

<b>Committee(s):</b> Natural Environment Board EF&C Committee WHP Committee HH,HW&QP Committee	<b>Dated:</b> 19/2/2024 21/3/2024 16/5/2024 21/5/2024
<b>Natural Capital Audit</b>	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	1.2.4.9.10.11.12
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of: Bob Roberts - Interim Executive Director, Environment</b>	<b>For information</b>
<b>Report author: Emily Brennan - Natural Environment Director</b>	

## Summary

The Corporation recently commissioned a Natural Capital Audit of its Open Spaces to identify and map the range of different 'ecosystem services' that these spaces provide for example carbon sequestration, air purification, access and recreation. Natural Capital Solutions (NCS), who were appointed to carry out this audit, also estimated the financial value of these ecosystem services for our Open Spaces.

NCS has estimated the total value of the ecosystem services provided by our Open Spaces as **£282.6 million annually**, with a combined predicted value of **£8.1 billion over 50 years**.

## Recommendation(s)

Members are asked to note the contents of the report and to consider how the findings and data could be used to deliver benefits for the charity(s) their Committee oversees.

## Background

Natural Capital is defined as 'elements of nature that directly or indirectly produce value or benefits to people, including ecosystems, species, water, land, food, fuel and air, as well as natural processes and functions such as carbon sequestration and air purification'. The natural environment underpins our wellbeing and economic prosperity, providing multiple benefits to society, yet is consistently undervalued in decision-making.

The Corporation owns 11,000 acres of land in and around London. This includes small pockets of land within the Square Mile and larger sites in Greater London and adjacent counties. These open spaces are managed by three Environment Department Divisions: Natural Environment, City Operations and Port Health & Public Protection. Whilst these open spaces are appreciated and visited by many, the breadth and value of the services they provide has not previously been understood or articulated.

A detailed assessment of the natural capital ('ecosystem services') value of these open spaces was carried out by NCS in December 2023. They mapped and valued key ecosystem service benefits across 13 groups of sites:

1. Ashted Common
2. Burnham Beeches
3. Cemeteries & Crematoria
4. City Gardens
5. City of London schools
6. Coulsdon Commons
7. Epping Forest & the Buffer Lands
8. Hampstead Heath
9. Highgate Wood
10. Queen's Park
11. Stoke Common
12. West Ham Park
13. West Wickham Common and Spring Park.

The ecosystem services mapped for each group of sites were: Carbon storage; carbon sequestration; air purification; noise regulation; local climate regulation; pollination; food production; timber/woodfuel production; water flow regulation; water quality regulation; and accessible nature. They applied a number of different models to calculate the value of each open space to society, taking into consideration industry standards and following best practice. More information about the different methodologies used by NCS can be found in the appendices of the technical report, which is available upon request.

### **Results:**

This Natural Capital Audit will help us articulate and communicate the wide range of benefits that our open spaces deliver for people and nature and will estimate the monetary values of these benefits. It will also help us generate future income to help manage our open spaces.

The total estimated value of the benefits delivered by the natural capital assets quantified across the whole Open Spaces portfolio is **£282.6 million annually**, with a predicted value of **£8.1 billion over 50 years**. The sum of annual benefits over a 50-year period has been discounted to give a 'present value'. This is standard practice when estimating what something is going to be worth in the future and reflects what we'd think of it in 'today's money'.

The ecosystem services that provide the largest values are recreation (£4.5 billion) and health benefits (£2.8 billion) followed by air quality regulation (£389.7 million)

and carbon sequestration (£200.8 million). There are over **47 million visits** to our open spaces every year.

The Corporation currently invests circa £38 million per year in managing and maintain its open spaces. The benefit to cost ratio is 16.4, which means that every £1 spent on maintaining the open spaces delivers £16.40 in natural capital benefits. This indicates that the investment is delivering a good return in public natural capital benefits. This cost-to-benefit ratio of 16.4 has been calculated based on the present value of the open spaces, not the annual predicted value. That is to say, if the City of London continued to invest the same yearly amount on running its open spaces for the next 50 years, the ratio would equal £16.40 return for every £1 spent. This is an estimated calculation over time and takes into account how the benefits in value would also increase over that timeframe.

The Natural Capital Audit has potential to be used in many ways, for example to:

- Raise awareness of the importance and value of the Corporation's open spaces to a wide range of audiences;
- Raise the profile of the City Corporation's work in the natural environment and the ecosystem services provided to Greater London, for example through positive media coverage;
- Support income generation e.g. biodiversity credits, government grants, Community Infrastructure Levy funding;
- Establish CoL as an international leader in natural capital accounting;
- Establish a baseline against which progress can be measured (e.g. for the Corporate Plan and Natural Environment Strategies);
- Identify opportunities to increase natural capital values (improve and increase habitats, prevent damage/loss);
- Inform and influence CoL's governance and priorities;
- Build effective delivery strategic partnerships.

Crucially, the data, maps and other outputs - such as financial values - can be collated to show results for the whole of the Open Spaces portfolio or for a group of sites (for example all sites under a Committee's remit), or they can be disaggregated to show results at the individual site level. This ability to aggregate or disaggregate gives the Corporation huge potential and flexibility. All data and maps have been provided to the Environment Department's GIS team.

### **Financial implications:**

The total cost of carrying out this Natural Capital Audit was £29,643; this was paid for out of the Director's NE Division budget for 2023-24. The report has great potential to support income generation for the NE Division.

### **Corporate & Strategic Implications**

- The Natural Capital Audit will support the delivery of the Natural Environment Division's priorities and business plans and the Corporation's new Corporate Plan.
- Financial implications: Potential to help generate significant additional income.
- Resource implications: None.
- Legal implications: None.

- Risk implications: None.
- Equalities implications: None.
- Equality Impact Assessment: N/A.
- Climate implications: The Natural Capital Audit will enable a more effective contribution to the Climate Action Strategy.
- Security implications: N/A

## **Conclusion**

The Committee is asked to note the contents of this report and consider how the results and data generated by the Natural Capital Audit could be used to raise income for, and awareness of, the Corporation's Open Spaces which fall under the remit of their Committee.

## **Appendices**

1. Example maps.

## **Background Papers**

None

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