

Natural Capital Accounting and the United Kingdom

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Institutional Context

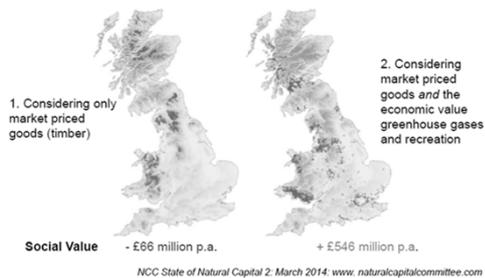


"We are working with our statistical authorities in the United Kingdom to develop a more, a richer more multi-dimensional statistical assessment of our, of our well-being ..."

- Strong (recent) tradition for environmental CBA and valuation
- Weak tradition of NCA
 - ... however ...
- Institutional momentum from multiple external/internal sources
 - **NCC as part of that process**

UK National Ecosystem Assessment

The location and total social value (£m per annum) of planting 250,000 ha of new woodland over the next 50 years with planting locations.



- **Economic analysis** of costs and benefits:
 - Spatially explicit models + valuation
- **(Forecast) changes in ecosystem services**
 - Agriculture
 - GHGs
 - Recreation
 - Urban amenity
 - Wild bird diversity

https://www.naturalcapitalcommittee.org/who-we-are.html

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Natural Capital Committee

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Who we are

The Natural Capital Committee is chaired by Professor Dieter Helm and has seven members from academia and business. The Committee brings together expertise and experience in ecology and environmental science, economics and business. The members are: Giles Atkinson, Ian Bateman, Rosemary Hails, Kerry ten Kate, Georgina Mace, Colin Mayer and Robin Smale.

To find out more about the Chairman and Members of the Natural Capital Committee, follow the links below.

 Dieter Helm Chairman	 Giles Atkinson	 Kerry ten Kate	 Georgina Mace
 Ian Bateman	 Rosemary Hails	 Colin Mayer	 Robin Smale

<https://www.naturalcapitalcommittee.org/>

Natural Capital Committee: Our Context

- **Natural Environment White Paper:** "... leave the natural environment of England in a better state than it inherited"



- **NCC:** "... advice on where, when and how natural assets are being used unsustainably"
- **NCC as institution:**
 - Independent but reporting to Econ. Affairs C'ttee chaired by Treasury
 - Secretariat/ meetings based in Defra
 - Time limited first phase

Natural Capital Committee

NCC advice to Government

State of Natural Capital Report (annual)

SoNC 1:

- Set framework – measure and value natural capital in order to better manage



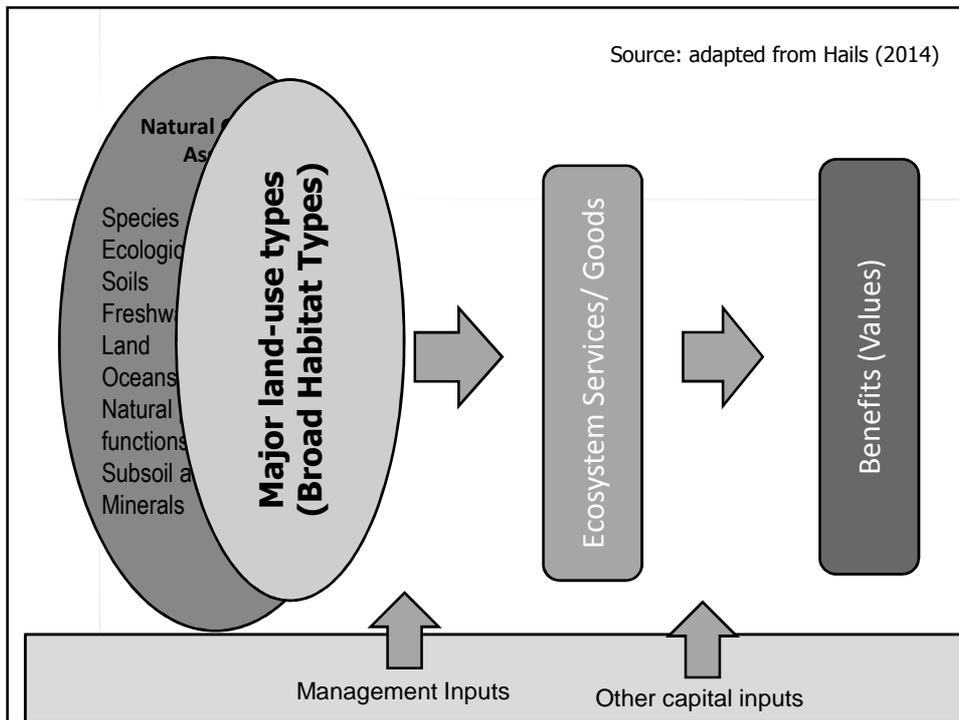
SoNC 2:

- Assets & benefits considered at greatest risk of unsustainable use.
 - Proposed a generational framework to restore natural capital

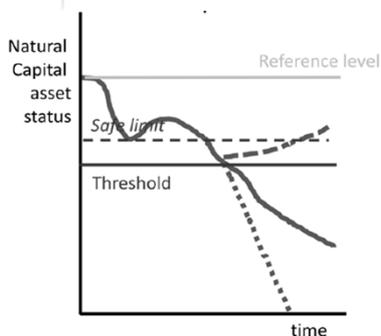


SoNC 3:

- Concrete advice on 25 year plan for restoration
- Prioritise public/ private activity:
 - Top 10: investment priority areas*
 - Financing NC*
- Recommendations on:
 - NCA (Corp. & Nat.)*
 - CBA*
 - Risk register*



Unsustainable Use of Natural Capital?



Source: Mace/ NCC (2014)

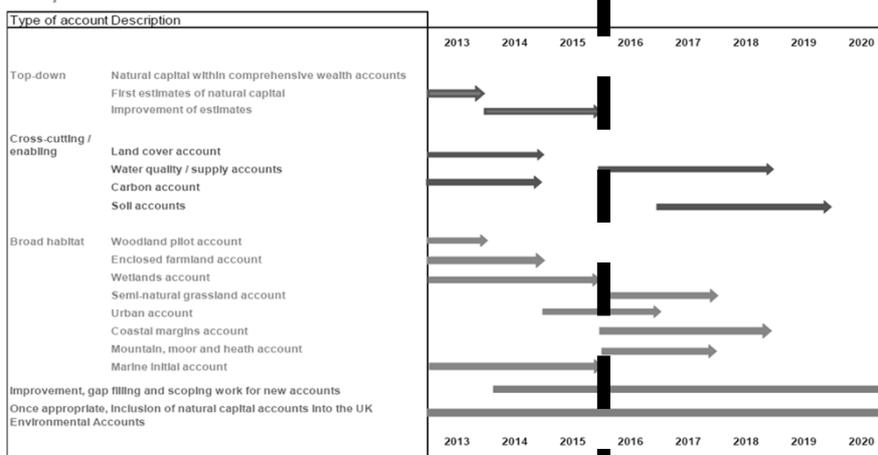
- **A variety of interpretations**
 - Is adequate **compensation** being made for loss of natural capital?
 - Are **current stocks of natural capital** declining?
 - Are **benefits from natural capital** under threat?
 - Where are we relative to **thresholds** (or safe limits or reference levels)?
- **Link to NCA:** ... shape account development at least for C'ttee

NCC and Natural Capital Accounting

	Private	External	Total
Assets			
Baseline value	40	60	100
Gains/(losses)			
Additions/ disposals			
Revaluations and adjustments			
Gross asset value			100
Liabilities			
Legal provisions			(5)
Other maintenance provisions			(10)
Total maintenance provisions			(15)
Total net natural capital			85

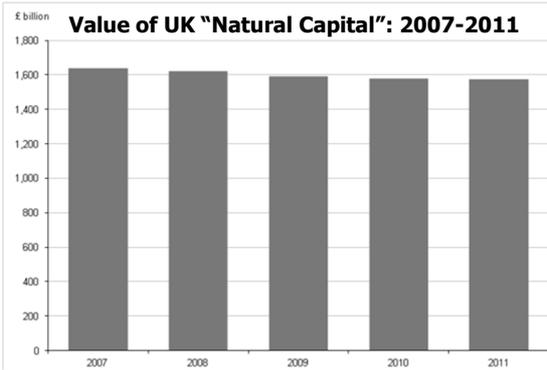
- **Present value of (future) benefits**
 - Q: If we are losing natural capital, what are the implications for future wellbeing?
- **Restoration cost**
 - Q: If our goal is natural capital investment, what is cost of meeting this objective?
- **Application to corporate NCA in particular**
 - **Case studies:** Lafarge, Crown Estates, National Trust, United Utilities

UK Office for National Statistics (ONS): Roadmap to 2020



Source: ONS (2012)

ONS (2014): Natural Capital – Initial and Preliminary Estimates

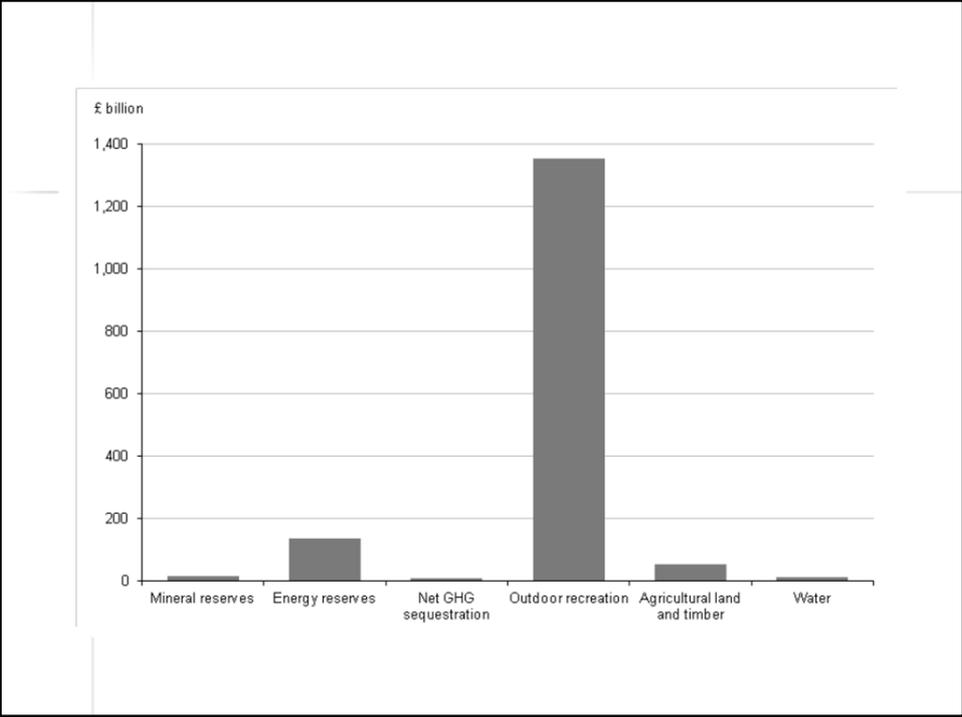


Source: ONS (2014)

■ Key messages:

- >80%: value of green-space for recreation
- Much of decline is non-renewables
- Plans to update/ extend this work

Latest Estimate (year valued in brackets)	World Bank	IWR	ONS - without recreational and GHG sequestration services	ONS - with recreational and GHG sequestration services
Total Natural Capital, £bn	265 (2005)	85 (2008)	212 (2011)	1,573 (2011)
Components of natural capital estimated	Agricultural land	Agricultural land	Agricultural land	Agricultural land
	Timber	Timber	Timber	Timber
	Oil and gas	Oil and gas	Oil and gas	Oil and gas
	Coal	Coal	Coal	Coal
	Non-timber forest resources	Non-timber forest resources	Water supply	Water supply
	Minerals (selected)	Fisheries	Minerals (Silver, lime stone, chalk, salt, sand and gravel, peat and lead)	Minerals (Silver, lime stone, chalk, salt, sand and gravel, peat and lead)
	Protected areas			Outdoor recreation
				Net greenhouse gas sequestration



Concluding Remarks