benefits into their decision making and, working in partnership with each other and with business, can take up opportunities to apply the concept to sectors and places with benefits to public outcomes.
- Natural capital has broad policy relevance although more work is needed to develop practical measures of natural capital and its benefits, and to communicate the evidence underpinning these benefits.
- Four main categories of action were identified including data and evidence; collaboration between public sector departments & bodies; capacity - understanding how to do it in own organisations and developing skills; and public-private partnerships – through positive engagement.

Agreed Actions

1. To look at how a framework for natural capital could be linked with the Scottish Economic Strategy and the Inclusive growth tools. **Action: Gary Gillespie**
2. To convene a subset of participants to work on a narrative combining natural capital, climate change and economy. **Action: SNH (Claudia Rowse)**
3. Zero Waste Scotland and Scottish Water to share experience of how natural capital applies to their organisations and what they can learn from each other: **Action Iain Gulland & Mark Williams**
4. SG, SNH and National Park authorities to identify what the public purse wants to buy from future support for farming. **Action: Billy Mackenzie, Grant Moir, Gordon Watson and SNH (Claudia Rowse)**
5. To check that priorities for natural capital evidence needs are fed into SG RESAS strategic research programme. **Action: Grant Moir.**
6. To look at how natural capital can be included in land values and evaluations. **Action: Hamish Trench and Andy Wells possibly in liaison with RICS**
7. Consider natural capital item in Scotland Europa activities/papers. **Action: Diane Murray**

8. Develop Natural Capital Asset Index so it can be broken down, compared with previous baselines, and more use made of it. **Action: SNH**

Next steps:

- Convene annual meeting 1 year hence. **Action: SNH & SFNC**
- Take forward actions jointly and individually. **Action: all**
- Consider how to take forward opportunities identified and keep in touch with one another in existing networks **Action: all**
- SFNC Steering Group members to report any progress/opportunities/successes to Steering Group. **Action: those who are on SFNC Steering Group.**

Note of discussion

1. **Francesca Osowska**, SNH introduced the aim of the discussion, and highlighted the importance SNH is giving to this work, having previously developed the Natural Capital Asset Index.
2. **Gary Gillespie**, Chief Economist, demonstrated how natural capital is part of SG commitments for Biodiversity (and Land Use) strategies, Government Economic Strategy, the Programme for Government and National Performance Framework as well as International commitments.

The capitals approach highlights that natural assets have value and need investment to sustain the flow of benefits. Unlike other forms of capital, natural capital may not be traded, priced or accounted for, which can lead to overuse and underinvestment.

Natural capital is relevant to the two parts of Scotland's Economic Framework:

- Tackling inequality e.g. access to greenspace, climate change vulnerability.
- Competitiveness: natural capital underpins key sectors – food and drink, tourism, culture and heritage. This means that Scotland's growth sectors are underpinned by natural capital. Natural capital is also an important part of Scotland's 'offer', i.e. what attracts talent and companies to move and stay here.

The Natural Capital Asset Index is in the National Performance Framework. It provides a measure and makes natural capital more visible. A back-cast version shows past degradation. The Index can be broken down into different ecosystem services to help understand what is driving change.

A framework is needed for natural capital that allows you to look at different elements and constraints, and to map policies against these, so that decisions are properly informed. Ideally this should be linked to the inclusive growth framework.

3. The discussion during the roundtable ranged widely. Points are captured under the categories of opportunities and challenges, and a summary of current activities.
4. Opportunities to promote natural capital within policy, implementation and business:
 - Review of National Performance Framework, and input to Planning Bill
 - Scottish Budget - describe what the budget will do for natural capital.
 - Designing post-CAP support for farming for public value – understand baselines and demonstrate what benefits investment in a change of state in the land would bring.
 - City Region and Growth deals, e.g. Borderlands.

- Water management in the urban environment in a changing climate: develop an alternative approach to building sewers that values greenspace.
- Community empowerment and community planning - engage local authorities with evidence on cost-effectiveness of natural capital in delivering services.
- Education and skills development in young people - change the conversation and influence the future workforce (including input to Children's Parliament/Youth Parliament and other forums for engaging next generation)
- Marine – natural capital could be useful in a marine context, helping to resolve differences between economic and environmental challenges
- Focus on outcomes - if outcomes are expressed as inputs, this tends to exclude natural capital, whereas natural capital contributes to many outcomes such as health and education.
- Health - If the outcome for a new hospital is framed as treating people so they get better faster, natural capital can be incorporated into the build/design because of evidence that people get better more quickly if they look out on greenspace rather than a car park.
- Tourism - VisitScotland to engage tourism businesses to recognise the benefits to them from natural capital
- Support Scottish Funding Council on how to identify current/potential contribution to/benefits from natural capital

5. Challenges of using the natural capital concept:

- metrics – how do we know if natural capital is in a resilient state, what interventions are needed, what further benefits could it bring (return on investment). How do we measure contributions to natural capital, e.g. from circular economy activity.
- applying it at different scales
- how to build thinking within businesses who ask 'what's in it for me?' This needs knowledge transfer – translate it for businesses, show where there are win-wins.
- making it real, giving good examples.
- reconciling how we promote the positive aspects of Scotland's natural capital whilst recognising the challenges and impacts on natural capital, and galvanising action to address these impacts

6. Current/recent activities highlighted by participants:

- **Crown Estates Scotland** works with land-based businesses. They have worked on total contribution of natural capital – impact on business activities. A project with SNH and SEPA is testing the Natural Capital Protocol for land-based businesses – two farms and whole estate. The Natural Capital Protocol is an international tool for a business to evaluate impacts and dependences on natural capital.
- Surveys show the environment is near the top of why people come here. Natural capital is hugely important to tourism. **VisitScotland** have a responsibility to spread tourism geographically and seasonally: this means promoting areas less well used. Tourism businesses understand that natural capital is important; the key question for them is how to generate more revenue without destroying it. Often this connection is not reflected in their actions. Year of Natural Scotland 2014 activities, led by **VisitScotland**, brought nature alive to business and people. Businesses benefitted.
- UK Water sector is developing a natural and social capital tool, led by Mark Williams **Scottish Water**. It's looking at how customers can benefit, and the role of land management in water resource management, to get better decisions. A case study being developed in Scotland. Next step is to share tool with SEPA & SNH, and to join up with other public bodies, e.g. on flood management.
- **Scottish Futures Trust** – building hospitals.

- **Forestry Commission** is gathering evidence on outputs that natural capital delivers. FC in England preparing natural capital accounts – not necessarily monetary. This shows impact on natural assets and the value of land management.
- In **SEPA's** work on framing they have found it's better to show that environmental success leads to economic and social success. SEPA is working with businesses to encourage them to go further than compliance. There are opportunities to collaborate with Zero Waste Scotland and Scottish Enterprise. SEPA's One Planet Prosperity is the equivalent of natural capital.
- **Peatland Action**, led by SNH and involving LLTNPA, CNPA, Scottish Water, FCS, Crown Estates Scotland, shows how we can get things done quickly and simply.

Participants

Grant Moir	Chief Executive	Cairngorms National Park Authority
Andrew Wells	Head of Property	Crown Estate Scotland
Pat Snowdon	Head of Economics and Climate Change	Forestry Commission Scotland
Donna Chisholm	Area Manager – Moray	Highlands and Islands Enterprise
Gordon Watson	Chief Executive Officer	Loch Lomond and the Trossachs National Park Authority
Graham Black	Director	Marine Scotland
Gerald McLaughlin	Chief Executive Officer	NHS - Health Scotland
Linda Murray	Director (Strategy)	Scottish Enterprise
Joanne Green	Chief Officer - Performance & Innovation	Scottish Environment Protection Agency
Mike Elm	Project Officer	Scottish Forum on Natural Capital
John Kemp	Interim Chief Executive	Scottish Funding Council
Vivienne Cockburn		Scottish Futures Trust
Bridget Campbell	Director Environment & Forestry	Scottish Government
Chris Stark	Director of Energy and Climate Change	Scottish Government
Alicia Kaczmarczyk	Energy & Climate Change Division	Scottish Government
Billy Mackenzie	Agriculture and Rural Economy	Scottish Government
Hamish Trench	Chief Executive	Scottish Land Commission
Francesca Osowska	Chief Executive	Scottish Natural Heritage
Claudia Rowse	Rural Resources Unit Manager	Scottish Natural Heritage
Mary Christie	Ecosystems & Climate Change Strategy Manager	Scottish Natural Heritage
Mark Williams	Environmental Regulation and Climate Change Manager	Scottish Water
Riddell Graham	Director of Partnerships	VisitScotland
Iain Gulland	Director	Zero Waste Scotland