

Report to: Lead Member for Transport and Environment

Date of meeting: 16 March 2020

By: Director of Communities, Economy and Transport

Title: Sussex Local Natural Capital Investment Strategy

Purpose: To decide whether to endorse the Sussex Natural Capital Investment Strategy.

RECOMMENDATIONS: Lead Member is recommended to :-

- (1) note the publication of the Sussex Natural Capital Investment Strategy; and**
 - (2) endorse the Sussex Natural Capital Investment Strategy.**
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1 Background information

1.1 In October 2019 the Sussex Local Nature Partnership (LNP), which brings together a number of organisations in Sussex from different sectors, produced a 'Natural Capital Investment Strategy' to help plan, coordinate and drive more investment into natural capital in Sussex. The investment strategy supports the development of the South East Local Industrial Strategy and the Environment Strategy for East Sussex, both of which highlight the quality of the natural environment as a unique and positive asset for East Sussex. Once the investment strategy, which is included as appendix 1, is endorsed by the LNP members it will enable an investment action plan to be developed, which will aim to drive new investment into improving the natural capital of East Sussex.

2 Supporting information

2.1 Natural capital is the stock of renewable and non-renewable resources (e.g. plants, animals, air, water, soil, minerals) that yield a flow of benefits to people, including food, clean air, clean water, climate regulation, pollination of crops by insects and flood defence. The most recent data from the Office for National Statistics estimated that the partial asset value of UK natural capital is close to £1 trillion (ONS, October 2019). The government's Natural Environment White Paper of 2011 encouraged the setting up of Local Nature Partnerships to ensure a more joined up and strategic approach to managing natural capital for the benefit of people, the economy and the environment. The Sussex LNP was formally established in 2014 and brings together approximately 25 organisations in Sussex from across the regulatory, public, private, academic and environmental sectors. It is currently hosted by the County Council and has two purposes, namely to:

- 1) conserve, enhance and expand Sussex's Natural Capital;
- 2) ensure that Sussex residents share in the benefits provided by healthy, well-functioning ecosystems.

2.2 One of the four grand challenges set out in the national Industrial Strategy of 2017 was for clean growth. The national Clean Growth Strategy published in 2018 and the 25 Year Environment Plan published in 2019 both highlighted that, as with any asset, the flows of goods and services from natural capital can only be maintained with investment. Consequently, the Sussex LNP has been in dialogue with its two Local Enterprise Partnerships, the South East LEP and Coast to Capital, about the evidence base as to where natural capital assets are located, the

benefits and services they deliver, and the condition the assets are in. This has been compiled into the Natural Capital Investment Strategy for Sussex, the purpose of which is to provide a strategic assessment as to how and where best to focus resources to protect and enhance the stock of natural capital assets, for the benefit of people and the economy. This will help support the evidence base for the Local Industrial Strategies for the two LEPs and the East Sussex Environment Strategy.

2.3 Development of the Investment Strategy has been funded by a range of organisations, including East Sussex County Council. The Strategy has a number of limitations, which are clearly stated in the Strategy, including significant variability in the quality of the data on the current condition of many natural capital assets. However, it provides as comprehensive a picture as is likely to be available within current resources.

2.4 The Investment Strategy identifies the priority benefits delivered by natural capital that need to be protected and enhanced. These are water quantity and quality, the management of flood risk, carbon storage and sequestration, and access by the public to nature. The key types of actions that the strategy recommends are to protect existing assets, improve the quality of those in poor condition and to develop new assets, so that the benefits being delivered from natural capital can be increased.

2.5 The Strategy recommends a number of next steps to enable more investment in natural capital, including embedding a natural capital approach into relevant policy and practice (e.g. land use planning), raising understanding about the value of natural capital to people and the economy, developing a pipeline of investable projects which are attractive to potential investors, and setting up the appropriate governance and financial management processes to facilitate new investment. All LNP members are being asked to endorse the investment strategy, to ensure there is sufficient support for the evidence base and the next steps.

2.6 There are a growing number of natural capital investment projects. For example, water companies hold auctions with farmers to encourage mutually beneficial changes to land management practices, such as planting trees in upland catchment areas to help manage flood risk and reduce soil run-off, and the Surrey LNP has secured £500,000 from the Coast to Capital Local Enterprise Partnership to deliver habitat restoration work in an area where a high level of development is proposed. As the market for natural capital investment grows, so East Sussex has the opportunity to capitalise on its extensive existing natural capital assets, which are evident from the number and extent of designated sites.

3 Conclusion and Reasons for Recommendations

3.1. The Sussex Natural Capital Investment Strategy provides an important part of the evidence base for the development of the Local Industrial Strategy and the Environment Strategy for East Sussex. It recognises the value of existing natural capital to people and the economy, as well as the need and the opportunity to be gained from driving more investment into natural capital. Therefore, it is recommended that the Investment Strategy is endorsed. This will then enable the Local Nature Partnership to move on to developing an investment plan.

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LOCAL MEMBERS: all.

BACKGROUND PAPERS: none.