

Getting to Grips with Natural Capital: Trap or Tool for Transformations to Sustainability?

On 31st August 2022, Kerry Waylen (the James Hutton Institute) and Chris Short (Countryside and Community Research Institute) co-chaired this conference session at the [annual international conference of RGS-IBG](#) (Royal Geographical Society and Institute of British Geographers).



https://commons.wikimedia.org/wiki/File:Tangled_%2860582154%29.jpeg

In this two-part session we sought to promote informed reflection on the conceptualisation, consequences and methodologies for studying and engaging with Natural Capital (NC). We sought contributors bringing conceptually or empirical insights, from planning, business, policy or third sector, and insights from rural landscapes, where management practices and land transactions are already beginning to change in response to new perspectives on what land is ‘for’. The aim of convening this session was to forge new connections with researchers and other stakeholders working with natural capital across the UK, as well as stimulating more reflection on Natural Capital. About 35 and 20 people respectively attended the first and second part of the session.

The first part of the session, consisted of four complementary speakers and discussion on their presentation, prefaced by a brief introduction by Kerry Waylen. This highlighted that Natural Capital is hoped to aid society transform itself to achieve sustainability (e.g. [Daily et al 2011](#)), by aiding changed decisions that ‘mainstream’ nature by policy, private actors and even other groups. However there are concerns that the converse nature may be transformed rather than society (e.g. [Levidow, 2020](#)); therefore careful articulation of both expectations and concerns is needed, together with scrutiny of related empirical practices.

The presentations were:

- 1) Where might the metaphor ‘natural capital’ be misleading us? “Not everything that counts can be counted.” (Cameron, 1963): Nigel Cooper (Anglia Ruskin University & Diocese of Ely)
- 2) Natural Capital accounting depletes Whole Place Capital: A diagnosis of the threat and a proposal to address it: Ewan Allinson (Sculptor, Dundee University, Independent dry stone walling and Landscape Consultancy)
- 3) Traps, Apps and Maps: to what extent do they provide decision-grade data on biodiversity? Hannah Rudman, Mark Reed (SRUC, Scotland’s Rural College)
- 4) Responsible Investment: developing Natural Capital Funds for local benefit: Chris Short (CCRI, the Countryside and Community Research Institute, University of Gloucestershire).

Overall, the talks highlighted the range of approaches to analysing Natural Capital, ranging from discourse analysis of policy texts, through to ethnographic reports of planning processes that employ the concept. The talks also highlighted the risks versus positive potential ascribed to natural capital.

Using the framing of Natural Capital may make sense for some audiences – e.g. to persuade and justify private investors to finance new nature management, and communities may wish to support this through citizen science that helps provide ‘decision-grade data’. However, natural capital concepts may also unhelpfully reinforce a nature-society dichotomous framing that excludes other ways of relating to nature and landscapes and there was an agreement that care and governance frameworks may be needed to ensure that evidence gathering and decision-making that uses this concept results in community empowerment rather than exploitation. We do not summarise each talk separately, but slides or scripts are available on request (contact details at end).

The second part of the session was a world café workshop, in which small groups took turn to discuss three themes, prefaced by reflections by our discussant Bruce Howard (Ecosystems Knowledge Network). Bruce highlighted the potential of such discussions for shaping new practices – recalling the formation of the Ecosystem Approach – and also queried the relationship between this and pre-existing concepts, such as the Ecosystem Approach, and the goal of Sustainable Development. It is important that any new tool or initiative is appraised in terms of how it improves our ability to meet our societal goals, rather than becoming an end in itself. Bruce queried whether discussions about natural capital need to pay close attention to other forms of capital – human, social, intellectual etc – which may also be associated with their own challenges – does linking them make sense or not? Overall we must also appraise NC and its consequences in relation to alternative framings that are or could be used. Similarly, many discussions on NC segue into discussions about private finance, which is sometimes critically referred to, but it is important to remember that other sources funding for environmental management – philanthropy and public fundings – also have their own pros and cons. Lastly, there is a need to question and appraise ‘evidence’ and how and who needs it - different types and sources of information will be sought by actors in order to justify new approaches that affect nature – it is the power of arguments and processes of persuasion which need to be studied, in which ‘evidence’ plays only a part. The stakes are high so there is a need to connect insights and promote learning on all these issues, including from across the terms, examples not always using the NC term, and from urban as well as rural settings.

The themes discussed were:

1. Illuminating places, scales & cases for understanding NC

This group considered the UK to be hosting a ‘wild’ mix of initiatives spanning many settings, sectors and approaches to working NC. Studies sampling across the mix are needed, always questioning framings, assumptions, simplifications, alternatives and consequences. Studying local-level initiatives can help understand if and how NC concepts affect relationships with nature in specific places. The landscape level is important for enabling connectivity in planning, though it must be understood as culturally-dependent unit and concept. At this scale, National Parks are especially interesting as they are subject to many designations and obligations and opportunities. However, NC should not be seen as something only relevant to rural or ‘beautiful’ natural places; but also messy or derelict places. Natural Capital is often absent from conversations about urban planning, though related terms like Blue-Green Infrastructure are used.

Cases should not always be equated with places. Studying webs of urban-rural interdependencies and international dependencies, can help understand decision-making processes and their consequences. Additionally, studying how communities of interest manage to mobilise to achieve change can inform future initiatives for transformation; an Actor Network Approach may be useful here and/or learning from other initiatives that have successfully introduced change in the public interest even if unrelated to the NC concept. Lastly, it would be valuable to appraise the

consultancies' assessments, accounts and tools used – what purposes do they serve? Whose chooses simplifications and reductions? The choice of indicators by these and any process, is always subjective and can reflect (and embed) specific cultural relations and power relations. However, securing practical access to consultancies' proprietary processes can be difficult.

2. *Pros and cons of NC for transformations to sustainability*

When considering if natural capital concept(s) and dataset(s) might help or hinder transformations, there were mixed feelings. Positively, it was hoped that NC accounts would enable governments to transparently document and understand nature, and help motivate and inform actions to meet net zero. It was also hoped that NC would help businesses – and investors in those businesses – to appraise their processes, by making self-evident how degradation of nature poses risks to their operations and viability. For other companies which already seek to embed sustainability, it might help them to better demonstrate their responsible approach to new investors.

Change is already happening. For example, some UK water companies are starting to use a 5 capitals approach in strategic planning, helping them to reconsider priorities for future investment in the water services network. Some companies now align staff bonuses with performance against Environmental Social Governance (ESG) targets¹. We also see changes in land transactions and land management – especially in Scotland – as many more investors focus on acquiring assets for carbon credits. In England, there is also a growing market in biodiversity credits, as developers are obliged to offset the impacts of their activities.

These new practices and markets show change is possible, but also can be problematic. Changed land management practices may appear to be 'green' but are not necessarily in the public interest, nor encouraging holistic approaches to nature and landscapes. For example, Habitat banks that provide conservation credits to developers offsetting biodiversity impacts are not without problems, so need to be learnt from and improved on. Governance frameworks are vital, shaping the rules and enforcement of these schemes and ideally establishing the principle of managing land for the public interest, such as Scotland's Land Reform bill.

It is important to recognise that NC is not one 'thing', and different sectors may conceptualise or work differently with it. The group observed NC has been referred to variously as a product/ service/ stock/ fund/ asset/ value/ price. To some extent this flexibility may be appropriate, but not if it completely removes appreciation of the underlying role and functions of complex



¹ ESG = Environmental, Social and corporate Governance is a framework designed to be integrated into a company's strategy, helping to identify and so mitigate environmental or social risks to the organisation. Many though not all investors in companies request information on ESG factors, using this information alongside financial factors to inform or restrict their investments (so-called 'ESG investing').

natural systems. Additionally, there is the potential for ESG reporting to be ‘greenwashed’, though improved transparency and consistency – a focus of work by TNFD and SBTi² - may mitigate this.

3. *Governance changes to realise good and reduce risks*

This group considered what changes in governance may be needed to enable NC to achieve socially just and environmentally sustainable change.

A key point is to articulate what is encompassed by ‘governance’. Including its aims and the levels and types of actors that it encompasses. At present, there was a feeling that tackling the nature and climate crises is not the central focus of UK governance. The concept of NC may help to redress this; the concept of ecosystem services (benefits) and NC (health of system that provides benefits) should be central in everyday as well as strategic decision-making frameworks. Ideally this could be linked with cultural capital (and potentially other capitals). NC may also offer a common language to help join up visions, plans and learning across levels, although some local context and interpretation is always needed.

Partnership working underlies many initiatives to promote change towards sustainability, so it is important to value the resources and skills needed for this – such as conflict resolution. Any change will entail winners and losers, for example some job roles may disappear. It is essential that these processes are transparent and clearly embedded in democratic institutions, and care is given to just transitions that allow people to reskill. A future generations advocate, as in Wales, may help balance appraisal of competing priorities.

Local authorities were felt to be potentially a key actor in both decision-making and delivering on improvements to NC, but were perceived as under-resourced and under-skilled on this topic, and crucially lacking influence over agricultural land. Additionally, other options are link with and empowering existing bodies experienced in landscape planning, especially bodies responsibility for National Parks and designations such as Areas of Outstanding Natural Beauty (AONBs). Any new initiative such as a London National Park City, should use NC as a central concept in planning.

At a higher level, devolution has increased innovation in governance, but it was perceived that best practice and learning is not always shared. Learning can be further impeded by staffing ‘churn’ within the civil service. National governments can also have a crucial role to play in specifying standards for and resourcing monitoring and compliance with standards, such as offset banking.

Summary

Overall, the discussions highlighted many fears for about the consequences of the NC concept, but also for hope for how NC could be used to help society to appreciate the role of humans in nature. NC is a flexible concept, with potential to be interpreted, represented, and used in diverse ways by different sectors. It is therefore essential to carefully appraise the consequences in and for places and processes. Exploring, querying and challenging claims made for NC, will help to identify if, when and how it is most likely to support transformations towards sustainability.

For more information or discuss any of these issues please contact Kerry.Waylen@Hutton.ac.uk and cshort@glos.ac.uk. Kerry and Hannah’s involvement was supported by the Scottish Government Strategic Research Programme 2022-2027, project JHI-D5-3 ‘[Galvanising Change via Natural Capital](#)’.

² Work to improve sustainability metrics that are reported by companies are led by The Taskforce on Nature-related Financial Disclosures ([TNFD](#)) and Science Based Targets for investment ([SBTi](#)). SBTi focuses especially on metrics relevant to reducing carbon emissions and achieving net zero, whilst TNFD takes a broader focus on indicators of nature, to avoid nature loss.