

RAPC 493/22

NEW FOREST NATIONAL PARK AUTHORITY

RESOURCES, AUDIT AND PERFORMANCE COMMITTEE – 7 November 2022

Team New Forest - Authority Partnership working to encourage investment of private finance in the natural capital of the National Park

Report by: Paul Walton, Head of Environment and Rural Economy

1 Summary

- 1.1 The Re:New Forest Partnership Plan highlights the need for a culture of collaboration to deliver key policies and measures to enhance the National Park landscape, economy and communities. The Authority has a number of existing partnerships in place that illustrate the Team New Forest approach. This paper highlights our work with Revere – a partnership between UK National Parks and Palladium that provides details of a recently completed pilot project carried out between the Authority and Palladium to investigate the potential for private funding for nature restoration in the National Park.
- 1.2 In March 2021 the Committee approved the submission of an application to the Natural Environment Investment Readiness Fund. The aim of the application was to secure resources for National Parks Partnerships (NPP) and National Park Authorities. This model was to be developed with the assistance of the Palladium Group. This was subsequently endorsed by the full Authority on 25 March 2021.
- 1.3 The application was successful and the 12 month project began in September 2021 and a brief summary of the project and its findings are set out below. The project closed at the end of September but some initial discussion of future opportunities arising from the project are set out in Section 6.

Recommendation:

Members to note the report

2 About National Parks Partnerships and Revere

- 2.1 In 2015 the 15 UK National Park Authorities formed National Parks Partnerships to devise UK level partnerships between National Parks and the private sector. This has created multiyear agreements with a range of companies including Columbia Sportswear, Forest Holidays, CLIF and most recently BMW. The annual financial contribution to the partnership by the NFNPA is £10,000 (£8.5k in 21/22)
- 2.2 In 2020 NPP and Palladium agreed an MoU to collaborate on a number of initiatives to catalyse funding into the National Parks through the establishment of a “Payment for Ecosystem Services” facility named Net Zero with Nature. This collaboration developed into Revere, which was launched in October 2021, ahead of COP26. Revere combines the National Parks’ ecological expertise and local knowledge with Palladium’s commercial acumen to develop nature-based solutions. It aims to raise £240m by 2030 for habitat restoration in all 15 National Parks with much of the funding

coming from private capital and projects generating revenue through the sale of ecosystem services.

- 2.3 In March 2021 the Authority worked with Palladium on a successful bid to the Natural Environment Investment Readiness Fund (NEIRF). The fund is a government grant programme to support the development of environmental projects that can produce revenue from ecosystem services such as carbon credits from woodland creation, biodiversity credits and catchment services such as nutrient mitigation. We were awarded £99,229 for a New Forest Net Zero project to pilot a commercial model for restoring nature, for biodiversity improvement, nutrient management, and climate mitigation

3 New Forest Net Zero project

- 3.1 In summary the project aimed to:

- i. Design nature restoration and land use change options with each estate participating in the trial.
- ii. Identify a range of ecosystem service revenue streams and explore opportunities to combine these in practice, via 'stacking' to make nature restoration financially viable using private sources of funding.
- iii. Design and test commercial models that consider restoration and maintenance costs, revenues from private finance opportunities, cashflows for the project's lifetimes, and landowner returns.
- iv. Create a replicable and scalable concept model of restoring nature via private financing to enable delivery across the national park.

- 3.2 The grant covered the costs of staff from the Authority, Palladium and NPP who were involved in the project, knowledge transfer costs and travel / subsistence. The NPA staff budget for the project was £10,200 which paid for the expertise of our Net Zero with Nature Project Manager and Head of Environment & Rural Economy

- 3.3 Partners to the project were the Authority, National Parks Partnerships and three significant landowners within the National Park - Barker Mill Estate, Cadland Estate and Forestry England.

4 Outcomes of the project

- 4.1 Opportunities to restore nature and create bigger, better, more joined up habitats were identified across the landholdings. These included: connecting critical habitats within the wider New Forest landscape to improve biodiversity and increase resilience to climate change; improve water quality and create robust, long lasting, and sustainable nature-based solutions to land-based CO₂ emissions.
- 4.2 For each landowner, Palladium designed a bespoke economic cashflow model setting out the costs & revenues associated with nature restoration and resulting financial returns per year for 30 years. The trial revealed that using private funding to restore nature on the Barker Mill and Cadland Estates can present a profitable business case. Forestry England nature restoration plans were not eligible for accessing the ecosystem service markets and therefore private sources funding due to existing SSSI designation which places the land under an existing legal obligation to be upkept for biodiversity.

- 4.3 The trial has created a wealth of information on the state of the ecosystem services market in the National Park, the opportunities they present to landowners and raised awareness of the financially sustainable opportunities that exist to restore nature and tackle climate change across the national park. It has also exposed the current barriers preventing further uptake in the market. This information is vital to the development of a green local economy and to national policy makers if these emerging ecosystem service markets are to develop successfully.
- 4.4 The project culminated with a workshop for landowners on the 16th September where the findings of the pilot and the current state of the ecosystem markets were presented. These included insights into opportunities for Biodiversity Net Gain, nutrient neutrality mitigation and the woodland carbon code.
- 4.5 The project substantially achieved the aims set out above within the timescale and budget and was well received by the participating landowners.

5 Key lessons learned

- 5.1 There are a number of mechanisms in place to facilitate private investment such as Biodiversity Net Gain, Nutrient Neutrality markets and the Woodland Carbon Code. All are in different stages of development, and it remains unclear how the schemes will complement the publicly funding to be delivered through the Environmental Land Management Scheme.
- 5.2 The project also identified a lack of clarity on the tax implications for landowners who choose to take their land out of agricultural production to deliver the ecosystem services. This is a barrier to some landowners to take enter the marker. Emerging codes such as the soil carbon code or agroforestry code may provide more options for landowners in the future.
- 5.3 From a local New Forest perspective there were also a number of key learning points:
- i. In general, land managers are reluctant to transition their land to full nature restoration and are instead more interested in renaturing marginal land and certain parcels of agricultural land.
 - ii. Checking for market eligibility is a crucial first step for projects. For example, land designated with SSSI is not eligible for BNG funding; a large percentage of the New Forest is under this designation.
 - iii. Landowners identified the need for an interconnected landscape-wide vision for the park to lead the nature restoration ambitions which will add weight to the work we are doing on developing a Park -wide nature recovery plan.
 - iv. Existing markets tend to favour larger land holdings with significant uplift of ecosystem services. To engage the smaller landholdings, a platform may be needed where multiple smaller project sites can be aggregated, and financing and buyers can be secured for the collective area.

6 Future opportunities

- 6.1 The pilot project has greatly improved our understanding of ecosystem service markets in the New Forest. The collaboration with Palladium has provided access to specialist knowledge from the commercial sector and the project has provided valuable information to the landowners involved.
- 6.2 We hosted an event for 50 landowners in September to take the results of the project to the community of land managers across the national park, and significantly scale up the impact of the project. There was a high level of interest exhibited in these developing markets. We have created web content to ensure the project results are captured for the benefit of all local stakeholders. This can be viewed [here](#). This is designed to equip land managers with preliminary insights required to invest in nature restoration at the increased scale and pace needed to tackle the climate and nature crisis, it is an illustration of how we are delivering for nature and climate using a partnership-based approach and how we are acting as ‘green leaders’ to catalyse change locally.
- 6.3 The challenge for the Authority will be to continue to be at the forefront of this work without the NEIRF funding. The grant enabled us to develop knowledge and skills and we will continue to have access to an established “Community of Practice” amongst other NEIRF grant recipients. The ongoing partnership with Revere through NPP will be an invaluable means of keeping abreast of the commercial elements of the private finance mechanisms.
- 6.4 We will look to extend the nature of the advice we are able to offer landowners through the New Forest Land Advice Service by developing our knowledge of the ecosystem service markets. We will also have a key role to take account of the need to ensure proposed land use changes don’t have adverse impacts on local stakeholders (e.g., Commoners’ back up grazing land).

Recommendation

Members are requested to note the content of the report

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