

THE NATURAL CAPITAL OF THE COTSWOLDS AONB

Summary: To revisit the Sub-Committee's consideration of the Cotswolds AONB Natural Capital Assessment report and advise the Executive Committee on next steps

Recommendation: That the Sub-Committee gives a clear steer on how current thinking on the natural capital approach can assist the Board in its duty to conserve and enhance the natural beauty of the Cotswolds AONB, including the relevance of understanding and enjoyment of its special qualities, and of the social and economic well-being of the local communities. That steer should take account of the cost of further work should be prioritised against other work programmes in the current business plan.

Ref: Richard Wakeford, Board member (01451 862000)

Background

1. The Conserving and Managing Sub-Committee's considered the Cumulus Consultants report on Natural Capital Assessment at their meeting on 7th September 2017. The report had been prepared as a first step towards the draft Cotswolds AONB Management Plan outcome of:

The natural assets of the Cotswolds AONB and their contribution to wider society as ecosystem services are understood, recognised and valued by all decision makers

2. The Sub-Committee considered that the consultant's report provided a good overview of the elements of natural capital likely to feature strongly in the Cotswolds. But they felt it mixed up natural capital with ecosystem services (rather than recognising their interdependence and the importance of valuation). It would not do much to help the Board deliver on the ambitions inspired by Professor Dieter Helm's presentation at the 2016 Forum – to create a new management plan properly underpinned by the natural capital approach.
3. The Sub-committee considered that a much more joined up approach with other organisations such as the wildlife trusts, RSPB, CPRE, National Parks and water companies etc. would be needed for our work to start to deliver real influence. Why did we not proceed in partnership with those bodies?
4. The Sub-Committee made observations on the recommendations from the report as follows:

i) Adapt the Cotswolds AONB Management Plan to incorporate a natural capital approach

The recommendation was too limiting; the consultant should have explained how the Board might do this and achieve influence in local authority and other

partners. Natural capital was an important concept but could not be useful in isolation; our work needed to factor in other elements of capital such as cultural capital (eg Cotswolds stone walls), human capital (eg land managers), manufactured capital and financial capital as all these different capitals are interconnected. The work was not far enough advanced to be translated into management plan policies - especially as the link between capital and the ecosystems services delivered was not clearly explained.

ii) Address the gaps in the evidence iii) Develop a set of natural capital accounts

These points should have been part of the consultancy. The consultancy should not have been started if there were no resources to finish it. There is also the need to put some values on the ecosystem services the Cotswolds could deliver in terms of value to society; and then illustrate how this might be used to design payments to land managers to maintain the natural and social capital.

iv) Use the opportunity provided by Brexit to design policy that stewards natural capital assets and rewards the provision of public goods.

The Subcommittee looked for recommendations from officers about how the report (albeit only a first stage) would be used to achieve this goal. Mark Connelly, Land Management Officer, said that he could investigate to see if there was a suitable student who could help us to use this information and to see if some of the gaps can be addressed.

5. More generally, the Sub-Committee was concerned about the process by which the report had been commissioned. Although many Board members had relevant expertise, none had been involved in letting the contract for this work - requirements, coverage, the tender process, value for money etc. What's more, the report was presented as being the first of 4 stages - but the cover paper then made clear that there were no resources available for the later stages. There was no information about the cost of stage 1, or the potential cost of future stages. Subcommittee members were disappointed not to have been better involved from the start and thus able to guide priorities within the budget available for Conserving and Managing work
6. The Subcommittee Chair, Board member Richard Wakeford, recognises that this was not the most constructive steer for the Executive Committee or for the officers taking work forward. He has subsequently attended an ONS/DEFRA conference on natural capital accounting and use, which has been useful in understanding how other organisations have approached the challenge. This has also opened up a potential involvement for the Board with ONS on measuring improved vs unimproved grassland for its natural capital (a crucial factor in assessing the natural capital of the Cotswolds AONB).
7. The cover paper presented to the Sub-Committee in September set out the wider background and Defra's current actions in the forthcoming 25 year plan and pioneer projects under way. We know that the Board wants to be a leader in the natural capital field, but how can this best be achieved and what resources should be made

available in competition with other priorities? Clearly, we need to be working on a systems approach, plotting the varieties of natural (and other) capital our Board is charged with securing; how that is used to deliver ecosystems and other services; and how market and non-market instruments could be tweaked to rebuild the natural capital for which our AONB is renowned. There are probably also elements that we can draw from:

- international initiatives¹
- the Defra/ONS work at national level
- the RSPB's approach to its own estate (which – see table 2 on page 23 of their document “Accounting for Nature” focuses on the monetised natural capital values where they can be estimated but showing the gaps where they cannot).
<https://www.rspb.org.uk/globalassets/downloads/documents/positions/economics/accounting-for-nature.pdf>
- Forest Enterprise work, which gives some steers about how to value public enjoyment of wooded landscape. [https://www.forestry.gov.uk/pdf/160715-FEE-Natural-Capital-Account-web.pdf/\\$FILE/160715-FEE-Natural-Capital-Account-web.pdf](https://www.forestry.gov.uk/pdf/160715-FEE-Natural-Capital-Account-web.pdf/$FILE/160715-FEE-Natural-Capital-Account-web.pdf)
- work in London showing how the capital value of homes is related to proximity to greenspace (the impact of protected area designations on house prices has of course long been known, but only anecdotally)
- the RICS consideration of what chartered surveyors will need to know as natural capital conservation may become a legal requirement in tenancy agreements
- some pilot work Natural England are doing in a focus area (not an AONB)
- some work is under way in the National Parks, which might offer a suitable methodology and ideas about the cost of implementation

8. In this emerging science, and given our limited resources, we are best looking to make progress in partnership with other organisations – whether our sponsor, Natural England, or the ONS, or others locally such as the Gloucestershire Wildlife Trust, the CPRE, FWAG etc. The links in the September paper are helpful background and the Defra workshop exposes that there are a series of different approaches being worked up by different agencies. What's distinctive about our AONB is probably a combination of the Cotswold stone (are buildings/walls built of it a natural capital asset?) and limestone flower rich grassland (now much diminished).

9. **Given the strong commitment of the Board and Executive to embed the natural capital approach into the working of the AONB, the Subcommittee are invited to recommend how, within our limited resources and timeframe, the Board might start to apply natural capital considerations. This is needed to inform our own work priorities (our business plan), and to influence action by all public agencies covered by the 2001 Act duty to conserve and enhance the natural beauty of the Cotswolds (our management plan).**

¹ See for example <http://naturalcapitalscotland.com/>, which is being driven by Johnny Hughes of SWT.

The key questions the Subcommittee and Executive need to address now are:

- **when will the emerging work at national level be sufficiently advanced to ensure that we don't set off on the wrong track;**
- **how can proper partnership be created with all the regional bodies with an interest in the approach (eg Gloucestershire Wildlife Trust);**
- **how much resource should be set aside for any leadership role we aspire to, in the light of the Government's forthcoming 25 year plan for food and the environment and our aspirations to deliver strong outcomes within that framework?**

Supporting Paper(s):

There are no supporting papers