

Natural Capital Roundtable – 1 December 2022

SUMMARY NOTE

The Natural Capital Roundtable brings together senior leaders from across the public sector in Scotland to explore natural capital approaches, share expertise and learning, and develop joint actions that will protect and build Scotland's natural capital. It is chaired by Francesca Osowska, NatureScot Chief Executive, and hosted in partnership with the Scottish Forum on Natural Capital.

The theme of the sixth roundtable was *Understanding public-private partnerships in natural capital investment*

Participants are listed at **Annex A**.

1. Reflections from COP27

Some progress made at COP27 but overall the outcomes didn't quite land. The Loss and Damages Fund was agreed in principle and discussion on mitigation centred on finalising the details of a work programme to upscale mitigation ambition and implementation in the coming decade, which was a key focus of COP26. Regarding Adaptation Finance, the globally agreed fund to aid developing nations adapt to climate change of \$100bn per year has never been realised. The UK, USA and others have not fulfilled current commitments.

Slow progress on agriculture and food security with even slower progress on the food system. COP27 had continued support for the Glasgow Pact on deforestation (92% of world's forests) but with no increase on commitment levels.

Members noted that the right to a clean, healthy and sustainable environment made it into the final COP27 text – the first time this right has been referenced in international environmental negotiations, which is helpful. Overall, there were some good things such as funding for other nations, but not as comprehensive as it could have been. There was some important framing for the discussion today, particularly with COP15 coming up and the imminent publication of the Scottish Biodiversity Strategy.

2. Progress since last meeting

An update on actions from the last roundtable is included in **Annex B**. Highlights include:

The Natural Capital on Public Land working group continues to expand and share good practice across agencies. Publication of the [National Strategy for Economic Transformation](#) is a key step forward for natural capital policy in Scotland, as are the [Interim Principles on Responsible Investment](#).

A key project mapping public land shows the main publicly-owned rural areas and rural landholdings. The working group has identified 'hot spots' of public and NGO land adjacent to each other to assess where the greatest opportunities for natural capital investment are to help prioritise this work. The findings of this work will be shared early in 2023.

In the marine environment, the Blue Economy Vision has been published, recognising that natural capital underpins prosperity and wellbeing and that a natural capital approach is a key tool for decision making. The Marine Natural Capital Forum was convened, bringing together a range of technical and policy experts to share knowledge of and expertise on marine systems, conservation and management to enhance the collective understanding, development, and application of marine natural capital in Scotland. A workshop on the Blue Economy and Natural Capital is planned for February 27, 2023.

Members noted that natural capital approaches often leave a gap where health and wellbeing intersect and is not always seen as part of the natural capital conversation. Public Health Scotland is developing a tool to measure health and wellbeing in natural capital projects, which should be available across public sector bodies. Related to this, Forest Research shared a study they did on [Mental health benefits of visiting UK woodlands](#).

3. Aligning climate change adaptation scenarios, Mark Williams, Scottish Water

Mark Williams, Head of Sustainability and Climate Change at Scottish Water, presented (see **Annex C**) on the need for alignment on how to collectively adapt for different climate change futures. Agencies need to work together to account for the natural capital assets we have and how these assets will be impacted differently based on a 2 degree or a 4 degree world.

The interdependencies in planning and resources requires a partnership view with joint actions. Specific discussion questions included:

- How do organisations at the Round Table currently consider climate change scenarios when looking at the resilience of natural capital?
- Is there an appetite to explore/adopt a nationally consistent approach to climate change scenarios to support nature-based approaches?

Discussion by members noted the time necessary for change to manifest and build resilience. Shared learning and early engagement and collaboration when making investment decisions is important as well as considering the scale to assess risks and plan adaptation, with planning at a catchment level being a good place to start. Members also noted the need for clear leadership from Scottish Government and stakeholder buy-in in order for collective adaptation to be successful, as will a baseline and set of metrics to ensure commonality of approach. The SCAP 3 needs to provide clarity on which scenarios we should all be planning for.

4. Perspective from an investor, James Oliver, Hampden Holdings

James Oliver, from Hampden Holdings, presented on a natural capital investment project Hampden Holdings is developing with NatureScot. Key questions for discussion included:

- How can we scale up while delivering multiple benefits?
- And while delivering on ethics and values?

Members were especially interested in understanding what public agencies should think about when wanting to work with private banks and making public-private partnership the default option for investment in nature. The absence of a regulatory framework and voluntary

codes needs to be considered and a set of governance deliverables for private finance would be beneficial. It was noted that the forthcoming UK framework for ecosystem markets will be helpful. There was a lot of interest in continuing this conversation further.

Overall, public-private partnerships for natural capital investments can be really positive and can bridge the investment gap between public funding and the costs of nature restoration. Private natural capital investments that respect the principles for responsible investment and are values-led can provide multiple benefits in delivery. Challenges lie in the scale of projects and what kind of influence private investment will play in land use change without regulation.

5. Next steps for Roundtable

There's scope for developing these conversations together – going beyond the bounds of public sector and to influence private investors. Next steps should explore our wider influence as a collective through existing working groups – Sustainable Land Management Group, Scottish Nature Finance Pioneers and the Marine Natural Capital Forum. Thinking on how to coordinate better, knowing who is working on what projects, and tying them together is also needed. An increase in the frequency of this group meeting, albeit on a smaller scale, might be useful.

6. Agreed actions

- Map out initiatives and working groups on natural capital and how they are led or co-ordinated, review and propose a rationalised structure back to this group, to include a group focussed on the private sector.
- Set up a discussion on how we better plan for climate change adaptation at catchment scale, with open invite to all members of the roundtable
- Set up a wider stand-alone meeting or seminar on the private investment topic
- Explore increasing the frequency of the public sector leaders group meetings

Annex A: Attendees

Chair

Francesca Osowska Chief Executive Officer NatureScot

Guest

James Oliver Hampden Holdings

Secretariat

Hanna Espie Economist NatureScot
Brendan Turvey Low Carbon Project Manager NatureScot
Julia Clough Project Officer - Scottish Forum on Natural Capital Scottish Wildlife Trust

Attendees

Ali Macdonald Public Health Scotland
Campbell Gerrard Senior Policy and Planning Manager Crown Estate Scotland
Cara Davidson Head of Environmental & Natural Resources, Planning and Architecture Division Scottish Government
Caroline Cowan Interim Deputy Director Funding and Strategy Scottish Government
David Findlay Solicitor Crofting Commission
Dermot Rhatigan Scottish Government
Eddie McAvinchey Executive Director – Sustainable Investment Scottish National Investment Bank
George Tarvit Director Sustainable Scotland Network
Gordon Reid General Manager Zero Emissions Scottish Water
Grant Moir Chief Executive Cairngorms National Park Authority
Hamish Trench Chief Executive Scottish Land Commission
Jane Martin Managing Director of Innovation and Investment Scottish Enterprise
Jane Morrison-Ross Chief Executive Officer South of Scotland Enterprise
Jayne Ashley Head of Natural Capital South of Scotland Enterprise

Ken Massie	Regional Leadership and Development	VisitScotland
Mark Roberts	Chief Executive Officer	Environmental Standards Scotland
Mark Williams	Head of Sustainability & Climate change	Scottish Water
Martin Valenti	Director of Net Zero	South of Scotland Enterprise
Nayantara Sukhakar		Zero Waste Scotland
Nicole Paterson	Chief Executive	Scottish Environment Protection Agency
Pat Snowdon	Head of Economics and Woodland Carbon Code	Scottish Forestry
Raoul Curtis-Machin	Director of Horticulture and Learning	Royal Botanic Garden Edinburgh
Ross Johnston	Head of Natural Capital Policy and Valuation	Scottish Government
Ross Lilley	Head of Natural Resources Management	NatureScot
Simon Hodgson	Chief Executive	Forestry and Land Scotland
Simon Jones	Director of Conservation and Visitor Operations	Loch Lomond and the Trossachs National Park Authority
Stewart Leggett	Interim Director of Roads	Transport Scotland
Tim Ellis	Deputy Director for Future Environment Division	Scottish Government
Tony Rose	Strategy, Place & Economy Director	Scottish Futures Trust
Vicky Morgan	Leader, Marine Natural Capital	Joint Nature Conservation Committee
Zoe Laird	Regional Head of Communities	Highlands and Islands Enterprise

Annex B: Actions from last roundtable 2 December 2021

- Natural Capital Accounting on Public land Working Group will test the principles, find comparable measures and methods, and seek for pragmatism.
 - **In progress**
- All Roundtable member organisations should look at the principles, promote them, and begin to apply them to their own landholdings. The British Standard can be used for a detailed level. Members should share results from applying the principles in the Working Group.
 - **Discharged / ongoing**
- WG to review application of NCA for tenanted land and in the marine environment.
 - **Discharged – publication from SGRPID**
- Members to consider how we can roll out NCA as part of joining up at the landscape-scale, involving the private sector too.
 - **This is being addressed by a) the development of the landscape tool by Donya Davidson in NatureScot and b) by the work on public land hotspots which will drive greater collaboration at landscape scale.**
- Publish the set of Principles on the SFNC website along with the note of the roundtable.
 - **Discharged**
- Working Group to report back to the Roundtable at its next meeting
 - **Discharged (on agenda)**
- Roundtable to continue as a forum for senior public sector leaders.
 - **For discussion today**

ANNEX C: Paper for Mark Williams, Scottish Water presentation

Climate Change – what are we planning for?

Purpose

To position a discussion at the Round Table on climate change scenarios, adaptation planning, and whether we need to develop a consistent approach between stakeholders to support integrated nature based solutions.

Background

Scotland's third Climate Change Adaptation Programme (SCCAP 3) is due in 2024. Previous iterations have not directed specific scenarios or pathways be used in assessing risk but focussed on actions to support resilience outcomes. The choice of pathway has not been significant up to now – most organisations have been able to adopt a “medium” emissions pathway to the 2040 horizon. However pathways and warming scenarios become increasingly divergent beyond this, meaning the choice of emission pathway (and hence warming scenario) is increasingly important.

In 2021 the UK Climate Change Committee referenced the need to consider a range of 2-4 degrees of warming by the 2080s for good adaptation planning¹. This means we need to be clear about which pathways, scenarios and timelines over which we are assessing the risks and responses.

Scottish Water Climate Scenario Approach

Climate change impacts from landscape scale (water and land impacts) to local assets and service resilience (e.g. flooding). Some assets (e.g. reservoirs and drainage systems) operate for decades meaning we need to understand risks to the end of the century.

Scottish Water is updating its risk assessment to consider 2 and 4 degree warming scenarios out to the 2080s. This will help understand short, medium and long term risks and responses, and enable long term strategic adaptation choices to be identified.

Interdependencies

In addressing long term adaptation there are key interdependencies, particularly with respect to land management in rural and urban areas. Nature based solutions can be effective in supporting resilience in rural (afforestation, peatland restoration, catchment management) and urban (blue-green infrastructure) landscapes. This often requires support and action across multiple parties.

Identifying and delivering integrated, cost-effective measures may benefit from a common view of scenarios between stakeholders for natural infrastructure. Scottish Water would be keen to share the approach it is taking to plan for adaptation, and to understand how this might be reflected in SCCAP 3 particularly where there may be a need for integrated action.

Potential Discussion Points

- How do organisations at the Round Table currently consider climate change scenarios when looking at the resilience of natural capital?
- Is there an appetite to explore/adopt a nationally consistent approach to climate change scenarios to support nature-based approaches?

Mark Williams
Scottish Water

¹ [Independent Assessment of UK Climate Risk - Climate Change Committee \(theccc.org.uk\)](https://www.theccc.org.uk)