

Applying a natural capital approach in practice: Lessons learned from the North Devon Landscape Pioneer

Executive Summary

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Executive Summary

This report sets out what the North Devon Landscape Pioneer did in North Devon to trial a natural capital approach and embed it within a participatory and deliberative process. It explains what we have learned from the experiment. It also describes how the natural capital process interacted with the Pioneer's exploration of improving land management, another key work area for the North Devon Landscape Pioneer.

The North Devon Landscape Pioneer

Nature's recovery is essential for societal wellbeing. It is also a government priority; the Governments' 25 Year Environment Plan (25 YEP) (HM Government 2018) aims to improve the environment within one generation. The 25 YEP suggests a number of new approaches to help with the challenge. Natural capital is one such approach. Natural capital treats the environment as a set of assets which provide benefits to society. In order to inform best practice for the delivery of the 25 YEP, four Pioneers were set up across England. Defra tasked the Pioneers with:

- testing and trialling a natural capital approach;
- exploring more integrated decision making and delivery;
- investigating innovative finance; and
- sharing lessons learned.

We explored whether we could embed a natural capital approach, using economic evidence of the benefits that the environment was providing in North Devon within a participatory and deliberative process with partners from the North Devon Biosphere. Partners included those working in the environment sector to local businesses, industries and the public sector. A participatory and deliberative process means properly involving partners, where they have a genuine opportunity to steer and influence plans and the opportunity to discuss different options together. To embed a natural capital approach the Pioneer sought to understand the state of natural capital in North Devon including how it was being managed and invested in, identify priorities for enhancing natural capital and explore how to do this strategically. It used a number of innovative approaches to do this. The ultimate aim of the process was to develop a range of strategic solutions which would support and enhance the natural environment, resulting in improved benefits provided to people.

Lessons learned from trialling a natural capital approach

The Landscape Pioneer made significant progress in understanding how to implement a natural capital approach and the benefits of doing so. We learned that:

- Using a natural capital approach helped us to think differently about the environment. It facilitated the development of innovative and ambitious ideas and products. These included, a biosphere-wide analysis of environmental investment, exploration of the systemic reasons for environmental failure and the attempt to identify strategic, innovative interventions to address these. Taking the partnership through this process developed a shared and strategic mindset about how to improve the environment in North Devon. This is reflected in the Natural Capital Strategy and the Environmental Land Management Trial being tested in North Devon now.
- Applying a participatory and deliberative natural capital approach requires a significant amount of time and resources. It is worth it in terms of buy-in and outcomes but it really does benefit from bespoke resourcing at the outset.
- A natural capital approach should consider the 'whole system' of the environment. It would be best to start at a strategic level and then delve into the detail when needed. A participatory strategic planning process could be used to do this.

- Special aspects of the environment and / or place must be considered explicitly throughout a natural capital decision making process. This will depend on the place and partners key interests, but is likely to include biodiversity, landscape and geodiversity.
- The trial of a new approach provided an opportunity to engage new partners. The Pioneer expanded on the Biosphere partnership to include stakeholders from economic planning, development, business and tourism. A broad range of partners should be engaged from the start of a natural capital process, from both the 'demand-side' of ecosystem services (for example public health, education, communities) and the 'supply-side' (land managers, water companies, environment sector).
- The participatory and deliberative process was key to the success of the trial. Taking the partnership through a meaningful participatory and deliberative process resulted in a high level of buy-in. Partners felt able to steer outcomes and were able to input and feedback at each stage of the process. They now have collective ownership of the Natural Capital Strategy and are taking this forward in a North Devon Action Plan. Thus, partnership working is very valuable, and investing in it is important.
- Economic values of benefits flowing to society were generally limited to a subset of assets and services. But this was not a surprise and has confirmed our existing views about evidence needed during a natural capital process. That is, it is imperative to include qualitative evidence about values of the environment as well as any quantitative evidence available. The evidence base should also be spatial to enable an understanding of environmental benefits flowing to people and to target interventions to enhance them.
- Developing strategic interventions which improve the environment and which could be funded by private sector investment was challenging. We think this is down to a number of issues. Firstly it is difficult to provide financial returns to investors, because often investments in the natural environment provide public goods to everyone, rather than to specific individuals and businesses. Other issues include the scale of projects we were considering, current knowledge in the environment sector about finance and the provision of investment mechanisms to move money from investor to projects. Overcoming these barriers will be key to be able to draw in more investment from the private sector.
- The trial of a natural capital approach helped us to understand what transformative change looks like. We learned that landscape-scale changes are needed to how we use and manage land as well as how we incentivise, motivate and support those who impact rural land management. We suggest a number of innovative changes to governance which would facilitate the change needed to improve the environment.

This report

This report will discuss the test and trial of a natural capital approach in more detail, including specific steps in the process that we experimented with and key learning from each of these. It also reflects on our combination of a natural capital approach with a participatory and deliberative process. It suggests a number of important lessons for anyone interested in applying a natural capital approach to plan for recovering nature in their place. It also demonstrates how the natural capital process interacted with the Pioneer's investigation of improving decision making in rural land management.