

Information Sheet – The Natural Capital Committee

What is the NCC?

The Natural Capital Committee (NCC) was one of the headline commitments in the Government's Natural Environment White Paper (NEWP). It was established in 2012 as an independent advisory body to Government. It formally reports to the Economic Affairs Committee.



The NCC's role is to:

- help the Government better understand how the state of the natural environment affects the performance of the economy and individual well-being; and
- advise the Government on how to ensure England's 'natural wealth' is managed efficiently and sustainably, thereby unlocking opportunities for sustained prosperity and wellbeing.

The Committee is chaired by Professor Dieter Helm and consists of seven members from academia and business who collectively bring expertise and experience in ecology and environmental science, economics and business. The members are: Giles Atkinson, Ian Bateman, Rosie Hails, Kerry ten Kate, Georgina Mace, Colin Mayer and Robin Smale.

What is the remit of the NCC?

The NCC remit covers three key areas:

- to provide advice on when, where and how natural assets are being used unsustainably;
- to advise the Government on how it should prioritise action to protect and improve natural capital, so that public and private activity is focused where it will have greatest impact on improving wellbeing in our society; and
- to advise the Government on research priorities to improve future advice and decisions on protecting and enhancing natural capital.

How will the Committee operate?

The NCC will report to Government regularly as part of its work programme. It will produce an annual State of Natural Capital Report as well as an annual report

on general progress and its activities. The Committee will be formally reviewed in 2014.

Some definitions

Biodiversity is the variety of all forms of life, from genes to species, through to the broad scale of ecosystems.

Ecosystems are complex systems of living and non-living elements that interact as a unit. They vary significantly in type and scale. Examples include a river system or moorland area. Ecosystems provide a stream of valuable **ecosystem services** to people, such as fish, timber, pollination and recreation opportunities. They will do this indefinitely if used sustainably.

Natural capital refers to the elements of nature that produce value (directly and indirectly) to people, such as the stock of forests, rivers, land, minerals and oceans. It includes the living aspects of nature (such as fish stocks) as well as the non-living aspects (such as minerals and energy resources). Natural capital underpins all other types of capital (man-made, human and social) and is the foundation on which our economy, society and prosperity is built.



By combining different forms of capital, we are able to enjoy a huge variety of benefits; ranging from the food we eat and water we consume in our homes to outdoor experiences and improved health to name but a few. If properly measured and managed, natural capital (the living aspects at least) can continue to provide these benefits indefinitely. The problem is that whilst some of the benefits can be measured and are clear to see (for example, timber has a market price), most are difficult to quantify and are often invisible in our day to day lives.

Why have an NCC?

The seas provide us with fish, forests with timber, trees and plants help regulate our climate and clean our air, agricultural land provides us with food and allows us to grow many of the fibres that we clothe ourselves with, and the green parks in our towns and cities provide us with recreational opportunities.

A healthy natural environment is an integral part of our daily lives and our economy. But it is easy to take

Natural Capital Committee

nature and the benefits it provides us with for granted and doing that can be costly.

Over recent decades, evidence suggests that we have been overusing many of our natural assets with scant regard for how fragile some of these natural systems are. For example, overfishing has in many places led to the depletion of fish stocks, consequently both present and future harvests are at risk.

It has become increasingly clear that a healthy environment is important not just for our well-being, but also for a healthy economy.



The NCC was, therefore, established to provide independent advice to the Government to ensure that the valuable services we obtain from our natural capital can be sustained, thereby underpinning a healthy economy now and in the future.

What is the NCC's work programme?

The NCC's work programme includes:

- an annual State of Natural Capital Report, starting in 2013. This will provide information for Government on where our natural capital is being used unsustainably;
- work with Defra and the Office for National Statistics (ONS) to ensure the timely development of experimental natural capital national accounts and to explore links with corporate natural capital accounting;
- work with businesses (including land owners and managers) to explore the development of corporate natural capital accounting; and
- work with academics and the Research Councils to identify research priorities that will improve future advice on managing our natural assets.

Why incorporate natural capital into national accounts?

It is essential to account for natural capital in a comparable manner to financial accounts.

It is only by measuring our stocks of natural capital and how they are changing overtime that we can properly start to understand whether they are being eroded and by how much and what the costs are for society.

Once that is clear, it is easier to think about what needs to be done to arrest this depletion (to use our assets sustainably) and where it is possible to recover what we have lost (e.g., reforestation and designating marine conservation zones to allow fish stocks to recover) so that we, along with future generations, can continue to enjoy the benefits our natural environment provides.

Why value nature?

We have finite resources. Consequently, every time we decide to do one thing, we are making a decision not to do another. We are implicitly placing values on each option.

Thus, given that all decisions inevitably involve choices, if we do not put a value on nature it becomes easy to ignore and the assumed value can end up being zero. This happens because many ecosystem services (like air quality or crop pollination) are assumed to be free, when in fact by over-using them we degrade them over time.

Valuation, therefore, is unavoidable; it is the essence of decision-making. It is better to be explicit about the valuations inherent in decision-making and to seek to use the world's limited resources in the best way



possible by recognising the inevitable trade-offs which all decisions imply.

This is not to deny that there are elements of value that cannot be estimated in monetary terms – for example, spiritual/aesthetic value or the infinite value of resources essential for human life. However, better economic valuation can improve the quality of decision-making and can explicitly demonstrate the value society places on our natural assets thereby helping to protect them for future generations.

Further Information

Natural Capital Committee website:

<http://www.defra.gov.uk/naturalcapitalcommittee/>

Valuing Nature Network Website:

<http://www.valuing-nature.net/>