

eftec

Economics for the
Environment
Consultancy

WINDSOR GREAT PARK NATURAL CAPITAL ACCOUNT



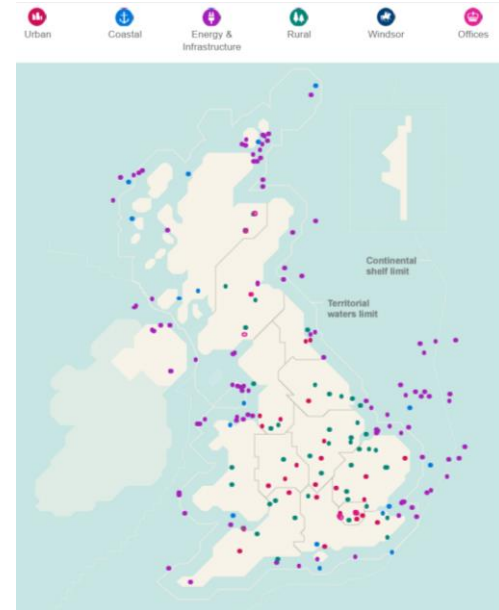
Source: <http://www.thecrownestate.co.uk/windsor/windsor-great-park/>

Valuing Nature Programme Business Impact School

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Introduction

- The Crown Estate is a commercial business
 - ⇒ Statutory corporation independent of Government and Monarch set up under the Crown Estate Act (1961)
 - ⇒ Public function to invest in and manage property assets belonging to the monarch
 - ⇒ Remit revenue surplus each year to the Treasury
- Manage a portfolio of property assets with capital value of £11bn
 - ⇒ Regent Street and London's West End
 - ⇒ Regional shopping centres
 - ⇒ Windsor Great Park
 - ⇒ Rural land and coastline (approx. 146,000 ha)
 - ⇒ The UK's seabed



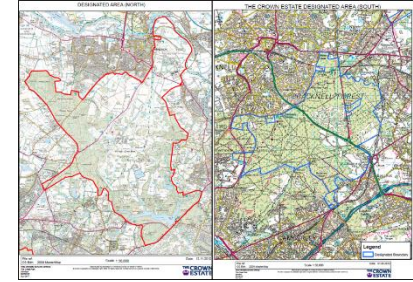
<http://www.thecrownestate.co.uk/estates-map/>

**THE CROWN
ESTATE**

Windsor Great Park



- Part of the 6,400 ha Windsor Estate
 - ⇒ Parkland, woodland and gardens managed for public enjoyment
 - ⇒ Attracts around 3 million visitors per year
- National and international significance for biodiversity
 - ⇒ SSSI, SAC and SPA designations
 - ⇒ Ancient oak pollards dating back 800 years
 - ⇒ Rare insect species dependent on veteran oak and beech trees
 - ⇒ Nesting sites for hole-nesting birds
- Estate and Park are managed for long-term benefit
 - ⇒ Statutory duty to maintain character as a Royal Park
 - ⇒ Management cost only partially offset by income from the estate (agriculture and visitors)

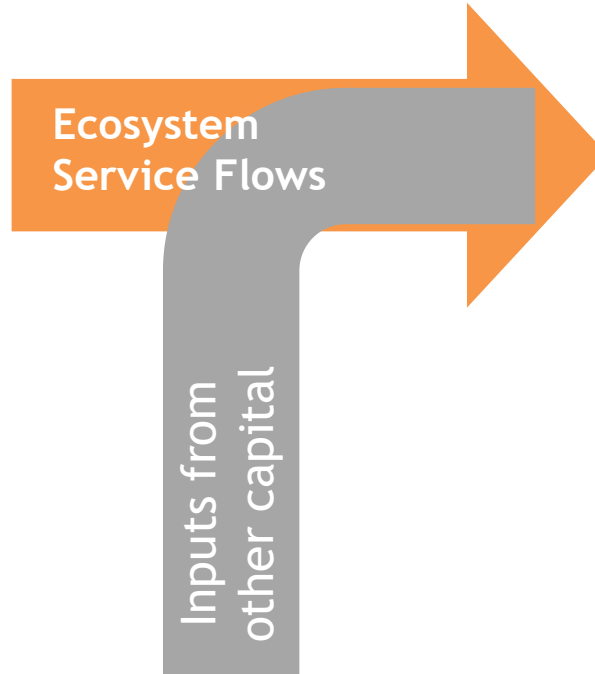
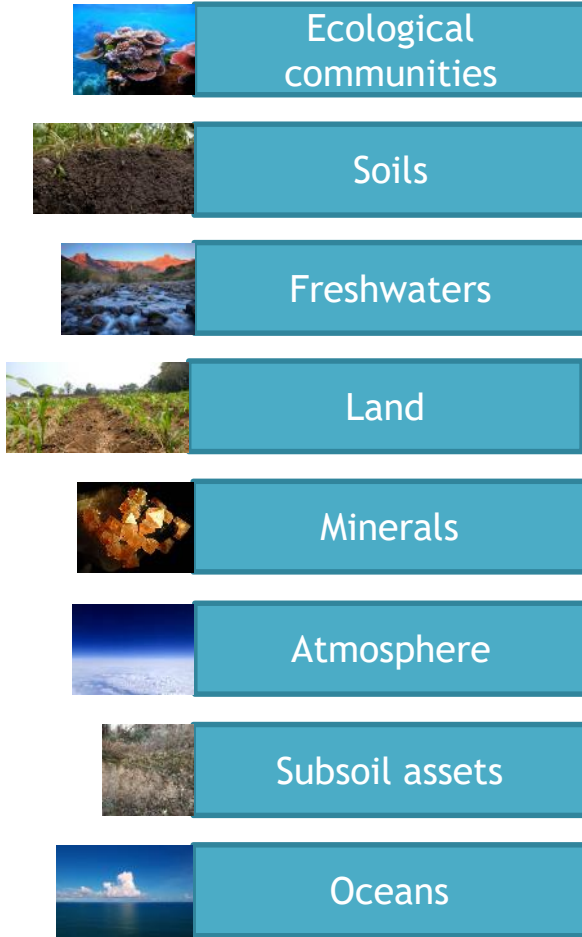


Corporate natural capital accounting

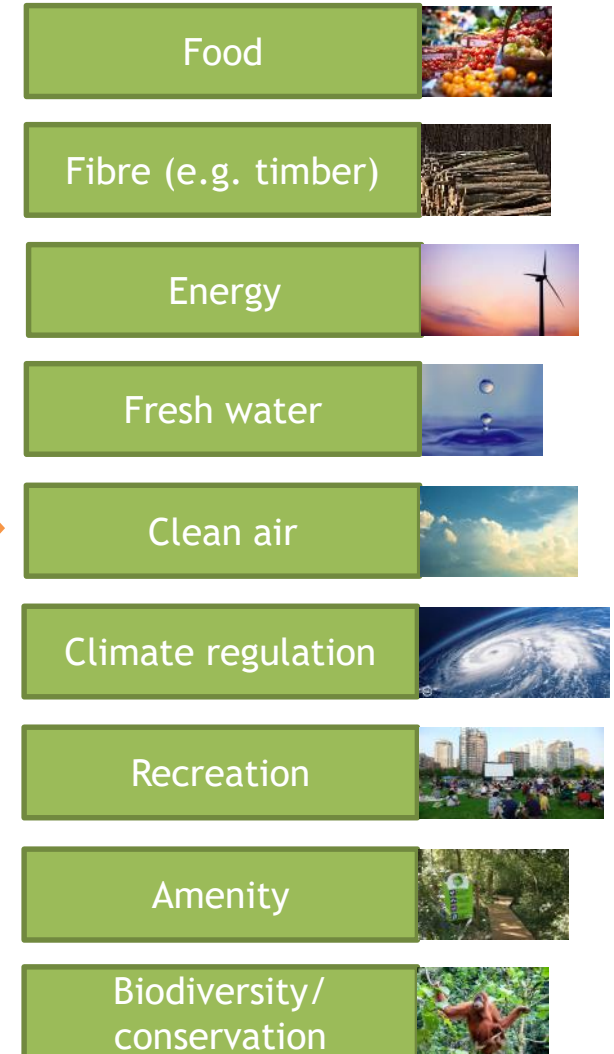
- Conventional financial accounts reflect the value of natural capital assets to the extent that they produce a financial income or incur a cost
- Purpose of corporate natural capital accounting (CNCA) is to enable better decisions to be made by organisations about the management of natural capital
 - ⇒ Natural Capital Committee priority to develop methodology for CNCA
 - ⇒ Private (and quasi-private) sector organisations are responsible for a large proportion of England's natural capital assets (approx. 2/3 land is privately owned)
- The Crown Estate is one of the land-owning organisations that piloted the CNCA framework
 - ⇒ Opportunity to develop understanding and measurement of the benefits provided by the Windsor Estate

Natural capital concept

Natural capital



Natural capital benefits



Corporate natural capital accounting

1. What do you have?

Stocks of natural assets

2. What does it produce?

Flows of ecosystem services

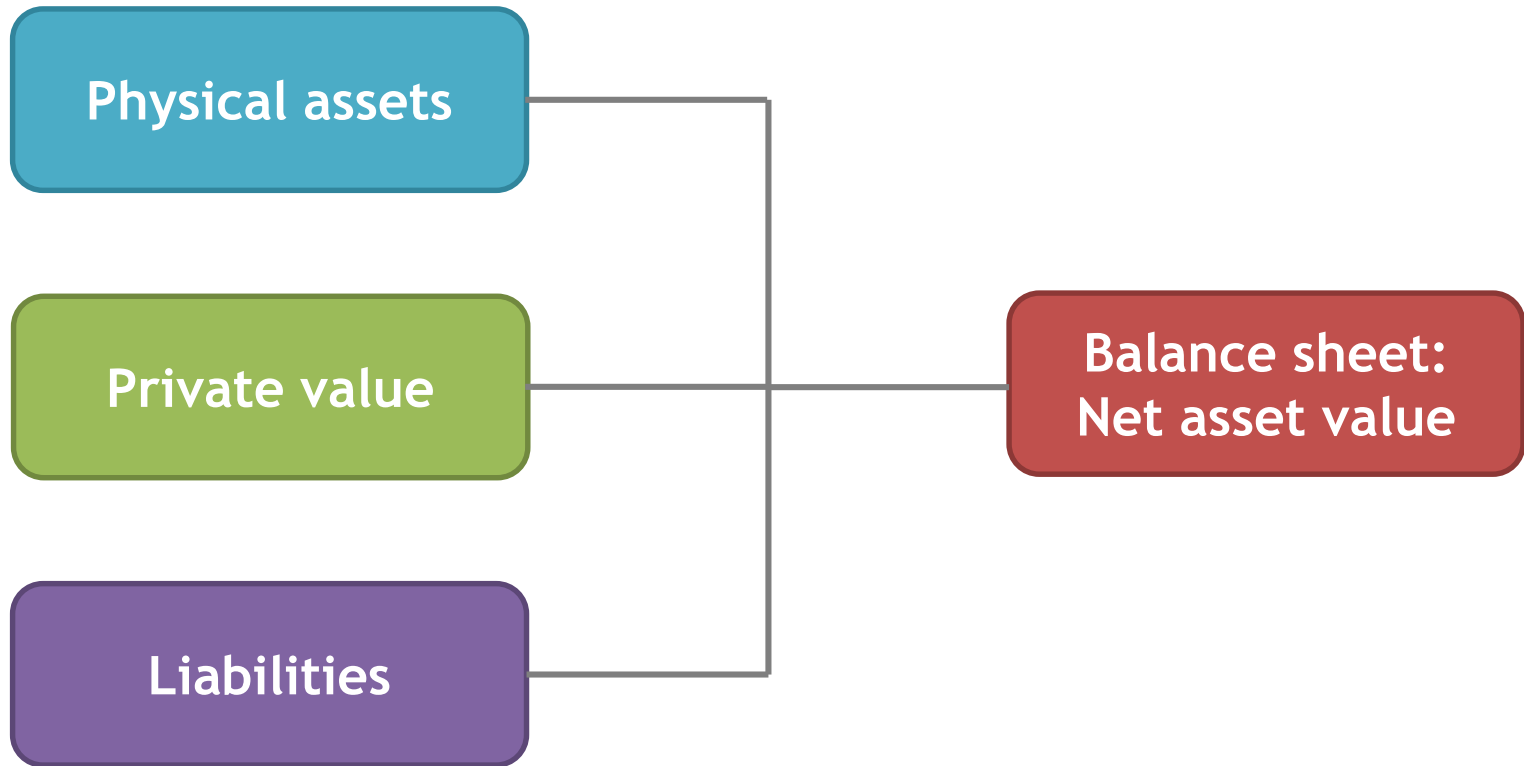
3. What is that worth?

Natural capital benefits

4. What does it cost?

Natural capital maintenance

Financial accounting perspective



Accounting for natural capital assets

Conventional physical assets



- Benefits to the company (revenue streams)
- Benefits at a single, local, scale
- Depreciate in value over finite lifetime
- Exclusively owned and controlled by the organisation for entirety of useful life

Natural capital assets

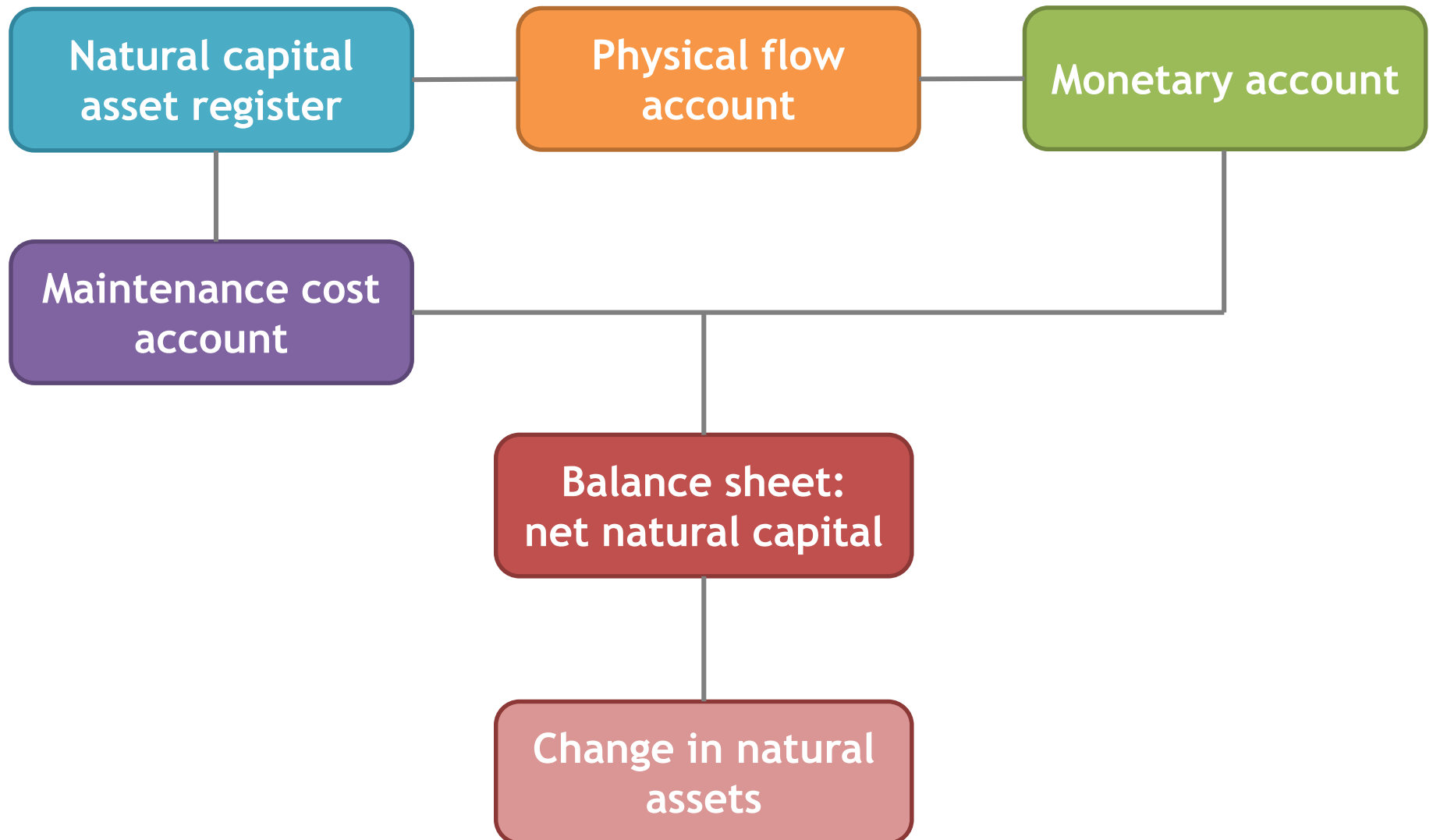


- Benefits to the company and wider society
- Benefits at multiple scales (local, regional, global)
- Without intervention value may decline or remain stable
- Value may tend to appreciate over an infinite lifetime
- Often only partially 'owned' or controlled (e.g. certain use rights) for a defined period of time

Key principles for CNCA framework

- 1. The long-term value of natural capital assets**
 - ⇒ Assess future flows of costs and benefits to monitor sustainability of natural capital
- 2. Both private and external values**
 - ⇒ Capture ‘full’ value associated with natural capital
- 3. Changes in natural capital**
 - ⇒ Measures change in value over time, relative to an ‘opening value’
- 4. Changes in value, by cause**
 - ⇒ Quantity, quality, beneficiaries, and internal/external factors

CNCA framework



The Windsor Estate

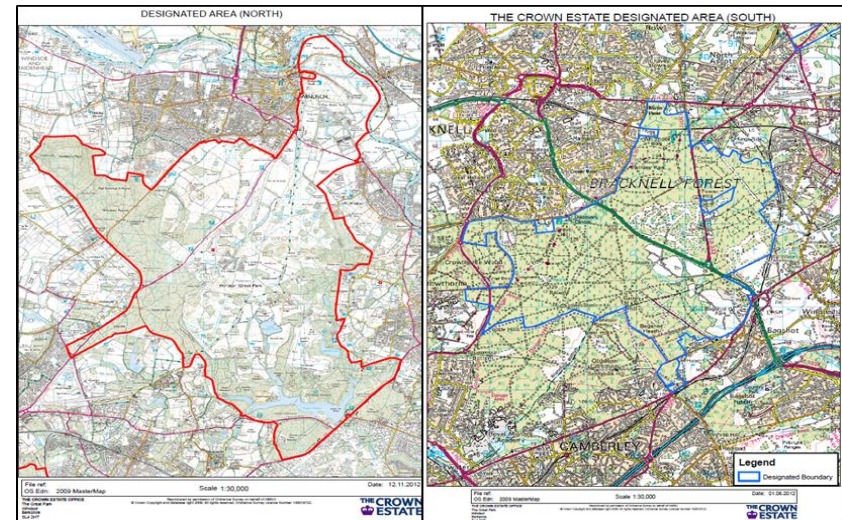
- Approx. 6,400 ha of parkland, woodland
- Oaks, beeches, rare insect species

Land management

- Managed for public enjoyment
- Statutory duty to maintain character as a Royal Park
- Management cost offset by income from property, agriculture and visitors

Services supported by natural capital

- Agriculture
- Forestry
- Biomass energy
- Climate regulation
- Recreation
- Amenity



Developing the account

	Ecosystem services									
	Aesthetics	Clean Air	Clean Water	Energy	Equable climate	Fibre	Food	Hazard protection	Recreation	Wildlife
Scope of financial account										
Gardens	●	○	○	○	○	-	-	○	●	○
Agriculture	-	-	○	○	○	○	●	-	-	○
Parkland	●	-	○	○	○	-	●	○	●	●
Woodland	●	●	●	○	●	●	-	●	●	●
Scope of natural capital account										
Gardens	●	○	○	○	○	-	-	○	●	○
Agriculture	-	-	○	○	○	○	●	-	-	○
Parkland	●	-	○	○	○	-	●	○	●	●
Woodland	●	●	●	○	●	●	-	●	●	●

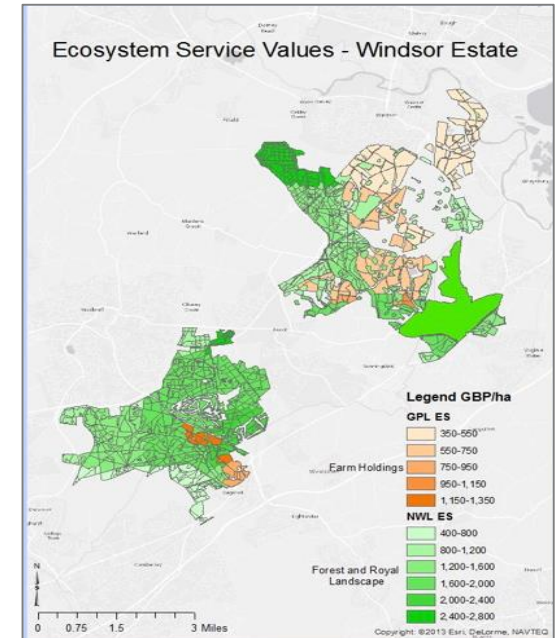
- Significant ecosystem service flow by habitat
- Potential but not significant ecosystem service flow
- No ecosystem service flow by habitat

	Included in account
	Partly included in account
	Not included in account

Monetary account

Annual value (gross)		
Agriculture	£0.1m	Rent
Timber	£0.8m	Income
Air quality	£0.4m	External
Carbon sequestration	<£0.1m	External
Recreation	£3.9m	Income & external
Amenity	£0.6m	External

- ⇒ Private values based on reported income
- ⇒ External values estimated from ecosystem service valuation model



Source: Route2 (2014) The Windsor Estate's Provision of Ecosystem Services, Workshop

Liabilities	Annual value	
Legal obligations	<£0.1m	SSSIs, public access, biodiversity
Other maintenance	£0.2m	e.g. woodland management

- ⇒ Natural capital maintenance costs

Testing the CNCA framework

	Year 2013		
	Renewables		Total
	Private	External	Value
	£'m	£'m	£'m
Assets			
1 Baseline value (2013)	3.3	49.0	52.3
2 Cumulative gains/(losses)			
3 Additions/(disposals or consumption)			
4 Revaluations and adjustments			-
Gross asset value	3.3	49.0	52.3
Liabilities	Private	External	
5 Legal provisions	(0.3)		(0.3)
6 Other maintenance provisions	(6.4)		(6.4)
Total maintenance provisions			(6.7)
Total Net Natural Capital			45.6

- Liabilities: (£6.7m)
- Assets: £52.3m
 - ⇒ Private: £3.3m
 - ⇒ External £49.0m
- Net private assets: (£3.4m)
- Net natural capital: £45.6m

Summary

- Pilot account shows significant net benefit that the Windsor Estate delivers
 - ⇒ Explicit demonstration of the wider value that is generated
 - ⇒ Supports continuing long-term management to sustain benefits
- Business uses of CNCA framework being further explored The Crown Estate
 - ⇒ Communicate the total contribution of its assets
 - ⇒ Inform budgetary discussion and allocation of resources across the organisation
 - ⇒ Assessing performance, engaging staff and priority-setting

Contact

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eftec, RSPB and PwC (2015) *Developing Corporate Natural Capital Accounts*,
Final Report for the For the Natural Capital Committee, January 2015.

<https://www.naturalcapitalcommittee.org/corporate-natural-capital-accounting.html>