

Natural capital and the wellbeing economy, from policy into practice

Seventh Natural Capital Roundtable

14:00 – 16:00. 29 November 2023

Online MS Teams meeting: [Click here to join the meeting](#)

Please join from 13:45, to allow the meeting to start at 14:00

The Natural Capital Roundtable brings together public sector leaders to determine how to take forward the Scottish Government's commitments to rebuild Scotland's natural capital. Convened by Francesca Osowska, NatureScot Chief Executive, with the Scottish Forum on Natural Capital.

The National Strategy for Economic Transformation sets out Scotland's vision for a wellbeing economy. Natural capital is a key component to realise this vision and is threaded through the five key areas the NSET seeks to deliver change:

1. Entrepreneurial people and culture
2. New market opportunities
3. Productive businesses and regions
4. Skilled workforce
5. A fairer and more equal society

The aim of this year's Roundtable is to understand how natural capital contributes to a wellbeing economy and what this looks like from policy into practice.

Programme:

14:00 Welcome and introductions

14:10 Progress since last meeting

14:15 Policy update: Framing natural capital within the wellbeing economy and the NSET, Gary Gillespie

14:25 Natural capital into practice: Scottish Land Commission, Hamish Trench

14:35 Natural capital into practice: South of Scotland Enterprise, Jayne Ashley

14:45 Break

15:00 Discussion: Natural capital and the wellbeing economy

15:30 Future of the Roundtable

15:50 Actions for the group and summary

16:00 Close

Natural Capital Roundtable for Public Sector Leaders – 29th November 2023

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 seventh roundtable was *Natural capital and the wellbeing economy, from policy into practice*

Participants are listed in **Annex A**.

Progress since last meeting, Brendan Turvey

- BT to set up discussion on how we better plan for climate change adaptation at catchment scale, with open invite to all members of the roundtable
 - NatureScot in discussion with SEPA and Scottish Water about mapping priorities
 - FIRNS funding scheme project between NatureScot and Fisheries Management Scotland are looking to set up a catchment restoration fund, which should help create a new financial mechanism for funding catchment restoration work
- BT to set up a wider stand-alone meeting or seminar on private investment topic
 - The Private Investment in Natural Capital programme (coordinated by Scot Gov) is progressing this
- BT and RJ to 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
 - Ross Johnston has completed the review and groups are being rationalised through the end of this fiscal year. More detail further in the meeting note below as a separate agenda item.
- BT to explore increasing the frequency of public sector leaders group meetings
 - NatureScot has not had capacity to arrange further meetings. More detail further in the meeting note on the future of the Roundtable as a separate agenda item.

Framing natural capital within the wellbeing economy and the NSET, Gary Gillespie

Presentation slides are included in **Annex B**.

Gary shared a presentation on what a wellbeing economy is, Scotland's vision to transition to a wellbeing economy, and the role natural capital plays within this. A wellbeing economy is needed to help address challenges such as biodiversity loss and climate change that we currently face. It will be "an economy that works for people and planet—not the other way around."

Natural capital is fairly well-embedded as a concept with reasonable measurement and is one of the four capitals (people, environment, community, business) that underpin Scottish Governments vision for a wellbeing economy, "to create an economic system within safe environmental limits which serves

and prioritises the collective wellbeing of current and future generations.” No one area of government can solve the challenges we face and we need to create and align policies that impact more than one area and drive synergies.

One participant noted it could be helpful for all public bodies to produce natural capital accounts to better understand our natural capital footprint. NatureScot has encouraged this and Scottish Forum on Natural Capital is leading more on this.

Natural capital into practice: Scottish Land Commission, Hamish Trench

Presentation slides are included in **Annex C**.

Hamish shared a presentation giving an overview of the emerging practice, challenges and opportunities we face in delivering social and community impact from land and nature. There is a well-established context to deliver community benefits in the renewable energies sector that can be a useful framework to build on for natural capital projects. It’s important to remember that community benefits are distinct from wider public benefits and are specific to the place and the communities that live there.

Measuring social impact is difficult and requires a long-term view to help understand the long-term impacts. There needs to be flexibility and space for innovation while having some standardisation and there is opportunity for public land leadership on developing social impact reports and embedding community benefits in market frameworks, public finance and regulation.

Natural capital into practice: South of Scotland Enterprise, Jayne Ashley

Presentation slides are included in **Annex D**.

Jayne shared a presentation on the work South of Scotland Enterprise is doing through its Natural Capital Innovation Zone and how important it is to have a range of partnerships focused on collaboration. Highlighted in the presentation was the collaboration on woodland investment projects including the Wild Heart Expansion Project to plant 15,000 hectares of native woodland; the Borderlands Natural Capital Woodland Project focused on community benefits and community wealth building; and SPEN who are facilitating connectivity to help deliver more impact for natural capital and communities. Additional work is focused on community wealth building with Scottish Forestry to establish a safe space to explore how to deliver community benefits.

A quote from Wangari Maathai was shared:

“You cannot protect the environment unless you empower people, you inform them, and you help them understand that these resources are their own, that they must protect them.”

Discussion: Natural capital and the wellbeing economy

Questions posed to kick-start the discussion included:

- Are we making the right policy linkages? If not, how do we improve?
- Do we need more tools?
- How do we continue to resource this work with diminishing budget?

Discussion opened with agreement that community benefit is a ‘must’ that needs to be part of every natural capital project and wanting to understand what is preventing a project from having community benefits. It’s helpful to understand what the scale of projects and initiatives are needed to be called a wellbeing economy.

The challenge is that contributing to a wellbeing economy is not a theme through the whole business community. Systems change will be essential over the next ten years with change in the cultural norms of some sectors to be competing on not just price but other metrics and models such as natural capital and social impacts. Chasing growth isn't sustainable and focusing on place-based projects will help implement this systems change.

There was some debate in the group on if embedding natural capital concepts in policy or helping with the delivery of natural capital projects should be the first priority. It was noted that it's important to and there is still work to embed these concepts in Scottish Parliament. With so many competing interests we need to be consistent with a core message to make policy linkages and integrate across policy areas and bills. There is an opportunity to make links with different policies and bills, which will also help with investment in natural capital and bringing in certainty.

However, part of this challenge is not the lack for policy perhaps, but the lack of delivery. Given the budget constraints, it may be best to focus on those seeking help with delivery on natural capital projects rather than focusing on lobbying.

The most recent [Macauley lecture](#) was great at framing the interdependencies between climate warming and nature. Understanding these can help us prioritise what comes first in transitioning to a wellbeing economy. For example, a big challenge to many natural capital projects is a lack of rural housing. The strategy laid out in the NSET might be a good opportunity to address what is blocking or creating a bottleneck for certain parts of the system. It's difficult to draw boundaries on what aspects of the wellbeing economy is a focus for natural capital but a holistic approach is useful and is important for a place-based approach and the scale of natural capital restoration projects with community benefits that are required. Nature restoration efforts need to be combined with systems change otherwise our impacts just go elsewhere in the world. It is difficult to know what the best way forward is. With land use change, value is shifting to different industries and some displacement of local economic activity will happen in the economic transition.

Understanding the drivers and pressures people face is important to know where to put resources and have levers for change you can pull to help delivery. Working with partnerships and people is increasingly important to build that understanding. A marine approach to natural capital restoration is a bit different in that it relies on partnerships. It's difficult to set up funding for projects so making relationships helps you understand what metrics miss.

Potentially, a community benefits register similar to how the renewables register works could be improved on as a tool. This is something the Scottish Forum could explore, as well as building on the SMEEF model. There has been good progress in making sure the planning system is primed to help with delivery. Making planning as easy as possible and taking the principles to put into practice is essential.

Overall, we are making the right linkages but it's a complex system and will have to make some choices about what we prioritise to be successful. This might be driven by budget constraints or individual projects.

There is difficulty in knowing everything that is happening in this space.

We have sufficient tools but perhaps need to deploy them more fully and make links between them.

Given some of the budget challenges, we need to get private investment in natural capital working well, and do need to prioritise where we will get the best results from the different workstreams we have.

Future of the Roundtable

When this group was first convened, it was a novel group. However, this is not the case anymore with lots of different natural capital groups operating in the space. As we shift from a concept focus to a delivery focus, we should consider the value the Roundtable adds to this landscape.

One idea is for the Roundtable to evolve into an Annual Horizons Scanning group that looks at the evolving global agenda and considers how this relates to our own policies and targets. Another idea is to look outwards to other sectors and more actively engage with them for delivery.

Additionally, there has been a rationalisation exercise for some of the different natural capital groups in the interest of not duplicating work and making sure it's easier for people to engage and make connections. A summary paper in **Annex E** details this.

The group supports this rationalisation of the natural capital groups and as these focus on the delivery of natural capital projects, suggest the Roundtable ceases to meet and recommends an Annual Horizons Scanning group across all sectors be explored for how we evolve.

Action: NatureScot and Scottish Forum have a conversation about how an Annual Horizons Scanning group could work.

Action: Ross Johnston to share a list of organisation memberships on the different natural capital groups with the membership.

Annex A

Name	Organisation
Grant Moir	Cairngorms National Park Authority
Robert Nicol	CoSLA
David Findlay	Crofting Commission
Campbell Gerrard	Crown Estate Scotland
Simon Hodgson	Forestry and Land Scotland
Judi Kilgallon	Improvement Service
Jennifer McNulty	Joint Nature Conservation Committee
	Loch Lomond and the Trossachs National Park Authority
Simon Jones	
Amy Mcqueen	Marine Directorate
Brendan Turvey	NatureScot
Francesca Osowska	NatureScot
Hanna Espie	NatureScot
Jenn Wiggins	NHS National Services Scotland
Simon Milne	Royal Botanic Garden Edinburgh
Kerry Sharp	Scottish Enterprise
Pat Snowdon	Scottish Forestry
Paul Lowe	Scottish Forestry
Julia Clough	Scottish Forum on Natural Capital
Dave Signorini	Scottish Government
Fiona Simpson	Scottish Government
Gary Gillespie	Scottish Government
Lorna Ascroft	Scottish Government
Philip Raines	Scottish Government
Ross Johnston	Scottish Government
Hamish Trench	Scottish Land Commission
Gemma Bone Dodds	Scottish National Investment Bank
Gordon Reid	Scottish Water
Mark Williams	Scottish Water
Jayne Ashley	South of Scotland Enterprise
Scott Lees	Transport Scotland
Ken Massie	VisitScotland
Hedda Roberts	Zero Waste Scotland

Annex B

Natural Capital, NSET & Wellbeing Economy

Dr Gary Gillespie
Chief Economist
Scottish Government


Scottish Forum in Natural Capital
29th November 2023



 Scottish Government
Riaghaltas na h-Alba
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What is a wellbeing economy?

“Social justice on a healthy planet”
Wellbeing Economy Alliance (WEAll)




A 'The Business of Wellbeing Guide' resource by Wellbeing Economy Alliance. Illustrated by Marina Riva from Soma360.

SG Vision: *to create an economic system, within safe environmental limits, which serves and prioritises the collective wellbeing of current and future generations*



A 'The Business of Wellbeing Guide' resource by Wellbeing Economy Alliance. Illustrated by Marina Riva from Soma360.

*“The economy of wellbeing specifically highlights the need for **putting people at the centre of policy** and moving away from an attitude of ‘grow first, redistribute and clean up later’ towards a growth **model that is equitable and sustainable from the outset**”*
OECD, 2019

 Scottish Government
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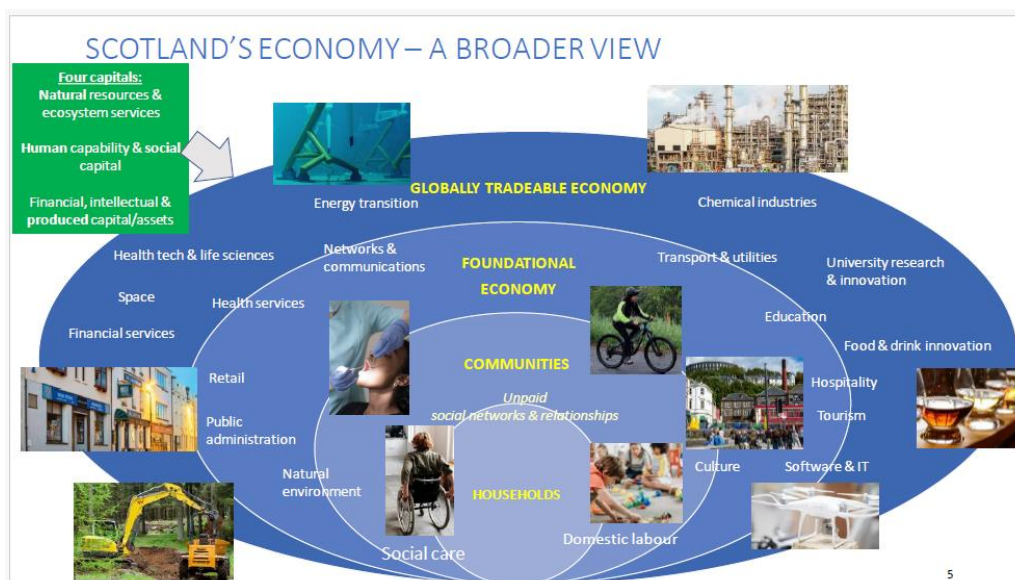
Scottish government definitions

An economic system within **safe environmental limits**, which **serves and prioritises** the **collective wellbeing** of **current and future generations**

“An economy that works for people and planet – not the other way around”

*“We will use the powers we currently have to build a **fair, green and growing** economy, which meets the needs and aspirations of people”*

Business Purpose Commission: *“**finding profitable solutions to the problems of people and planet, not profiting from creating problems for either**”*



Vision to transition to a Wellbeing Economy

Equality,
opportunity,
community

New leadership – A fresh start

April 2023

Scottish Government
Rìgh-thòras na h-Alba

Core to First Minister's Policy Prospectus (2023-26) and National Strategy for Economic Transformation (2022-2032)

Three interdependent missions:
Opportunity, Equality, Community

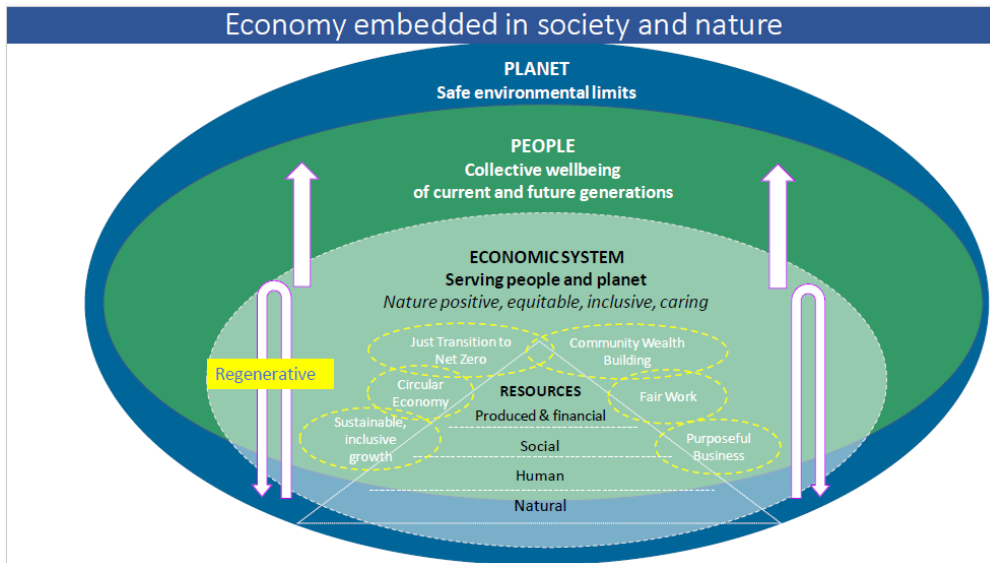
Three-year policy prospectus aims to build a *fair, green and growing* economy as we transition towards a Wellbeing Economy

Delivering Economic Prosperity














March 2022

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Economy embedded in society and nature



National wellbeing economy monitor

Wellbeing Economy Monitor Indicators [period]		Latest	Trend	Beyond GDP			
Natural capital	GHG emissions* [2020]	58.7%		Social capital	Gender pay gap (weekly)* [2022]	10.9%	
	Biodiversity [2018]	Maintaining			Young people's participation* [2022] (No. of young people in education, training or empl.)	92.4%	
Human capital	Low educational attainment* [2020] (Number of people with low/no qualification)	9.7%		Produced & financial capital	Investment (2022)	18.4	
	Child poverty: children in low income and material deprivation [2019-22]	10.5%	N/A		Employees below real living wage* [2022]	9.0%	
	Active travel [2019]	Improving			Income inequality (Palma ratio)* [2019-22]	18%	
	Preventable deaths (incl. Covid deaths) [2021]	247.7			Wealth inequality [2018-20]	64%	
	Relative poverty after housing costs [2019-22]	20.5%			Community ownership [2021]	711	

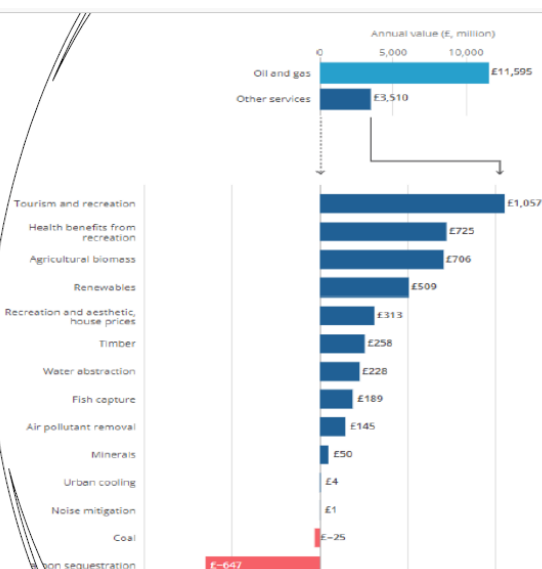
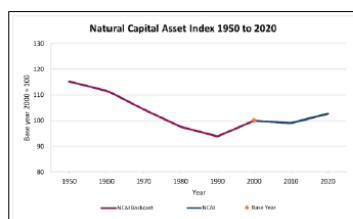
NOTE: Latest published version of the Wellbeing Economy Monitor is here -

<https://www.gov.scot/publications/wellbeing-economy-monitor-december-2022-update/pages/1/>



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The Index and Accounts





Concluding Thoughts:

- Natural Capital concept and approach better understood.
- Scotwind highlights potential opportunities to both transition economy from carbon but also opportunities from natural capital.
- Regenerative policies more difficult? Work on financial framework for natural capital investment.
- Work with business community in understanding their role in Wellbeing Economy underway – NDBG.
- NSET refresh, Green Industrial Strategy provide further opportunities.

Scotland's Vision

An economic system, within safe environmental limits, which serves the collective wellbeing of current and future generations first and foremost.



Annex C



Delivering social and community impact from land and nature – from policy to practice



Emerging practice

- Existing practice eg: renewables sector
- SLC Guidance on Community Benefits from Land – definition & key features
- Emerging examples of responsible investment approaches – willingness to experiment

Challenges

- Variation and proportionality – need for flexibility
 - Ease and replicability – demand for standardisation
 - Measuring social impact – shared challenge
-

Opportunities

- Public land leadership – eg governance, benefit sharing and impact reporting
 - Support and advisory capacity
 - Embedding in market frameworks
 - Embedding in public finance and regulation
-

Annex D



South of Scotland Natural Capital Innovation Zone



South of Scotland Enterprise Act 2019

Overarching aims



FURTHER THE SUSTAINABLE ECONOMIC
AND SOCIAL DEVELOPMENT OF
THE SOUTH OF SCOTLAND

IMPROVE THE AMENITY
AND ENVIRONMENT
OF THE SOUTH OF SCOTLAND

Context

- Collaboration, Enhancement and Innovation
- Interim Principles for Responsible Investment in Natural Capital
- Regional Land Use Partnership and Framework
- Borderlands Natural Capital Programme

Woodland

- Investment
 - Wild Heart Expansion Project
 - Borderlands Natural Capital Woodland Project
 - SPEN
- Community Wealth Building
- Community Benefits
- Skills Development



“You cannot protect the environment unless you empower people, you inform them, and you help them understand that these resources are their own, that they must protect them.”

Wangari Maathai

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Annex E

Review of Scottish public sector natural capital groups

As an action from the last public sector leaders roundtable on natural capital, officials from Scottish Government and NatureScot have reviewed the current suite of public sector natural capital groups that we facilitate in order to identify the most efficient and effective future governance arrangements for natural capital work.

We recommend the following arrangements to be put into operation from January 2024:

- **NSET Private Investment in Natural Capital** – this public sector partnership programme should continue as a discrete group given its specific programme delivery purpose and increased momentum (e.g. delivery of PfG market framework commitment);
- **SG Natural Capital Co-ordination Group, EELG Nature-based Solutions Group, Natural Capital on Public Land Group** – these three overlapping groups – in attendance and purpose - to be merged into a single public sector natural capital group that meets monthly to cover the full range of natural capital topics relevant to public bodies;
- **Public Land Clusters sub-group** – this group to continue for the time-being as a ‘task and finish’ sub-group of the new single merged natural capital group in order to maintain the momentum behind this work and take forward pilots to test the ‘cluster’ approach.

If the roundtable supports this recommendation then we will engage further with the stakeholders in each of these groups to resolve some of the detail ahead of the new arrangements commencing in January 2024 such as the secretariat and reporting arrangements.

Ross Johnston/Peter Phillips SG
Brendan Turvey/Clive Mitchell NatureScot