

# Galvanising Change via Natural Capital

## Newsletter

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# Welcome

This is the fifth newsletter for the Galvanising Change via Natural Capital project. We are now halfway through the project – time flies!

Some parts of the project are now completed, such as the reviews of where and how natural capital is being used in policy and finance worldwide. Outputs from these strands of work are being prepared for submission into peer reviewed academic publications, but if you want to know more right now then do check our earlier newsletters for a sneak peek of early insights or get in contact by email. Earlier editions of this newsletter are available on our project webpage below.

In this newsletter we focus on the newer parts of the project that have recently got underway: we share early insights from work talking to representatives from whisky companies about their work to support nature-based solutions, and we also introduce Dr Diana Valero and her work to understand if and how natural capital could relate to the work of those working on agricultural policy in Scotland.

In case you are not already familiar with our project, you can download a [1-page summary](#), visit our webpage at <https://www.hutton.ac.uk/research/projects/galvanisingchange-natural-capital> or contact Kerry Waylen: [Kerry.Waylen@hutton.ac.uk](mailto:Kerry.Waylen@hutton.ac.uk)

Our project runs for 5 years and this newsletter comes out every 6 months: do forward to any colleagues or contacts that may be interested. They can subscribe via [this link](#).

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# Meet a team member

## Diana Valero

Diana Valero is an interdisciplinary social scientist with a background in political science, local development and rural policy. With a strong focus on social justice, Diana works with communities and other stakeholders to understand and address pressing societal challenges while supporting positive transformative change. Her research investigates social change and sustainable development, in light of challenges such as climate chaos, water scarcity and increasing social inequalities. She focuses on the enabling conditions for innovation towards societal and policy arrangements that are fairer for people and the planet.

Diana is originally from Spain. After completing her PhD at the University of Valencia in 2016, she moved to Scotland to do a one-year postdoc, but she fell in love with Scotland; their landscapes, people, and even the fact it rains (!) and decided to stay. Prior to joining Hutton in 2021, she worked as a postdoc at the University of the Highlands and Islands and at the University of Stirling.

During the last few years, her work has focused on water provision in rural areas. She also has experience working in international projects exploring different aspects of sustainable rural development, including agricultural innovation, governance and management of natural resources, and environmental issues. Building on this experience, her work in this project focuses on agricultural policy development, and aims to understand aspirations and practical possibilities for embedding natural capital and other environmental information in policy-making (read more on this on [page 6](#)). For this, she is currently conducting a series of interviews ('Agri-chats') with staff in various roles linked to Scottish agricultural policy development.

To find out more about Diana visit her webpage at: <https://www.hutton.ac.uk/people/diana-valero/>



# Early insights about whisky

**Esther Carmen**

We are examining the motivations and opportunities for engaging with nature-based solutions within the Scotch whisky sector. So far we have interviewed 5 staff members who work for 5 different parent companies, in roles related to sustainability, as well discussing these issues with the [Scotch Whisky Association](#) which represents and supports much of the sector. These interviews have led to some interesting early insights.

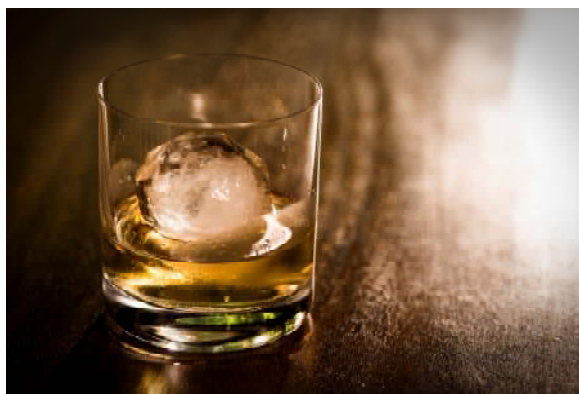
**Business models of parent companies vary in relation to the Scotch Whisky sector:** Parent companies' portfolios of drinks brands, types of operations and presence in Scotland varies. For some companies we spoke to business models span the wider alcoholic drinks sector with the production orientated towards multiple drink brands and with international operations. Scotch Whisky production (single malt and blended) is one aspects of the business model linked to multiple sites (distilleries) within Scotland. Other business models however have the whisky sector as the primary focus. Scotch whisky is core to these business models which encompass multiple parts of the scotch whisky value chain (i.e. malting, production, blending, marketing and distribution). Peat use varies, with some using it in the production of single malts whereas other companies tend to externally source peated whisky to then use in their creating blends.

**All companies recognise environmental sustainability concerns:** So far, all companies involved in this study recognise the relevance of environmental sustainability to their operations. However, companies may vary as to which part(s) of their organisations are seen as related or leading on different sustainability issues, Drinks sector companies all have corporate sustainability teams and strategies which highlight key strategic issues often relation to waste and packaging, water as a key business resource, emissions, and people and communities. Some also include an explicit pillar of their strategies relating to biodiversity.

**Different pathways for business-nature engagement:** Reasons vary as to why whisky companies engage in nature-based solutions. Four business-nature action pathways are involved: 1. Compliance with legal and regulatory requirements to mitigate environmental harms from business activities; 2. Corporate Social Responsibility (CSR) aimed at creating positive social and environmental outcomes; 3. Managing business risks relating to nature dependencies; and 4. Leadership that views organisations as an integral part of landscapes. Multiple pathways are found within businesses, however the emphasis placed on these pathways also varies. Natural capital data is seen as more relevant guiding the allocation of resources within some pathways, particularly from a business risk perspective.

**Companies vary in how they engage with nature-based solutions:** All of the interviewed companies allocate human and financial resources to improve environmental sustainability, and specifically to work with nature. However, there is variation in the type and scale of actions. Some adopt an ad hoc approach to deciding where to work, whereas others work more strategically. The expected benefits to the business vary, but reputational benefits are nearly always emphasised. Some companies work in partnership with others (e.g. landowners, Fisheries Trusts, the RSPB, etc), whereas others prefer to work on landholdings that they directly control and manage. When ecological or hydrological expertise is needed, external consultants are used, which means challenges and opportunities for working with natural capital data and tools may not be fully understood by those directly employed in the sector.

**Approaches to working with nature are evolving:** Strategies, approaches and resources for nature-based solutions have changed over time. For example, those with environmental-focused roles were originally focused on compliance with environmental regulations but may now also include a strong focus on delivering new positive social and environmental outcomes. Some of these changes have been in response to external drivers, but change can also result from internal learning.



**Opportunities for broader and deeper engagement with nature:** Our participants all emphasised a collaborative culture within the sector, with informal sharing of ideas. Some were unfamiliar with the concepts of natural capital and nature-based solutions, others were already adopting such practice but highlighted the need for better data to help assess future scenarios. This suggests there are opportunities for more formalised sharing and learning within the sector, for example coordinated by the Scotch Whisky Association.

For more information about this project, contact [Esther.Carmen@hutton.ac.uk](mailto:Esther.Carmen@hutton.ac.uk)



# Natural capital in policy decision-making. Where to start?

**Diana Valero**

Part of the research that the Galvanizing Natural Capital project is developing delves into understanding practical possibilities for embedding natural capital and other environmental information in policy-making in general, and policy-design more specifically.

To what degree is natural capital considered in today's policy-making? And how does this happen? What evidence and knowledge are used in decision-making, and how? What information will be required during the implementation processes, and how will it be processed? All of these are fascinating questions for a researcher interested in public policy! I'm particularly interested in understanding innovation in institutional arrangements and processes, so I have been looking into policy design and entrepreneurship to gain inspiration and build our study.

A key piece in our research framework for studying natural capital in policy-making is Duncan Russel and John Turnpenney's 2020 article in *Ecology and Society* on embedding ecosystem services into policy processes ([click here for the open access article](#)). From an institutional perspective, Russel and Turnpenney proposed an analytical scheme based on three institutional levels: micro (individual behaviour), meso (organisational dynamics) and macro (political context). This study provides us with the kinds of responses that might be encountered when listening to policy actors' views about a new idea. There can be nine intersections between the micro, meso and macro levels and three types of widely accepted institutional logics: rational (actors behave to optimise utility within given constraints), historical or path-dependent, and sociological (based on what actors think can do). This framework is very useful in our research to inform the analysis of the data that we are gathering in our Agri-chats.

*Table 1. Questions to investigate the embedding of natural capital in policy-making, adapted from Russel & Turnpenney 2020 (p9)*

	Individual behaviour	Organisational dynamics	Social and political context
Rational logic (optimisation of preferences)	<i>How far does a natural capital approach help the policymakers and civil servants in their work?</i>	<i>How far does a natural capital approach help the policy-making team protect core resources or influence or budget?</i>	<i>How far does a natural capital approach help meet wider political and societal preferences?</i>
Historical logic (path dependencies)	<i>How familiar are the policy makers and civil servants with the ideas of a natural capital approach?</i>	<i>How does a natural capital approach challenge established decision-making roles and competencies?</i>	<i>How does a natural capital approach challenge established societal structures, ideas, and power relations?</i>
Sociological logic (appropriate expectations)	<i>How far is natural capital consistent with what is expected of the civil servants and policy makers?</i>	<i>How far is a natural capital approach consistent with how decisions are made in the policy-making team?</i>	<i>How far is a natural capital approach consistent with wider social norms?</i>

Another valuable conceptual input to our framework comes from the work published earlier this year by Giliberto Capano and Michael Howlett in the journal *Policy Design and Practice* ([click here for the open access article](#)).

This also begins with a three-level taxonomy to distinguish different types of policy design content; sectoral-level (high-level policy goals and instrument logic), programme-level (policy objectives and instrument choices) and operational level (specific measures, goal targets and instrumental calibrations). They propose a framework for studying the operational level, which remains largely underexplored when compared with the other levels. They call this framework “delivery package”. Capano & Howlett’s delivery package has a number of dimensions in terms of policy means (based on a long list of prior work by them and others) that look from stringency and public visibility to monitoring, auditing and accountability rules.

Russel and Turpennys’ and Capano and Howlett’s frameworks are just two of the analytical components we are mobilising in our research of natural capital on policy making in Scotland. Russel and Turnpennys’ and Capano and Howlett’s frameworks are just two of the analytical components we are mobilising in our research of natural capital on policy making in Scotland. In combination with inputs from policy innovation and diffusion and policy entrepreneurship, we hope to provide a constructively-framed insight into how policy-making teams currently work with natural capital and options for further integration moving forward.



## Events and resources

Here are a couple of things we are keeping an eye on, that might interest some of you too!

- **New video** The 45<sup>th</sup> TB Macaulay Lecture was delivered earlier this month in Edinburgh by Professor Gretchen Daily. As co-founder of the Stanford Natural Capital Project (NCP) she is one of the key proponents of the idea of natural capital and the NCP has supported some practical innovations around the world to reflect this idea. You can catch up on the lecture, the response led by our PI Kerry Waylen, and the subsequent Q&A at <https://www.youtube.com/watch?v=Eo11-Rmcvt8> You can find out more about the NCP at <https://naturalcapitalproject.stanford.edu/>
- **New reading material** Hot off the press is a new paper by Lucy Jenner and colleagues, which examines the “*limitations and risks of land use change tools in decision-making*” in the Galloway and Southern Ayrshire UNESCO Biosphere. We are perhaps biased – we know Lucy and her coauthors – but this is really super for its exploration of real life farmer decisions, allowing understanding on when and why tools linked to a natural capital approach are actually used. Lucy concludes that those seeking to promote land use change towards sustainability shouldn’t rely on supporting tools, but should also or instead by supporting land manager networking. For us, this serves a really useful reminder that context and process matter both to understanding and enabling decisions – we cannot just focus on specific tools or technologies. The paper is open access in Environmental Science & Policy and can be viewed at <https://doi.org/10.1016/j.envsci.2024.103889>
- **Upcoming Conference** The Ecosystem Services Partnership (ESP) is holding its biennial Europe conference in Wageningen this November. There are two thematic streams: “*Ecosystem services and health*”, and “*Ecosystem services and conditions for transformative change*”. Given that the aim of working with Natural Capital is (for us) to achieve transformative change, we will paying close attention to outputs of this conference. If you are going, do come and say hello – project member Simone Martino will be there presenting on related topics <https://www.espconference.org/europe2024/home>
- **New project alert** Continuing on the theme of transformation, we’ve spotted this new project ‘*A-Track – Accelerating TRAnsformation through Capitals Knowledge*’ It’s funded by Horizon Europe and has an interesting mix of partners, ranging from the World Business Council for Sustainable Development through to the Institute of Chartered Accountants in England & Wales. We imagine this kind of interdisciplinary partnership could help make good progress in embedding natural capital in real world business practices. However, we can’t find much public information beyond <https://cordis.europa.eu/project/id/101082268> - so if anyone reading this knows more, please do get in contact!





For more information contact [Kerry.waylen@hutton.ac.uk](mailto:Kerry.waylen@hutton.ac.uk) or visit the project website <https://www.hutton.ac.uk/research/projects/galvanising-change-natural-capital>.

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