

**To: The Chairman and Members of the Local Development Framework Sub-Committee**

**(Councillors Watson, Humphreys, Osborne, Ridley, Simpson and Taylor)**

**For the information of the other Members of the Council**

**For general enquiries please contact Democratic Services on 01827 719237 or via e-mail: [democraticservices@northwarks.gov.uk](mailto:democraticservices@northwarks.gov.uk)**

**For enquiries about specific reports please contact the officer named in the reports.**

**This document can be made available in large print and electronic accessible formats if requested.**

## **LOCAL DEVELOPMENT FRAMEWORK SUB-COMMITTEE**

**19 NOVEMBER 2024**

The Local Development Framework Sub-Committee will meet on Tuesday, 19 November 2024 at 6.30pm in the Council Chamber at The Council House, South Street, Atherstone, Warwickshire.

The day after the meeting a recording will be available to be viewed on the Council's YouTube channel at [NorthWarks - YouTube](#).

### **AGENDA**

- 1 Evacuation Procedure.**
- 2 Apologies for Absence/ Members away on official Council business.**
- 3 Disclosable Pecuniary and Non-Pecuniary Interests.**
- 4 Minutes of the meeting of the Local Development Framework Sub-Committee held on 10 September 2024 - copy herewith, to be approved as a correct record and signed by the Chairman.**

# ITEMS FOR DISCUSSION AND DECISION

## (WHITE PAPERS)

- 5 **Update on Progress of Employment Development Plan Document**  
– Report of the Chief Executive

### **Summary**

This report provides an update for Members on the progress of the Employment Development Plan Document (EDPD).

The Contact Officer for this report is Mike Dittman (719451).

- 6 **Warwickshire, Coventry and Solihull Local Authorities Natural Capital Investment Strategy** – Report of the Chief Executive

### **Summary**

This report seeks the adoption of the Warwickshire, Coventry and Solihull Natural Capital Investment Strategy as the basis for utilising natural capital funding across the sub-region, noting that the strategy aligns closely with the Biodiversity Action Plan (BAP) and has the potential to support the delivery of the BAP. Members support is sought for the strategy to assist in how monies received for the natural capital can be invested. In addition, the report proposes governance arrangements are put in place to oversee the delivery of the strategy, including developing an implementation.

The Contact Officer for this report is Mike Dittman (719451)

STEVE MAXEY  
Chief Executive

## NORTH WARWICKSHIRE BOROUGH COUNCIL

### MINUTES OF THE LOCAL DEVELOPMENT FRAMEWORK SUB-COMMITTEE

10 September 2024

Present: Councillor Watson in the Chair

Councillors Bates, Osborne, Ridley and Simpson

Apologies for absence were received from Councillor Humphreys  
(Substitute Councillor Bates)

#### 9 **Disclosable Pecuniary and Non-Pecuniary Interests**

There were none declared at the meeting.

#### 10 **Minutes of the meeting of the Local Development Framework Sub-Committee held on 24 July 2024.**

The minutes of the meeting of the Local Development Framework Sub-Committee held on 24 July 2024, copies having been previously circulated, were approved as a correct record and signed by the Chairman.

#### 11 **Birmingham Local Plan Preferred Options Reg 18 Consultation July 2024**

The Assistant Chief Executive and Solicitor to the Council brought the new Birmingham Local Plan (BLP) Preferred Options Reg 18 Consultation July 2024 to Members for their comments.

##### **Resolved:**

- a That the consultation of the Birmingham Local Plan Preferred Options Reg 18 Consultation July 2024, ending 27 August 2024 be noted; and**
- b That the observations, potential impacts and objections in the report of the Assistant Chief Executive and Solicitor to the Council be acknowledged.**

#### 12 **The Hinckley & Bosworth Local Plan Review (Regulation 18) Consultation 2024**

The Chief Executive brought the Hinckley & Bosworth Local Plan Review (Regulation 18) Consultation 2024 for consideration by Members.

**Resolved:**

- a That the observations raised on the Hinckley & Bosworth Local Plan Review (Regulation 18) Consultation (2023) be noted and agreed; and**
- b That the additional comments, potential impacts and objections raised by Members at the meeting be forwarded in the formal response to Hinckley & Bosworth Local Plan Review consultation.**

**13 Proposed changes to the National Planning Policy Framework and other changes to the planning system**

The Chief Executive detailed to Members the Draft revisions to the NPPF (“NPPF24”), announced on 31 July 2024, which had been considered by Planning and Development Board on 2 September 2024.

**Resolved:**

**That the views contained in the Appendix of the report of the Chief Executive, and the additional comments made by Members at the meeting, be agreed in consultation with the Chair and Councillors H Phillips and Ridley of the Planning and Development Board and the Chair and Councillor Osborne of the Local Development Framework Sub-Committee, and be sent to Government by the consultation deadline of 24 September 2024.**

Councillor Watson  
Chairman

## Agenda Item No 5

### Local Development Framework Sub-Committee

19 November 2024

#### Report of the Chief Executive

#### Update on Progress of Employment Development Plan Document

### 1 Summary

- 1.1 This report provides an update for Members on the progress of the Employment Development Plan Document (EDPD).

#### **Recommendation to Sub-committee:**

- a That Members note the progress and timetable of production for the Employment Development Plan Document; and**
- b That Member workshops are organised.**

### 2 Consultation

- 2.1 Consultation has taken place with the relevant Members and any comments received will be reported at the meeting.

### 3 Background

- 3.1 As Members will be aware a report on the Draft Employment Development Plan Document (EDPD) – Scope, Issues and Options responses to Consultation Report was considered by the LDF Sub-Committee on 24<sup>th</sup> July 2024. At that time, it was expected that the next stage for the EDPD was the preparation of a Regulation 18 version of the Plan. This was expected to have gone out for consultation in Autumn 2024 with a submission version document (Regulation 19) expected in early 2025. The submission of the Plan to the Secretary of State would then have taken place, to comply with the transitional arrangements, by the end of June 2025.
- 3.2 Following the general election a further consultation on plan-making reforms and amendments to the NPPF has been undertaken, including some revisions to the timeframe/dates for local plan submissions and adoption. These changes covered Plans being made under the transitional arrangements and those at early stages, being prepared against the revised NPPF, but before the new local plan system is finalised and implemented. The Employment Development Plan would fall under these transitional arrangements.

3.3 Originally it was expected that a plan needed to be submitted by June 2025 to use the “old” plan making process. However, these transitional arrangements are being moved to December 2026 as further revisions to the NPPF are expected. This provides the Council with some leeway in the production of the Employment DPD to deal with the delays highlighted below. It is important to emphasize however the Council will progress the Plan as quickly as possible.

#### 4 **EDPD progress**

4.1 The progress on the EDPD has been delayed. This has been caused by staff sickness as well as delays in the submission and processing of tenders/quotes to produce updated evidence base/studies to support the EDPD. These supporting documents include;

- a Landscape Sensitivity Assessment of submitted employment sites and update and review of the Borough’s Landscape Character Assessment;
- a review and update of the 2016 Green Belt Assessment, including a Green Belt site sensitivity assessment of the submitted employment sites, based on the 5 Green Belt purposes and the quality, importance and performance of the Green Belt within which they lie; a Strategic Environmental Assessment (SEA), Sustainability Appraisal (SA) and Habitats Regulation Assessment of the Development Plan document (HRA) which must accompany any policy document; and,
- a Borough Employment paper.

4.2 Draft reports are expected by January 2025, with final reports expected in February/March 2025./.. Time will then be required to feed relevant information into the emerging EDPD text and site considerations. There is a need therefore to delay the publication and consultation of a Regulation 18 Development Plan document to late Spring/Summer 2025.

4.4 Further revisions are expected to the NPPF following the general election. The transitional period for Local Plans and Development Plan documents being produced under the current local plan system is expected to be changed from June 2025 to December 2026. Under the new plan-making system as set out in the Levelling- up and Regeneration Act, Local plans progressing under the old planning system but prepared under the new NPPF were expected to be submitted to the Secretary of State for examination no later than June 2025. The recent amendments to the NPPF have, however, now proposed that all current system plans (that are not subject to the transitional arrangements) will need to be submitted for examination under the existing 2004 Act system no later than **December 2026**. See **Appendix A** for relevant extract.

...

4.3 This, represents a significant extension to the previous proposals for the Submission date of June 2025 benefitting plans that are at earlier stages of preparation, and providing more time for local planning authorities to reflect on the revised NPPF and progress positive plans that will stand up to scrutiny at examination. This has provided some flexibility to the timescales and should help provide the Council with sufficient time to both finalise the Employment

Development Plan Document and progress the supporting evidence to at least draft stage before the Regulation 18 stage consultation is undertaken.

## 5 Revised Timescales

- 5.1 It is expected that the implementation of the new plan-making system as set out in the Levelling- up and Regeneration Act (LURA 2023) will be published in summer/autumn 2025. In addition, the recent consultation undertaken on the *'Proposed reforms to the National Planning Policy Framework and other changes to the planning system'* ended on 24 September 2024, but the responses to the consultation and any finalised changes to the NPPF, local plan regulations and plan making system are not expected to be released until early in the New Year.
- 5.2 A revised timetable for publication and consultation of the Regulation 18 stage for the EDPD should also therefore be cognizant of potential further changes to the NPPF and be able to address and incorporate these in subsequent stages.
- 5.3 Members will also need the opportunity to discuss the issues and options arising from the evidence base work for the Employment DPD. Therefore, a minimum of two member workshops will be organised.
- 5.4 The following timetable is indicated as being currently achievable.

### EDPD Process - Timetable

Year	Stage/Meeting	Date
2024		
	LDF Sub-Committee Progress Report	19 November
	Draft Employment Paper	December
2025		
	Amended NPPF expected to be Published	Early 2025
	Member Workshops	January / February
	Draft Landscape Study	January / February
	Draft Green Belt report	January / February
	Draft Sustainability Appraisal and HRA to accompany Regulation 18 DPD	January / February
	Regulation 18 EDPD publication & consultation	March/April
	SA Appraisal consultation with Reg 18 stage EDPD	March/April
	Final report on Landscape and Green Belt to accompany Reg 19	Summer 2025
	Prepare the SA for Regulation 19 stage submission	May to July
	Regulation 19 Stage EDPD consultation	June to September
Winter 2025	Submission Stage (Regulation 19) by end of 2025	Nov/Dec
2026		
	Adoption of EDPD by end of 2026	December

5.4 The revised timetable above should enable the Council to deliver either an Adopted Employment Development Plan document, or a Submission document for examination by the date indicated in the “*Proposed reforms to the National Planning Policy Framework and other changes to the planning system*” as noted in Appendix A. A further update report may be brought back to Members in the new year if, following the publication of the Revised NPPF and Local Plan Regulations in 2025, any additional changes impact on the above timetable or significantly change the current process and require further work or streamlines the current system.

## **6 Report Implications**

### **6.1 Finance and Value for Money Implications**

6.1.1 The costs for the identified evidence base work will be from the Local Plan budget. The recent evidence work has allowed in some instances economies of scale by joint/combined contract work.

### **6.2 Legal, Data Protection and Human Rights Implications**

6.2.1 The process for making and reviewing a Development Plan or Local Plan is set out in a range of Acts, Regulations and Guidance. As explained in the report these are being reviewed and are likely to amend the process. Once the NPPF changes and the revised Local Plan regulations (as proposed in the LURA 2023 for a new Local Plan system to be introduced) have been published the process to produce them should be clearer. Any changes to the NPPF which will need to be considered and implemented as made will be incorporated into the EDPD, the above timetable and subsequent process.

### **6.3 Environment, Sustainability and Health Implications**

6.3.1 Currently the system is to prepare a Sustainability Appraisal for the EDPD. Unless any changes are published in the new year that require a move to the new Environmental Outcomes Report approach as outlined at the Planning & Development Board on 22 May 2023. This is not currently expected to apply.

### **6.4 Human Resources Implications**

6.4.1 A review of a Development Plan or Local Plan is resource hungry, especially in terms of staff time. The work on the EDPD and the expected start for initial work on the review of the Local Plan next year will have staffing implications that may have a knock-on effect on other work especially around consultations or tasks unrelated to development plan responsibilities.



## 6.5 Risk Management Implications

6.5.1 The main risk will be in maintaining progress and keeping to the proposed timetable for delivery. Changes proposed in the NPPF and new local plan regulations may also have impacts that will need to be managed.

## 6.6 Links to Council's Priorities

6.6.1 Planning policy links to all Council priorities.

The Contact Officer for this report is Mike Dittman (01827 719451).

### Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

**Plan reviews consultation - Proposed reforms to the National Planning Policy Framework and other changes to the planning system**

**Updated 24 September 2024**

Consultation began on Tuesday 30 July 2024 at 2 pm and closed at 11.45 pm on Tuesday 24 September 2024. Relevant extract as follows;

**Further plan-making reforms**

1. It is currently our intention to implement the new plan-making system as set out in the Levelling- up and Regeneration Act from summer or autumn 2025. We anticipate that all current system plans that are not subject to the transitional arrangements set out above will need to be submitted for examination under the existing 2004 Act system no later than **December 2026**. This, coupled with the transitional arrangements, represent a significant extension to the previous proposals [^19], with the potential to benefit plans that are at earlier stages of preparation, and providing more time for local planning authorities to reflect on the revised NPPF and progress positive plans that will stand up to scrutiny at examination. Further details of the Government's intentions around plan-making reform will be published in due course.

**Summary**

2. Through these proposed transitional arrangements, the intention is to provide absolute clarity to local planning authorities preparing local plans, making clear which version of the NPPF should be used for their preparation and examination, and to set out the overall direction of travel for further reform of the system so authorities can start to plan for this.

**Future changes to the NPPF**

3. National policy, like plans, needs to be accessible and user friendly. The creation of National Development Management Policies, the Act's digital reforms, supporting work to embed common data standards and the use of digital platforms all bring opportunities to improve the way that national policies are presented and used. For example, it would help local planning authorities producing digital local plans, and those using them, if national policies were in a format that enabled them to be accessed in an integrated way.
4. We therefore intend to explore the creation of a more accessible and interactive, web-based set of national policies (both in the form of National Development Management Policies and national policies for plan-making). PDF versions of policies would be retained for those who need them. As we develop our approach to revising national policy, taking into account the responses to this consultation, we will engage with the sector to inform our approach (e.g. through user research).

*Source: Ministry of Housing, Communities & Local Government Gov.uk website- [Proposed reforms to the National Planning Policy Framework and other changes to the planning system - GOV.UK](#)*

## Agenda Item No 6

### Local Development Framework – Sub Committee

19 November 2024

#### Report of the Chief Executive

#### Warwickshire, Coventry and Solihull Local Authorities Natural Capital Investment Strategy

## 1 Summary

- 1.1 This report seeks the adoption of the Warwickshire, Coventry and Solihull Natural Capital Investment Strategy as the basis for utilising natural capital funding across the sub-region, noting that the strategy aligns closely with the Biodiversity Action Plan (BAP) and has the potential to support the delivery of the BAP. Members support is sought for the strategy to assist in how monies received for the natural capital can be invested. In addition, the report proposes governance arrangements are put in place to oversee the delivery of the strategy, including developing an implementation.

### **Recommendation to the Executive Board:**

- a) That the Natural Capital Investment Strategy is adopted;**
- b) Note the progress towards developing a Natural Capital Investment Implementation Plan;**
- c) Agree the approach to the governance of the Strategy and the establishment of a Capital Investment Board; and**
- d) Appoint a Member to the Board.**

## 2 Consultation

- 2.1 Consultation has taken place with the relevant Members and any comments received will be reported at the meeting.

## 3 Background

- 3.1 Those who live, work, visit or do business in Warwickshire, Coventry and Solihull draw varied benefits and value from the rich and diverse natural environment of the region. Investing in our natural capital will help us to recognise and improve the value of the natural environment, the benefits it provides us and embed this within the approach we take to addressing a range of local priorities. This will enable us to develop income and funding streams, allowing us to invest in the protection, enhancement and recovery of

our natural capital assets in Warwickshire, Coventry and Solihull. This work will be fundamental to reversing nature's decline and securing the continued provision of services and benefits provided by nature and the environment.

3.2 Warwickshire County Council have funded work to produce a natural capital investment strategy "Investing in our natural environment" for all local authorities within Warwickshire. Given the focused nature of this document and the clear partnerships already in place, it will also be inclusive of Coventry and Solihull Local Authorities and will complement any additional natural capital investment strategies they may adopt. Officers have worked in partnership with Warwickshire County Council and the other Districts and Boroughs in Warwickshire to support and seek adoption of the Warwickshire, Coventry and Solihull Local Authorities Natural Capital Investment Strategy (NCIS), attached in **Appendix 1**.

...

3.3 The Warwickshire, Coventry and Solihull Local Authorities Natural Capital Investment Strategy is a top-level local authority strategy which specifically manages how the sub-region Local Authorities will utilise the nature-based compensation monies, and other income streams, generated through the planning system (for example Biodiversity Net Gain (BNG)) or other voluntary environmental markets or other voluntary environmental markets. The NCIS provides a mechanism for delivering some element of the Biodiversity Action Plan and incorporates the work of the Habitat Biodiversity Audit that the Borough Council has supported and benefitted from as a partner for many years. It provides the potential to use resources to bring the greatest benefits to biodiversity across the sub-region.

3.4 The NCIS gives a 'strategic direction of travel' for the local authorities to achieve and implement investment in Warwickshire, Coventry and Solihull's natural capital assets. It lays the foundations for a detailed Natural Capital Investment Implementation Plan (NCIIP) that will describe what actions are required, how they will be carried out, who will be involved and how funding will be distributed, monitored and reported.

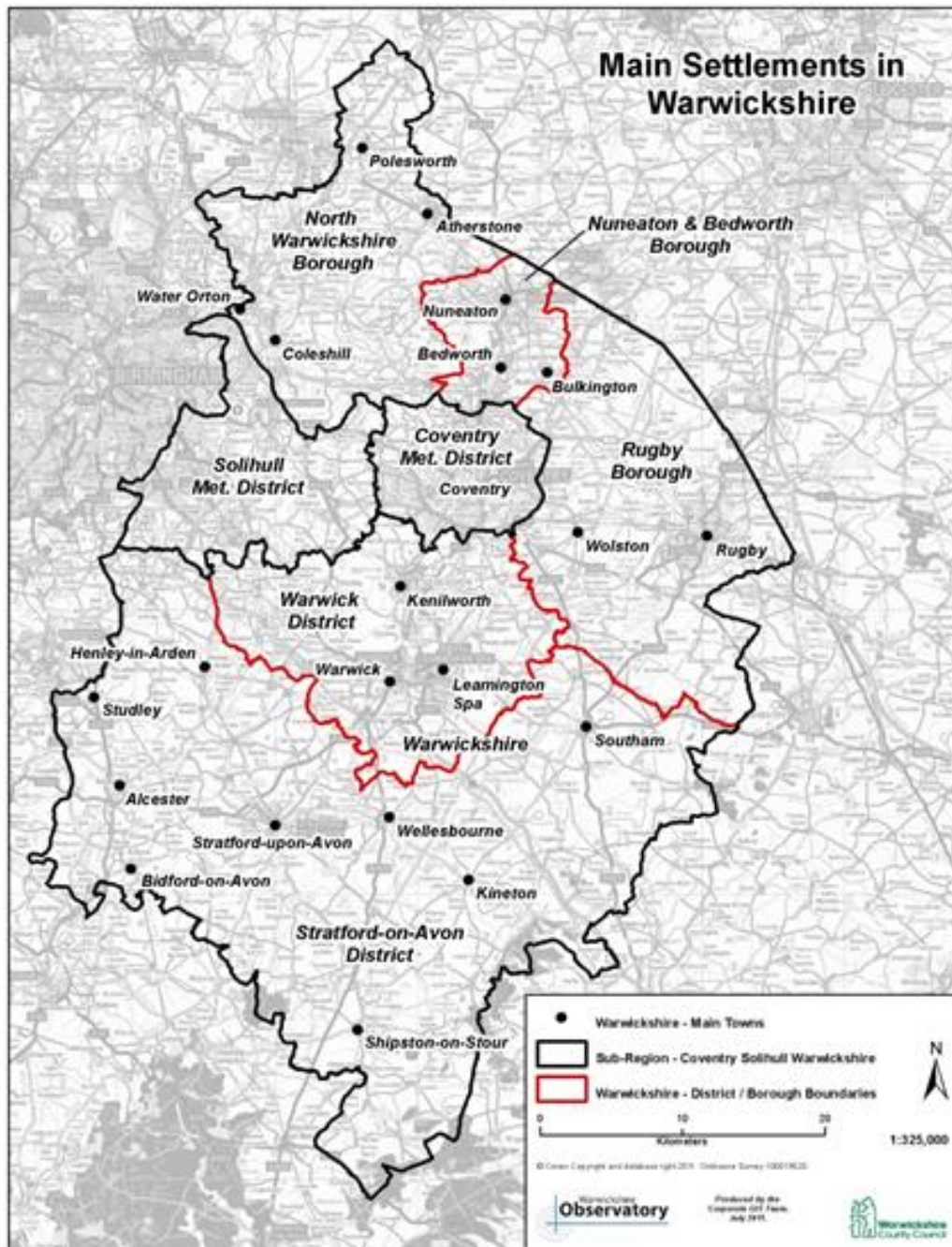
**The NCIS Strategic aim:**

3.5 The overall strategic aim of the NCIS is: *Local authorities in Warwickshire, Coventry and Solihull will use the income raised from environmental markets and nature-based compensation schemes to enhance nature and the environment, benefit its people and help tackle climate change. They will do this through an agreed, region-wide strategy and Natural Capital Investment Implementation Plan.*

3.6 Taking a natural capital approach will help us to recognise and understand the true value of the natural environment, the benefits it provides us and embed this within all relevant local authority policies and strategies.

3.7 The NCIS encompasses the sub-region of Warwickshire, Coventry and Solihull and all eight local authorities within this area (see map). This reflects long standing partnership working between the eight authorities over three

decades and includes a national pilot scheme for Biodiversity Offsetting, an extensive sub-regional Habitat Biodiversity Audit, sub-regional Green Infrastructure Strategy and shared, nationally recognised expertise in our natural environment.



3.8 The strategy specifically focusses on the investment and funding side of the NCIS and will relate to all nature-based compensation monies, and other income streams, and nature recovery or environmental projects within this sub-region.

## 4 Benefits of a sub-regional approach to the NCIS

### 4.1 Taking a sub-regional approach to natural capital investment has many advantages:

- Together we are stronger than the sum of our parts: By working together with a common approach, we can pool our resources and expertise in a cost-effective and efficient manner to create a more comprehensive and effective strategy for protecting and restoring our natural environment. We can also leverage each other's strengths to find innovative solutions and approaches that would be difficult for any single district or borough to achieve.
- Utilising combined resources: By working together, we can combine our resources, such as staff, volunteers, equipment and funding to achieve more than we could on our own. This will allow us to implement more ambitious projects and achieve greater results.
- Attracting greater levels of investment: The NCIS and NCIIP will develop new investment, income and funding streams which will drive the development of ambitious and impactful projects. By creating a joint subregional Investment Strategy and Implementation Plan, we can offer investors a stable and low-risk platform for those looking to advance environmental goals or invest ethically.
- Develop a project pipeline: The Natural Capital Investment Implementation Plan will include a region-wide pipeline of shovel and investment ready projects. These will allow swift and efficient reactions to funding, buying or investment opportunities and further develop a regional environmental vision and identity.
- Each local authority will benefit in the same way, proportionally, over the lifespan of the strategy: Full details of how the benefiting environmental projects will be chosen and funded will be explained within the NCIIP and will be closely linked to the sub-regional Green Infrastructure Strategy, the respective Local Nature Recovery Strategies (LNRS) and the ecosystem services trading protocol.
- Best for nature – a ‘more, bigger, better & joined up’ approach delivered at a local scale: A regional NCIS will allow us to take a more comprehensive, shared approach to protecting and restoring our natural environment. We can identify and address cross-boundary issues, such as air pollution and water quality, and work together to develop a more connected and resilient network of natural habitats.
- Delivering natural capital benefits, climate change mitigation and resilience which will benefit local people: The NCIS will help to deliver a wide range of benefits for communities across Warwickshire, Coventry, and Solihull. These will include improved air quality, cleaner water, increased biodiversity, healthier people, and a more resilient environment in the face of climate change.

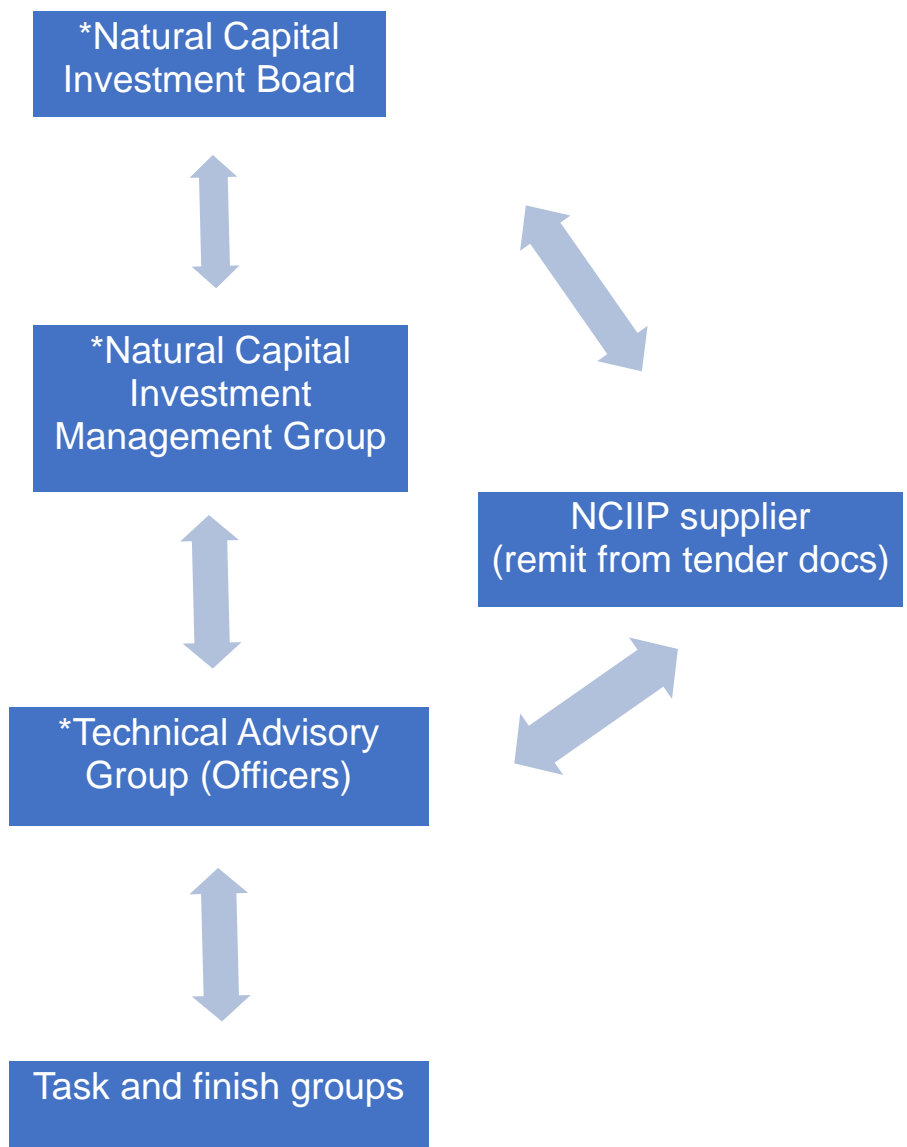
- Working alongside other regional and national policies and strategies: This joint sub-regional Investment Strategy and Implementation Plan will make it easier to align our strategies with the environmental ambitions of the West Midlands Combined Authority (WMCA) and national initiatives including the Environment Act 2021 and emerging Local Nature Recovery Strategies (LNRS). This will also reflect and enhance the overlap between the Warwickshire LNRS and WMCA LNRS.

## 5 Governance

5.1 Governance of the Warwickshire, Coventry and Solihull Natural Capital Investment Strategy and Implementation Plan will be managed by the Warwickshire, Coventry and Solihull Natural Capital Investment Board. The Board will be supported by a Natural Capital Investment Management Group and Technical Advisory Groups (Figure 1).

**Figure 1 - Revised NCIS / NCIIP structure 17.07.24**

\* Terms of Reference required



- 5.2 Board membership will be comprised of the relevant Council Members, or representative, from each of the eight constituent local authorities. Supported by the officer-led Management Group, the Board will be the key steering and decision-making body in relation to the allocation and investment of current S106 funds and future local authority environmental income streams. It will ensure that decisions made in respect of natural capital investment are transparent, sustainable and ultimately maximise the benefit to the environment and the local communities in Warwickshire, Coventry and Solihull.
- 5.3 The NCIS, see Appendix 1, has now been developed and is now ready to be adopted by all eight local authorities in Warwickshire, Coventry and Solihull. Once adopted, the next stage in the process will be to agree to the development of the Warwickshire, Coventry and Solihull Local Authorities Natural Capital Investment Implementation Plan (NCIIP) and to fund this work.
- 5.4 To manage the NCIS and NCIIP, the current HBA service Board and Natural Capital Investment Management Group/Board should be established.

## **6. Funding the NCIS and NCIIP**

- 6.1 Income will be generated through planning contributions, trading credits/units from ecosystem service markets (such as Biodiversity Net Gain (BNG), carbon offsetting, Green social prescribing, etc) and/or regulatory compensation mechanisms linked to local authority regulatory functions. The current funding for the HBA service/work the Borough Council provides and supports will be incorporated into the NCIS/NCIIP funding.
- 6.2 Existing funds relating to the already established Biodiversity Offsetting scheme are held either by Warwickshire County Council within various local authority Section106 accounts or by the LA's themselves. Where these are held to be paid incrementally to project delivery organisations on an annual basis (in other words released on annual basis over time – sometimes as much as 30 years), there are significant interim funds which are available and could be invested, subject to applying strict criteria to manage risk and deliver benefits. In addition, some of these offset schemes have also delivered financial surpluses.
- 6.3 Current, or nearly established, ecosystem services markets applicable to Warwickshire, Coventry and Solihull are:
- Biodiversity Net Gain - already established in Warwickshire through planning and mandatory from 12 February 2024
  - The Net Zero Carbon Buildings Planning Policy providing capital for Woodland Carbon (through implementation of the Warwickshire Carbon Standard and Woodland Carbon Code)
  - District Level Licensing funding (e.g. great crested newts)

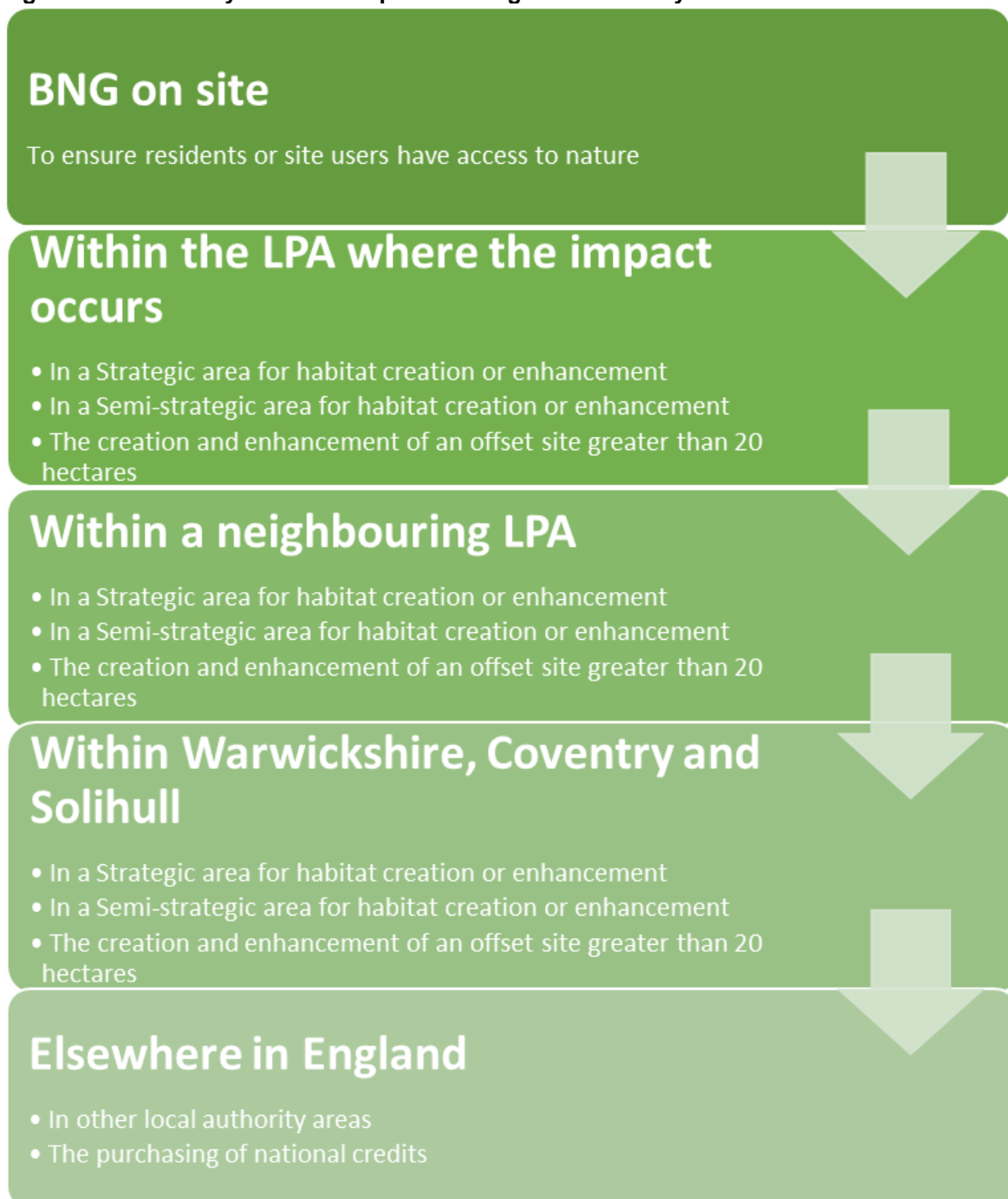
Other ecosystem services markets which could be applicable to Warwickshire, Coventry and Solihull are: Future carbon markets, including



soil, grassland and hedgerows, Air quality, Flood risk mitigation, Nutrient neutrality Water quality, Green social prescribing and Health and wellbeing.

- 6.4 The NCIIP will investigate the funding mechanisms to deliver the NCIS and NCIIP under the instruction to follow a full cost recovery principle. Figure 2 below sets out the mitigation hierarchy that will be used to allocate, noting that the lowest level (“Elsewhere in England”) will **only** be used in exceptional circumstances and then only with the agreement of the Natural Capital Investment Board. The expected contents of the NCIIP are summarised in **Appendix 2**.

Figure 2: Biodiversity Net Gain sequential mitigation hierarchy



## **7 Implications of non-adoption of the Strategy**

- 7.1 If the Borough decide not to adopt the NCIS sub-regional Strategy it will leave the Council without a strategy approach to investing in natural capital, meaning that investments are made in an ad hoc way, thereby leaving the Borough vulnerable to missed opportunities, slow delivery and reduced benefits.
- 7.2 Alternatively, a local strategy to be developed which could still deliver a positive approach but would fail to deliver to the multiple benefits set out in paragraphs 4.1, 6.2 and 6.3 above. In addition, in the absence of any in-house natural environment and ecology team within the Borough Council, current BNG services are contracted out to the County Council, who provide the BNG advice and input into planning applications. It would therefore be difficult and more resource intensive to set up a team to enable the Council to bring this advice in house and be able to develop a similar strategy.
- 7.3 Currently North Warwickshire is the last sub-regional Council to adopt the strategy. It is recommended, therefore, that the Members adopt the Strategy and consider agreeing a Member for the Board governing the Strategy and Plan. Terms of Reference are currently being finalised for the Board and it is expected that it will meet four times per year, every 3 months. Meetings will be held virtually and last for up to two hours. Summarised minutes of each meeting will be sent out within one week of the meeting, and again with the agenda for the next meeting. Minutes will highlight key decisions made and actions.

## **8 Report Implications**

### **8.1 Finance and Value for Money Implications**

- 8.1.1 Funding for the NCIS and NCIP will be through BNF and S106 contributions as required by planning regulation and legislation, and from current HBA budget funding. No additional funding implications are expected.]

### **8.2 Legal, Data Protection and Human Rights Implications**

- 8.2.1 There are no data protection issues associated with this report. Future GDPR implications will be explored in the development of the NCIP.

### **8.3 Environment, Sustainability and Health Implications**

- 8.3.1 Enhanced natural capital in the Borough is expected to have associated health and wellbeing benefits by supporting mental wellbeing and enabling physical activity. The potential to create a natural capital market linked to social prescribing (i.e. bringing in resource to support volunteering schemes) has the potential to deliver further health and wellbeing benefits.

8.3.2 Restoring nature locally will have a positive impact on the environments ability to draw down emissions. Local emissions sequestration facilitated by functional ecosystems is an essential element of global emissions reduction.

#### 8.4 **Human Resources Implications**

8.4.1 Officers are involved in the officer management group and it is proposed to have a member represent the Borough Council on the Board.

#### 8.5 **Risk Management Implications**

8.5.1 A full risk analysis will be developed as part of the NCIIP to be scrutinised by the Members before any formal adoption, as required by each partner local authority.

#### 8.6 **Links to Council's Priorities**

8.6.1 Protecting our countryside and heritage.

The Contact Officer for this report is Mike Dittman (01827 719451).

### **Background Papers**

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date



# Investing in our natural environment - Warwickshire, Coventry and Solihull Local Authorities Natural Capital Investment Strategy

**(DRAFT)**



Prepared by  
Chris Bowden Consulting and Warwickshire County Council  
Ecology, Landscape & Historic Environment Team,  
supported by the Warwickshire, Coventry and Solihull Local Authorities  
NCIS Project Board and Working Group.

January 2024

## Contents

<b>1</b>	<b>Executive Summary</b>	<b>3</b>
<b>2</b>	<b>Background</b>	<b>4</b>
<b>3</b>	<b>The Warwickshire Local Authorities Natural Capital Investment Strategy (NCIS)</b>	<b>13</b>
	3.1 Strategic aim and outcomes of the NCIS	13
	3.2 Summary of actions, roles and responsibilities	14
	3.3 Governance	15
	3.4 Internal partners and stakeholders	17
	3.5 Funding and income sources	17

## Appendices

	<b>Appendix 1 - Examples of UK NCIS visions or key principles</b>	<b>21</b>
	<b>Appendix 2 – Examples of UK Natural Capital Investment Strategies and approaches</b>	<b>23</b>
	<b>Appendix 3 - Current and forthcoming international, national and regional policies and initiatives</b>	<b>26</b>

## Acknowledgements

This strategy was produced by Chris Bowden and the Warwickshire County Council Ecology, Landscape & Historic Environment Team, supported by the Warwickshire, Coventry and Solihull Local Authorities NCIS Project Board and Working Group.

The authors would like to thank all members of the NCIS Project Board and Working Group for their work, advice, encouragement and support during this project.

# 1 Executive Summary

1.1 Warwickshire County Council funded work to produce a natural capital investment strategy for all local authorities within Warwickshire. Given the focused nature of this document and the clear partnerships already in place, it will also be inclusive of Coventry and Solihull Local Authorities and will complement any additional natural capital investment strategies they may adopt.

1.2 The Warwickshire, Coventry and Solihull Local Authorities Natural Capital Investment Strategy (known henceforth as the NCIS) has been adopted as a top-level local authority strategy which specifically manages how the sub-region Local Authorities will utilise the nature-based compensation monies, and other income streams, generated through the planning system or other voluntary environmental markets.

1.3 The NCIS gives a 'strategic direction of travel' for the local authorities to achieve and implement investment in Warwickshire, Coventry and Solihull's natural capital assets. It lays the foundations for a detailed Natural Capital Investment Implementation Plan (NCIIP) that will describe what actions are required, how they will be carried out, who will be involved and how funding will be distributed, monitored and reported.

## 1.4 Strategic aim

*Local authorities in Warwickshire, Coventry and Solihull will use the income raised from environmental markets and nature-based compensation schemes to enhance nature and the environment, benefit its people and help tackle climate change. They will do this through an agreed, region-wide strategy and Natural Capital Investment Implementation Plan.*

1.5 This strategy document presents the key outcomes and actions of the NCIS. It outlines the proposed governance of the strategy and the formation of a Natural Capital Investment Board, a Natural Capital Investment Management Group and Technical Advisory Groups. This document also describes the funding and income sources; how they will be generated and used to benefit nature, the local environment and the people of Warwickshire, Coventry and Solihull.

## 2 Background

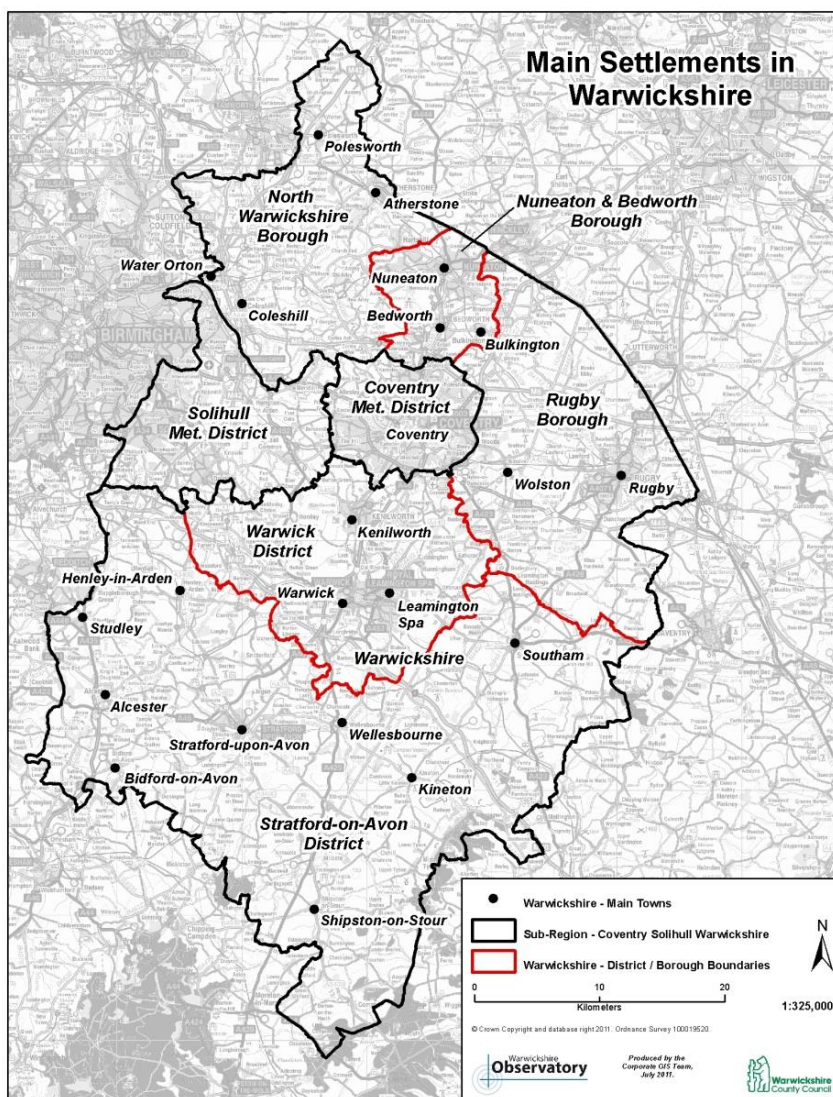
2.1 Those who live, work, visit or do business in Warwickshire, Coventry and Solihull draw enormous and varied benefits and value from the rich and diverse natural environment of the region. However, this value is poorly understood and often goes unrecognised.

2.2 Taking a natural capital approach will help us to recognise and understand the true value of the natural environment, the benefits it provides us and embed this within all relevant local authority policies and strategies.

2.3 The strategy will encompass the sub-region of Warwickshire, Coventry and Solihull and all eight local authorities within this area (see map). This reflects long standing partnership working between the eight authorities over three decades and includes a national pilot scheme for Biodiversity Offsetting, an extensive sub-regional Habitat Biodiversity Audit, sub-regional Green Infrastructure Strategy and shared,

nationally recognised expertise in our natural environment.

2.4 The strategy will specifically focus on the investment and funding side of the NCIS and will relate to all nature-based compensation monies, and other income streams, and nature recovery or environmental projects within this sub-region. In that respect, whilst this strategy will be the lead document for the six Warwickshire local authorities it will complement the broader strategies being developed by Coventry (CCC) and Solihull (SMBC)<sup>1</sup> by providing a sub-regional investment focus.



<sup>1</sup> The draft SMBC NCIS was approved or consultation in October 2023 and published in January 2024. It is due to be adopted in Spring 2024.

## What is natural capital?

2.5 Natural capital is a concept that refers to the elements of nature that produce value (directly and indirectly) to people, It is our stock of natural assets. The stocks of renewable and non-renewable natural capital (known as natural capital assets) include soils, freshwater, farmland, forests, the atmosphere, oceans, biodiversity, ecological processes and the natural processes that underpin them. The flows of ecosystem services and benefits they provide can be very obvious such as food, fuel, clean air, clean water and opportunities for recreation. Others are much less visible, such as climate regulation, flood defences provided by natural vegetation, the billions of tonnes of carbon stored by peatlands and other habitats, the pollination of crops by insects, the provision of valuable shade and cooling in hot weather by trees and other vegetation and the positive contribution of nature to human health and wellbeing.

2.6 These services and benefits all have a value to people, society and the economy. Some of these values can be easily quantified and reflected in the economy (such as the value of timber or food produced from farmland), whereas many others cannot and are thus hidden or missing from decision-making and economic valuation.

2.7 Natural capital approaches to environmental management have a few defining characteristics:

- a focus on the environment as a set of assets (Natural Capital)
- these assets provide a wide range of services and benefits for people (Ecosystem Services)
- there is an emphasis on a spatial and place-based understanding of these assets
- opportunities are sought to maximise multiple ecosystem services benefits across issues/sectors, and these can help manage multiple risks.

2.8 Ecosystem services benefits are commonly divided into three types:

- Provisioning services – products obtained from nature
- Regulating services – benefits obtained from environmental processes that regulate the environment
- Cultural services – Non-material benefits that people obtain from nature



## 2.9 Diagram 1: Ecosystem services benefits



2.10 Natural capital approaches typically comprise of natural capital investment strategies and plans which define a specific vision, programmes of activities, funding models and income/revenue streams.

### **Warwickshire Carbon and Environmental Markets project**

2.11 The Defra-funded Warwickshire County Council (WCC) Natural Environment Investment Readiness Fund (NEIRF) project ran from October 2021 to March 2022. It was designed to investigate opportunities to develop long-term, sustainable funding mechanisms for the sub-region of Warwickshire, Coventry and Solihull Councils' (sub-region) environmental ambitions within the mandatory system of Local Authority consenting regimes. This project, titled 'Warwickshire Carbon and Environmental Markets', provided recommendations for the development and establishment of a carbon market (a Warwickshire Carbon Standard based on the UK Woodland Carbon Code) and an air quality market. It also identified other potential mandatory ecosystem services markets (nutrient neutrality, flood risk mitigation and green social prescribing) to work alongside the current mandatory Biodiversity Net Gain (BNG) market. The project also outlined options for a Warwickshire Natural Capital Investment Strategy (NCIS) and Plan, recommended what they could cover and the detailed process by which they could be developed.

## Why develop a Natural Capital Investment Strategy (NCIS) and Plan for Warwickshire, Coventry and Solihull?

2.12 Natural capital investment planning is a relatively new approach, both globally and nationally, however the links between the economy, human well-being and the natural environment are increasingly being realised and understood. There is also a growing recognition that this approach should be evidence-based and used to inform socio-economic decision making across all sectors of our society.

2.13 Investing in the protection, enhancement and recovery of our natural capital assets in Warwickshire, Coventry and Solihull is fundamental to reversing nature's decline and securing the continued provision of services and benefits provided by nature and the environment.

2.14 Whilst the environment knows no boundaries, since the 1992 Rio Earth Summit there has been a significant movement towards 'saving wildlife in your own back yard'. This approach has developed into the Environment Act (2021) and the establishment of Local Nature Recovery Strategies. In 1994 the Warwickshire, Coventry and Solihull ecological community came together to produce Local Biodiversity Action Plans. In 2013 the Warwickshire, Coventry and Solihull Local Nature Partnership formed and this included all sectors of society, including business and health. Warwickshire County Council, on behalf of the regional local authorities, has created a nationally acclaimed, mandatory BNG market that has generated over £6M since 2015 and they have pledged to work with partners to plant a tree for every resident, currently 566,000, by 2030. This tree-planting initiative will be a key contributor to the Council's commitment to addressing the global climate change emergency and will help restore landscape character areas and improve biodiversity by creating extensive new habitats for wildlife. The region is therefore already one of the leaders in natural capital within the UK, so taking a Natural Capital Investment approach is the logical next step. The region should invest, at scale, in its natural capital assets but on the understanding that there is zero detriment to any city, district or borough.

2.15 Taking a sub-regional approach to natural capital investment has many advantages:

- **Together we are stronger than the sum of our parts**  
By working together with a common approach, we can pool our resources and expertise in a cost-effective and efficient manner to create a more comprehensive and effective strategy for protecting and restoring our natural environment. We can also leverage each other's strengths to find innovative solutions and approaches that would be difficult for any single district or borough to achieve. This approach will promote cross-boundary working and collaborative projects between departments and local authorities. It will also give a stronger political voice for nature, the environment and natural capital in the sub-region.

- Utilising combined resources**

By working together, we can combine our resources, such as staff, volunteers, equipment and funding to achieve more than we could on our own. This will allow us to implement more ambitious projects and achieve greater results. It could also help develop training programmes and expand the provision of local green skills, therefore increasing local employment opportunities.
- Attracting greater levels of investment**

The NCIS and NCIIP will develop new investment, income and funding streams which will drive the development of ambitious and impactful projects. By creating a joint sub-regional Investment Strategy and Implementation Plan, we can offer investors a stable and low-risk platform for those looking to advance environmental goals or invest ethically. Also, such a sub-regional Strategy and Implementation Plan will allow us to develop large, landscape-scale projects suitable for multi-million pound investments from financial institutions and institutional investors.
- Develop a project pipeline**

The Natural Capital Investment Implementation Plan will include a region-wide pipeline of shovel and investment ready projects. These will allow swift and efficient reactions to funding, buying or investment opportunities and further develop a regional environmental vision and identity.
- Each local authority will benefit in the same way, proportionally, over the lifespan of the strategy**

Full details of how the benefiting environmental projects will be chosen and funded will be explained within the NCIIP and will be closely linked to the sub-regional Green Infrastructure Strategy, the respective Local Nature Recovery Strategies<sup>2</sup> (LNRS) and the ecosystem services trading protocol.
- Best for nature – a ‘more, bigger, better & joined up’ approach delivered at a local scale**

A regional NCIS will allow us to take a more comprehensive, shared approach to protecting and restoring our natural environment. We can identify and address cross-boundary issues, such as air pollution and water quality, and work together to develop a more connected and resilient network of natural habitats.
- Delivering natural capital benefits, climate change mitigation and resilience which will benefit local people**

The NCIS will help to deliver a wide range of benefits for communities across Warwickshire, Coventry, and Solihull. These will include improved air quality, cleaner water, increased biodiversity, healthier people, and a more resilient environment in the face of climate change.

---

<sup>2</sup> DEFRA have identified Warwickshire as one Local Nature Recovery Strategy area whilst Coventry and Solihull are grouped with the Birmingham and Black Country authorities within the West Midlands Combined Authority area.

- **Working alongside other regional and national policies and strategies**  
This joint sub-regional Investment Strategy and Implementation Plan will make it easier to align our strategies with the environmental ambitions of the West Midlands Combined Authority (WMCA) and national initiatives including the Environment Act 2021 and emerging Local Nature Recovery Strategies (LNRS). This will also reflect and enhance the overlap between the Warwickshire LNRS and WMCA LNRS.

2.16 Although investing in natural capital is an investment in nature and our environment, it is also an investment which benefits the people of Warwickshire, Coventry and Solihull. It could provide:

- cleaner water, green spaces and fresh air
- an investment in jobs and prosperity
- improved health and wellbeing
- an investment in our future and the future of our children

## **The Natural Capital Investment Strategy**

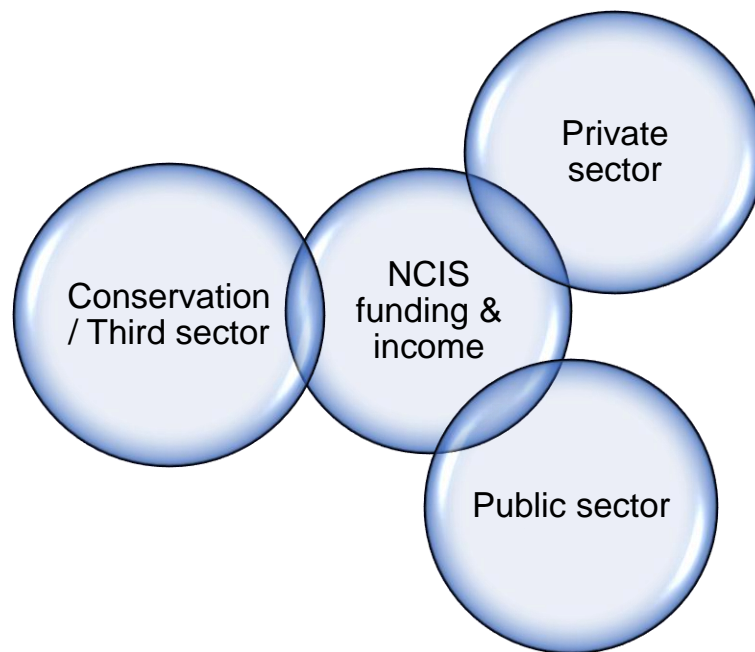
2.17 A Natural Capital Investment Strategy offers a critical tool in society's response to the biodiversity and climate emergencies by enabling the creation and enhancement of habitats, and increasing the resilience of the natural environment, communities and economy to the impacts of climate change, such as extreme weather events.

2.18 This Natural Capital Investment Strategy has been adopted as a top-level local authority strategy which manages how the sub-region Local Authorities will utilise the nature-based compensation monies, and other income streams, generated through the planning system or other voluntary environmental markets. This builds upon and continues the work carried out in developing the mandatory Warwickshire BNG market and developing Warwickshire Carbon and Environmental Markets.

2.19 The strategy gives a 'strategic direction of travel' for the local authorities to achieve and implement investment in Warwickshire, Coventry and Solihull's natural capital assets. The strategy lays the foundations for a detailed Natural Capital Investment Implementation Plan (NCIIP) that will describe what actions are required, how they will be carried out, who will be involved and how funding will be distributed, monitored and reported. The NCIIP will align with local strategies and policies including the 'Warwickshire, Coventry and Solihull Ecosystem Services Trading Protocol' [WCSGI Strategy CSWAPO consultation](#).

2.20 The NCIIP will be based upon a blended finance model (see diagram 2) incorporating public, private and third sector income streams in addition to grant funding, philanthropic support and some of the monies already generated through mandatory BNG.

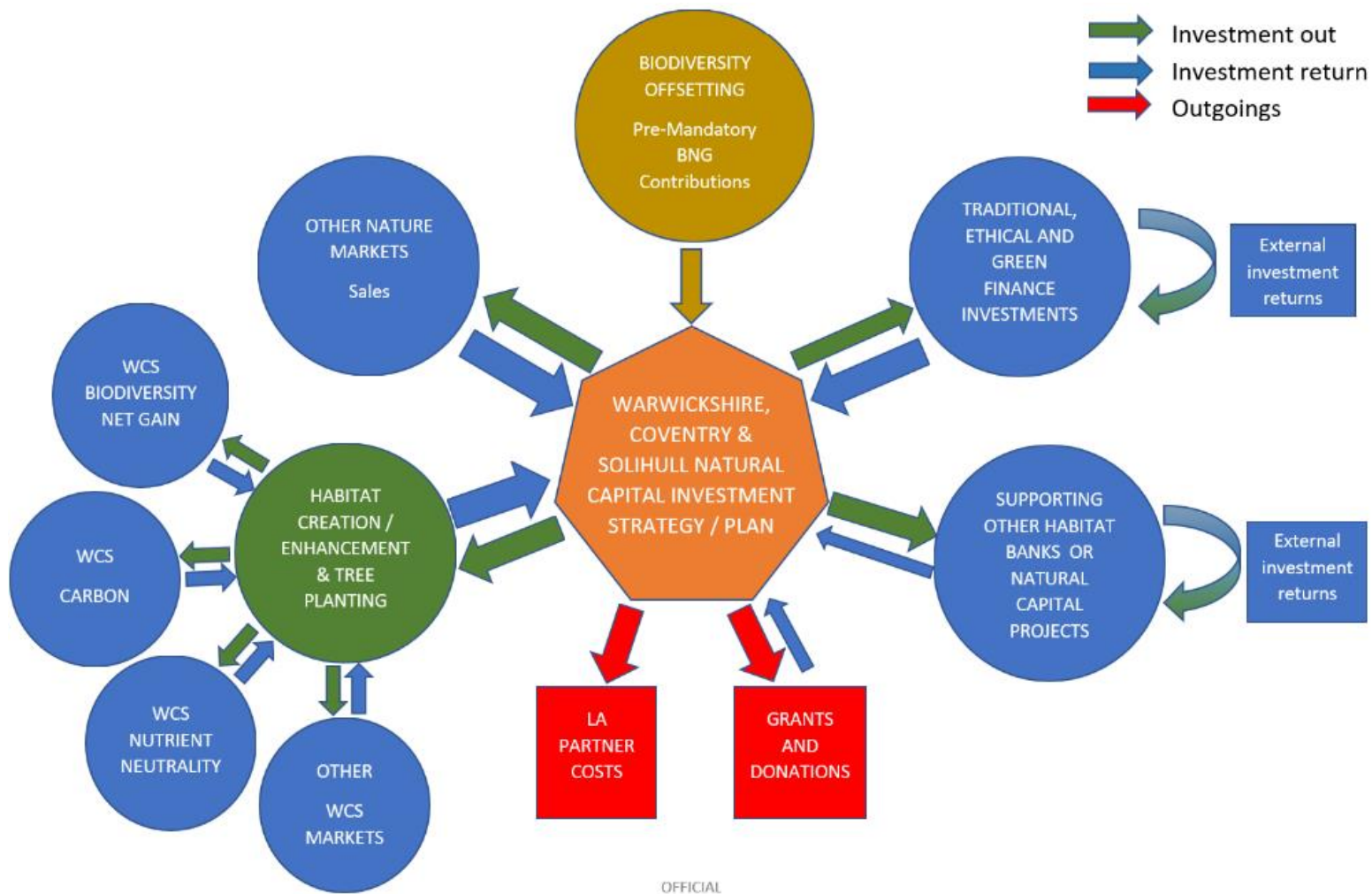
Diagram 2: The key elements of a blended finance approach.



2.21 The purpose of the plan, and the Warwickshire, Coventry and Solihull Ecosystem Services Trading Protocol (currently in development), is to examine the roles of different types of potential sellers, buyers and investors within the wider picture of the social, economic and governance structure of the county and supporting local and national environmental policies and regulations. The plan will include a pipeline of potential projects, financial flow models (to facilitate income streams from the public, private and third sectors) and contain the recommendations to put the plan into practice over the next ten years.

2.22 Following adoption of the NCIS, the accompanying NCIIP will develop a range and pipeline of environmental projects and it will model potential flows of finance and investment, and could produce a process similar to the draft proposal presented in diagram 3.

Diagram 3: A draft financial flow model for the NCIS and NCIIP.



2.23 This indicative model shows how finance and investment could flow through a NCIIP. It shows sources of income and investment, and projects that these could support. The sizes of arrows indicate the relative amounts of investment, funding or profit (return on investment) that might be expected.

2.24 See Appendix 1 for examples of UK NCIS visions or key principles, and Appendix 2 for examples of UK Natural Capital Investment Strategies and approaches.

2.25 It is important that the NCIS works alongside all relevant, current and forthcoming national and regional policies and strategies (see diagram 4). These include the Environment Act 2021, emerging Local Nature Recovery Strategies (LNRS) for Warwickshire and the West Midlands, current and forthcoming Local Planning documents and the Warwickshire, Coventry and Solihull Sub-regional Green Infrastructure Strategy.

2.26 A full list of these policies, with hyperlinks where suitable, is given in Appendix 3.

2.27 Diagram 4: The inter-relationships between the NCIS and other local/regional environmental initiatives.



## 3 The Warwickshire, Coventry and Solihull Local Authorities Natural Capital Investment Strategy (NCIS)

### 3.1 Strategic aim and outcomes of the NCIS

#### 3.1.1 Strategic aim

*Local authorities in Warwickshire, Coventry and Solihull (WCS) will use the income raised from environmental markets and nature-based compensation schemes to enhance nature and the environment, benefit its people and help tackle climate change. They will do this through an agreed, region-wide strategy and Natural Capital Investment Implementation Plan (NCIIP).*

#### 3.1.2 Key outcomes

- The Warwickshire local authorities, working in partnership with Coventry and Solihull, will be recognised as being leaders in the provision of high quality, high integrity environmental markets and nature-based compensation schemes.
- The strategy will ensure that all legal agreements for the delivery of nature-based compensation schemes (e.g. Biodiversity Net Gain (BNG)) are fulfilled and fully compliant with respective legislation.
- The strategy will provide enduring financial opportunities to support environmental initiatives within the sub-region, for example by offering repayable development finance, environmental market development or pump-priming opportunities.
- Key local authority leaders and decision makers will have a good awareness and understanding of Natural Capital approaches and Ecosystem Services. This will include knowledge and understanding of the associated markets, income streams and investment opportunities which could benefit the local authorities, its people, nature, environment and economy.
- The strategy will help develop and promote Warwickshire's green ambitions and credentials, and complement the range of national and local nature recovery strategies, policies and projects in Warwickshire and adjoining Coventry and Solihull.
- The strategy will increase cross-boundary working and departmental cross-cutting themes, and incorporate them in all relevant local authority and regional strategies and policies, e.g. community, climate, health and wellbeing, power, transport, etc.
- The strategy will support the development, implementation, monitoring and long term management of a Natural Capital Investment Implementation Plan.



- Environmental markets and funding/income streams will be developed and delivered within the sub-region.

Where appropriate, it is envisaged that environmental initiatives will be developed in strategic locations as close to the planned loss (e.g. BNG) or damage (e.g. water or air quality) as possible, with any habitat banks being designed to match this approach. Subject to ecological advice, the Warwickshire, Coventry and Solihull sub-regional green infrastructure strategy mitigation hierarchy and Governing Board approval.

## **3.2 Summary of actions, roles and responsibilities**

**3.2.1** The key actions for delivery of the NCIS will be:

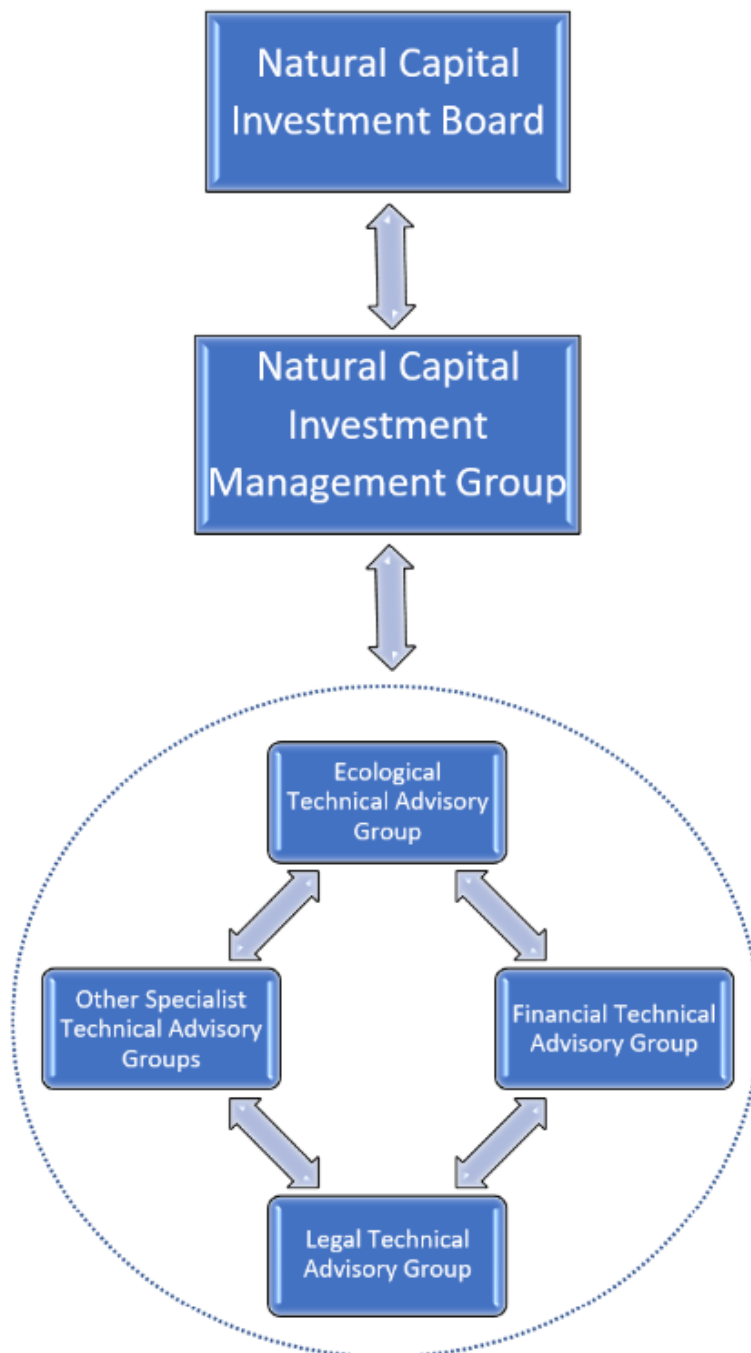
- A commitment to biodiversity and the recovery of nature through all WCS local authorities adopting a natural capital approach.
- Embed a natural capital approach within all current and forthcoming local authority policies and strategies.
- Development and implementation of the NCIIP.

**3.2.2** The outcomes for the NCIS will be delivered as part of the development, delivery and implementation of the NCIIP. This is currently being managed by Warwickshire County Council, supported by a specialist, external consultant.

### 3.3 Governance

3.3.1 Governance of the Warwickshire, Coventry and Solihull Natural Capital Investment Strategy and Implementation Plan will be managed by the Warwickshire, Coventry and Solihull Natural Capital Investment Board. The Board will be supported by a Natural Capital Investment Management Group and Technical Advisory Groups (see diagram).

Diagram 5: An indicative governance structure for the NCIS\*



\*Governance structure since updated July 2024

## **Natural Capital Investment Board (NCIB)**

3.3.2 Membership will be comprised of the relevant Cabinet Member, or representative, from each of the eight constituent authorities. Initial leadership will be provided by Warwickshire County Council, until a Chair is elected.

3.3.3 The Investment Board is the key steering and decision body for the implementation of the WCS Natural Capital Investment Strategy and Implementation Plan. All eight local authorities have formally agreed the creation of the Board and the following tasks and responsibilities.

3.3.4 The objective of the Board is to ensure that decisions made in respect of natural capital investment are transparent, sustainable and ultimately maximise the benefit to the environment and the local communities in Warwickshire, Coventry and Solihull.

## **Natural Capital Investment Management Group (NCIMG)**

3.3.6 This group will be responsible for drafting reports and advising the Board on non-delegated decisions. Membership of this group will comprise relevant senior officers from each of the eight constituent authorities.

3.3.7 The Natural Capital Investment Management Group will have delegated powers and budgetary control as agreed by the NCIB.

## **Technical Advisory Groups**

3.3.8 In order to identify and select potential projects and income/investment opportunities the Natural Capital Investment Management Group will need to seek advice from a range of technical advisory groups. The groups will comprise relevant experts and specialists from within local authority, statutory body and third sector partner teams, as necessary. The operational work of such groups will be overseen by a member(s) of the Management Group.

3.3.9 The Technical Advisory Groups will provide technical advice and direction in progressing and co-ordinating the various programmes, projects and funding bids.

## 3.4 Internal partners and stakeholders

### 3.4.1 Local Authority partners

- Coventry City Council
- North Warwickshire Borough Council
- Nuneaton and Bedworth Borough Council
- Rugby Borough Council
- Solihull Metropolitan Borough Council
- Stratford District Council
- Warwickshire County Council
- Warwick District Council

Note that external partners and stakeholders are not considered to be required for this local authority-focussed approach. However, they will be involved in the development of the NCIP.

## 3.5 Funding and income sources

### The current funding situation

3.5.1 Income has been generated through planning contributions and trading credits/units from ecosystem service markets (BNG) linked to local authority regulatory functions. Current funds are held within various local authority S106 accounts and these are paid to project delivery organisations on an annual basis, so there are significant surplus funds in the S106 accounts which we have access to.

### How will income be generated within the NCIS going forwards?

3.5.2 Current ecosystem services markets applicable to Warwickshire, Coventry and Solihull:

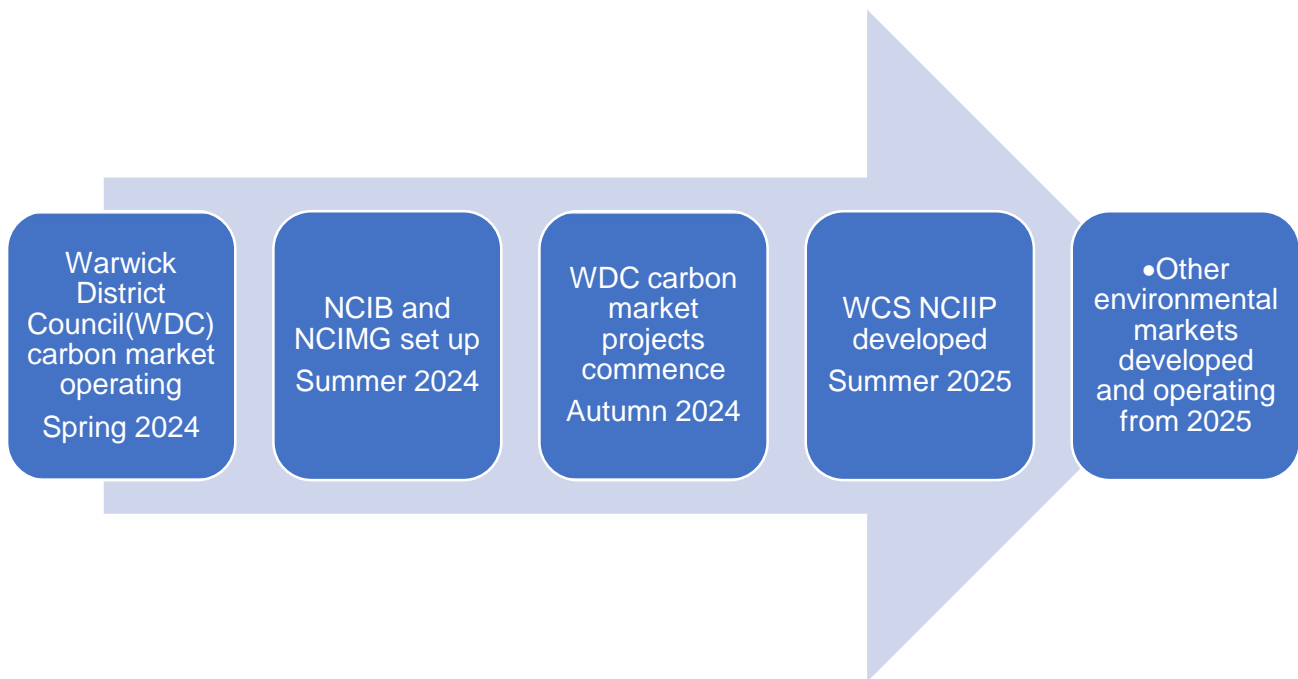
- Biodiversity Net Gain (currently mandatory in Warwickshire, Coventry and Solihull and nationally mandated from January 2024)
- Woodland Carbon (through implementation of the Warwickshire Carbon Standard linked to the Warwick District Council Net Zero Carbon Policy)
- District Level Licensing funding (e.g. great crested newts)

3.5.3 Forthcoming ecosystem services markets which could be applicable to Warwickshire, Coventry and Solihull:

- Future carbon markets, including soil, grassland and hedgerows.
- Air quality
- Flood risk mitigation
- Nutrient neutrality
- Water quality
- Green social prescribing
- Health and wellbeing

3.5.4 For all ecosystem services markets a mitigation hierarchy will be developed, influencing what mitigation will be required and where it should be carried out. See the Warwickshire, Coventry and Solihull sub-regional Green Infrastructure Strategy and diagram 7.

3.5.5 Diagram 6: A proposed roadmap towards the development of an NCIIP and environmental markets in Warwickshire, Coventry and Solihull.



### How will this income be used?

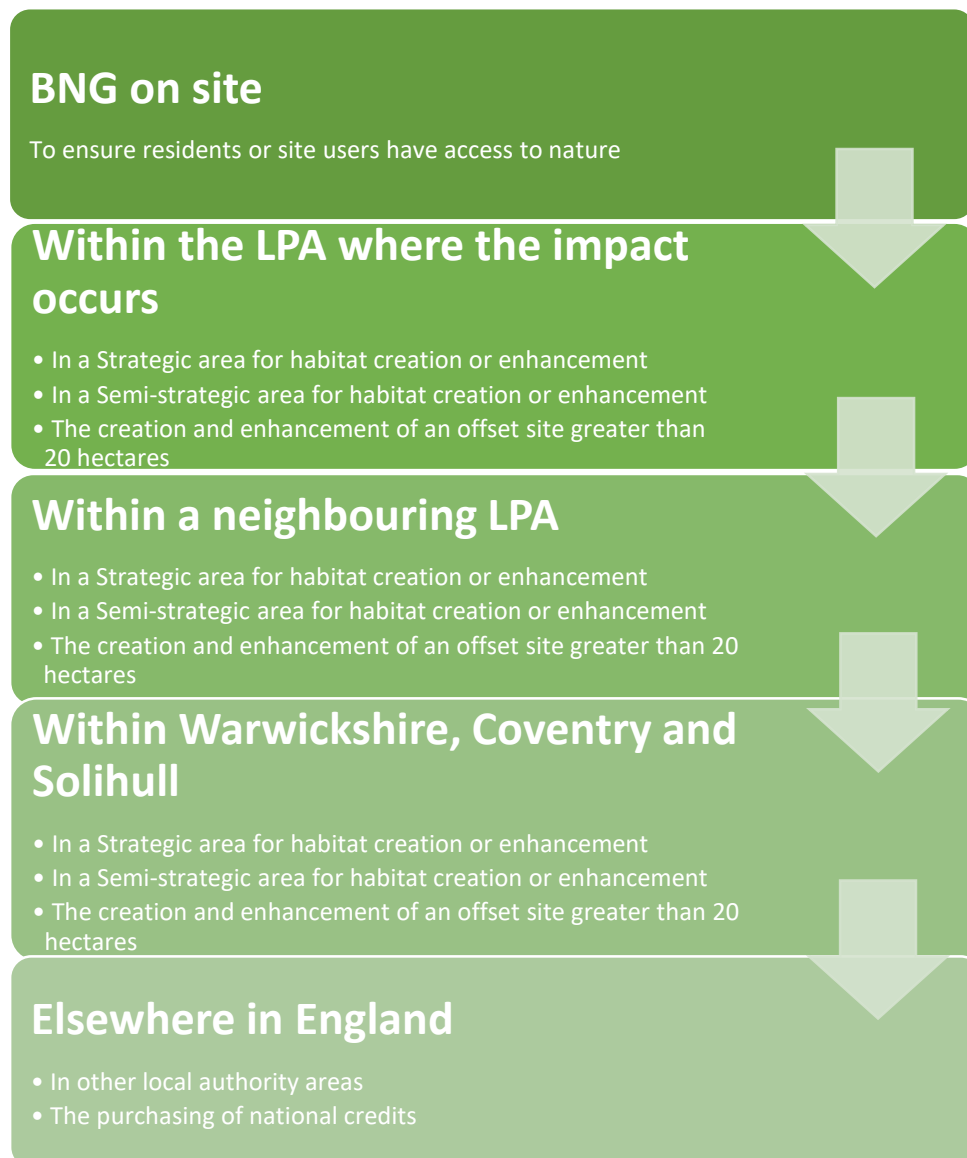
3.5.6 Note: This section covers what the NCIS and the Board (NCIB) will do with the monies already generated, and earmarked for spending, from the current BNG market and with any newly raised monies going forwards. It must follow current and future national trading rules and schemes.

3.5.7 Funds generated from environmental markets and nature-based compensation schemes will be available to support environmental initiatives within the sub-region, specifically those focussing upon enhancing biodiversity and tackling climate change. These will be exclusively natural capital related projects.

3.5.8 Environmental initiatives will be developed in appropriate strategic locations however all decisions will be subject to ecological advice and NCIB approval. Diagram 7 suggests a sequential mitigation hierarchy for BNG, a similar hierarchy could be applied to other environmental projects, and ecosystem services markets, and become a key part of the spatial decision-making process. Every local authority area will receive a fair share of the benefits in proportion to the funds or investments raised within its boundaries. This will help to ensure that the strategy is equitable and that all

residents and communities have the opportunity to benefit from improvements to the local natural environment.

**3.5.9** Diagram 7: Here the Warwickshire, Coventry and Solihull BNG mitigation hierarchy (currently being consulted upon as part of the sub-regional GI strategy) is presented as an example of what a future Ecosystem Service or Natural Capital Investment Strategy hierarchy might look like. The actual hierarchies adopted will be designed by the Natural Capital Investment Management Group and ratified by the Natural Capital Investment Board.



**3.5.10** Current funds are already allocated to specific 'spends' associated with habitat compensation agreements (e.g. BNG), so any finance made available to other projects will need to conform to strict risk, repayment, liquidity and return on investment rules which will be determined within the proposed Natural Capital Investment Implementation Plan. Decisions will also consider the potential benefits for nature, the environment and people of the sub-region. Examples could include

offering repayable development finance, market development or pump-priming opportunities.

**3.5.11** Future income will be subject to similar rules, though the requirement for repayment or return on investment will be determined by the funding source and the discretion of the Governing Board and/or awarding body. From Spring 2024 BNG will be nationally mandated and traded income will need to follow statutory Defra rules and regulations.

**3.5.12** It is important to plan for and manage risks associated with any income streams, financing and investment arrangements as well as in any proposed environmental projects or initiatives. A detailed Risk Management Plan will be developed within the NCIIP.

## Appendix 1 - Examples of UK NCIS visions or key principles

- **Solihull Council draft NCIS vision**

Solihull is a borough where all parts of society, including local authorities, companies, non-governmental organisations (NGOs) and communities can enjoy the benefits, are invested in the protection of and have access to all parts of the natural environment and recognise our reliance on natural capital and the impact we have on it.

- **Warwickshire, Coventry and Solihull Sub-regional Green Infrastructure Strategy**

### ***Vision***

A diverse and well-managed Warwickshire, Coventry and Solihull Green Infrastructure network that underpins the quality of life for communities. This will be the result of a well-connected, accessible and biodiversity resilient landscape, supporting economic growth, social health and climate change adaptation.

- **Surrey Nature Partnership (LNP led by the Surrey Wildlife Trust)**

### **Vision**

A thriving, resilient and attractive county providing natural benefits to all who live and work here.

- **Sussex LNP**

### **Overarching principle**

A commitment to biodiversity within the natural capital approach.

Key elements of the strategy:

1. Protection and enhancement of natural capital
2. Investment in natural capital to deliver specific benefits and services
3. Making it happen: the steps needed to take the natural capital approach forward within Sussex through the work of the LNP

In Summary the strategy seeks to:

- Gain a better understanding of the natural capital of Sussex, where it is located and what benefits it provides to the economy of the area, using the best data available.
- Assess how best to focus effort, resources and funds to look after natural capital assets for the benefit of nature and people.
- Identify opportunities to use a natural capital approach to enhance services and benefits, such as clean water, accessible nature, carbon storage, flood risk reduction and healthy/productive inshore waters.



- Provide guidance on the steps needed to take this strategy forward into action.
- **North Devon Biosphere Natural Capital Strategy**

**Their natural capital strategy identifies four priorities for urgent action:**

- Protect and improve water quality
- Minimise flood risk
- Increase carbon capture and storage
- Manage tourism and recreation pressure

Here are two examples of Investment visions or key principles:

- **HSBC Pollination: Nature is capital**

Sustainable investment in natural capital provides exposure to projects focused on nature including sustainable forestry, regenerative and sustainable agriculture, water supply, blue carbon (carbon captured by oceans and coastal ecosystems), nature-based biofuels, or nature-based projects that generate returns from reducing greenhouse emissions.

- **Triodos Bank**

We believe investing should support a sustainable future. All the **investments in our funds** have been hand-picked by impact investing experts using a themed approach, which ensures they have a positive impact on society and the environment.

## Appendix 2 – Examples of UK Natural Capital Investment Strategies and approaches

The **Solihull Metropolitan Borough Council** draft Natural Capital Investment Strategy



Draft NCIS  
September 2023.docx

In 2015, the **Surrey Nature Partnership** launched 'Naturally Richer - A Natural Capital Investment Strategy for Surrey'

(<https://surreynaturepartnership.files.wordpress.com/2015/11/naturally-richer-a-natural-capital-investment-strategy-for-surrey.pdf>).

This was a high-level document which gave a strategic direction of travel for implementing investment in Surreys' natural capital assets. It explained why it mattered and indicated the key areas where they thought they needed to develop in order to secure investment. The Surrey Nature Partnership used this strategy to develop a natural capital investment plan in 2018.

**Sussex Local Nature Partnership** launched their 2019-2024 Natural Capital Investment Strategy in December 2019.

Summary [Microsoft Word - Natural Capital Investment Strategy Summary Feb2020.docx \(sussexlnp.org.uk\)](#)

Full document [Microsoft Word - Natural Capital Investment Strategy ADOPTED Final Dec 2019.docx \(sussexlnp.org.uk\)](#)

The aim of their strategy is to:

- Support nature's recovery as a fundamental component of a healthy, prosperous and secure future for Sussex
- Protect and enhance the natural assets of Sussex so that these continue to provide multiple benefits for people into the future
- Position nature as a foundation for a strong, stable local economy and resilient society
- Increase resilience of natural capital assets in the face of current and future risks, such as climate change, increasing development and extreme weather events, which in turn will help to secure the benefits they provide

Their strategy provides:

- Initial understanding (based on best available data) of the natural capital of Sussex, where it is located and the raft of benefits and services it provides to people and the economy of the area
- Initial strategic assessment of how best to focus effort, resources and funds to protect and enhance the stock of natural capital assets for the benefit of nature and people

- Identification of opportunities to use a natural capital approach to deliver specific outputs of interest to LNP members, such as clean water, accessible nature, carbon storage and flood risk reduction
- Guidance on the steps needed to take this broad spatial strategy forward into action and outcomes on the ground

The **North Devon Biosphere Natural Capital Strategy** highlights a range of workable and affordable interventions, their next steps are to get these delivered in a consistent and organised way.

To deliver change at the scale that is needed they need to transform the way they manage the environment. Specifically, they need an approach designed for engaging with a complex system. They believe that this will require adoption and progression of four key management principles:

- **Institutional responsibility** - each environmental problem needs to be owned by an organisation or formal partnership.
- **Adaptive management** - declaring a target, tracking progress against it and adapting plans and investments as required.
- **Localisation** - devolving responsibility of environmental management to a geographical level discrete enough for integrated planning.
- **Shared commitment** – schemes should be co-developed and have shared understanding and commitment between stakeholders.

The North Devon Biosphere is working to make these a reality and engage with national and local partners. They are also considering developing a natural capital spatial plan to ensure that the right investments go in the right places.

Here is the strategy summary document

<http://publications.naturalengland.org.uk/file/4576451154411520>

In 2022, **Cornwall Council** produced an 'Investing in nature guidebook'

<https://letstalk.cornwall.gov.uk/19619/widgets/55725/documents/32282> and an

'Investing in nature process checklist'

<https://letstalk.cornwall.gov.uk/19619/widgets/55725/documents/32319> .

## Appendix 3 - Current and forthcoming international, national and regional policies and initiatives

The NCIS needs to work alongside the following policies and initiatives:

Note: These were current at the time of writing

### International

- [G7 2030 Nature Compact \(2021\)](#)
- [Kunming-Montreal Global Biodiversity Framework \(COP15\) December 2022](#)
- [IPCC AR6 Synthesis Report: Climate Change 2023](#)

### National

- [Environment Act 2021](#)
- [The 25 Year Environment Plan 2018](#)
- [Environment Improvement Plan 2023 \(first revision of 25 Year Environment Plan\)](#)
- [The Levelling Up and Regeneration Bill](#)
- [Forthcoming Land Use Framework 2023](#)
- [Environmental Land Management schemes \(ELMs\)](#)
- [Natural England Green Infrastructure Framework](#)
- [National Planning Policy Framework \(NPPF\) 2023](#)
- [The John Lawton Review 2010 – Making Space for Nature](#)
- [The Natural Environment White Paper \(NEWP\) The Natural Choice: Securing the Value of Nature \(2011\)](#)
- [England Tree Strategy \(2021\)](#)
- [England Peat Action Plan \(2021\)](#)
- [National Pollinator Strategy \(2014\)](#)
- [Biodiversity Net Gain \(2024\)](#)
- [Nature Recovery Networks](#)
- [The Economics of Biodiversity: The Dasgupta Review \(2021\)](#)
- [State of Nature Report \(2013, 2016, 2019, 2023\)](#)
- [Nature Positive 2030 \(2022\)](#)
- [Urban Design Compendium](#)
- [National Design Guide](#)
- [National Model Design Code](#)
- [Building for Healthy Places](#)
- [Building for a Healthy Life](#)
- [Building with Nature](#)

### Regional

- [Emerging Local Nature Recovery Strategies \(LNRS\) for Warwickshire and West Midlands](#)
- [Current and forthcoming Local Plans](#)
- [Warwickshire, Coventry and Solihull Sub-regional Green Infrastructure Strategy](#)

- Draft Solihull Metropolitan Borough Council Natural Capital Investment Strategy (NCIS)
- [Warwickshire Local Nature Partnership plans and initiatives](#)
- [Warwickshire, Coventry and Solihull Species and Habitat Action Plans](#)
- [Warwickshire Landscape Guidelines for Arden](#)
- [Warwickshire Sustainable Futures Strategy](#)
- [Solihull Green Infrastructure Study](#)
- [Warwickshire Historic Landscape Characterisation](#)
- [Warwickshire Historic Farmsteads Characterisation](#)
- Catchment Management Plans
- [West Midlands Natural Environment Plan 2021-2026](#)
- Warwickshire, Coventry and Solihull Local Authority Corporate Strategies
- Warwickshire, Coventry and Solihull Local Authority Climate Change Strategies
- Warwickshire, Coventry and Solihull Local Authority Health and Wellbeing Strategies
- Warwickshire, Coventry and Solihull Local Authority Flood Risk Management Strategies
- Warwickshire, Coventry and Solihull Local Authority Air Quality Management Strategies
- Warwickshire, Coventry and Solihull Local Authority Tree Planting and Woodland Strategies
- Warwickshire, Coventry and Solihull Local Authority Green Space Strategies
- Warwickshire, Coventry and Solihull Local Authority Economic Strategies
- Emerging Warwick District Council Biodiversity Action Programme
- Emerging Warwick District Council Net Zero Carbon Development Plan Document (DPD)

**Warwickshire, Coventry & Solihull Natural Capital Investment and Implementation Plan (NCIIP)**

**Skeleton plan: What will the NCIIP contain?**

**Main sections**

- How the NCIIP will support and enable the Natural Capital Investment Strategy (NCIS)
- How and where income will be generated.
- Where funds will be kept and managed
- In line with the NCIS, the criteria for deciding what is funded and how
- Method of identifying investible or fundable projects (standard proforma?).
- Portfolio of current sites/projects and a pipeline of investment-ready projects
- Operating model
- Marketing and business strategies for investment and income generation.
- NCIIP role in supporting (but not developing) new Environmental Services markets.
- Links with wider regional strategies/policies – i.e. using monies to help pump-prime or support Local Nature Recovery Strategy, Green Infrastructure Strategy and other strategic initiatives.
- Financial requirements including requirements for investments or loans.
- Funding and investment decision-making processes and roles (including mitigation or funding hierarchies).
- Monitoring and reporting processes.
- Legal implications/parameters.
- Governance and accountability relating to specific funded projects.
- Links and relationships with funding bodies
- Insurance requirements.
- Ethical implications/parameters.
- Day to management of the NCIS and NCIIP including any staffing, costs and funding.