



# NATURAL CAPITAL IS CRITICAL INFRASTRUCTURE

Putting natural capital at the heart of UK  
growth and resilience



**ISEP**  
Biodiversity &  
Natural Capital



# CONTENTS

<b>1. Executive summary</b> .....	<b>2</b>
<b>2. Introduction</b> .....	<b>3</b>
2.1 Key terms and concepts .....	3
2.2 Natural renewal is critical to national renewal .....	3
<b>3. The value of natural capital to the economy</b> .....	<b>4</b>
3.1 Natural renewal is critical for economic resilience .....	4
3.2 Nature recovery delivers economic growth and creates jobs .....	5
<b>4. Current policy landscape: Progress and challenges</b> .....	<b>6</b>
<b>5. Natural capital as critical infrastructure</b> .....	<b>8</b>
<b>6. Recommendations: Placing natural capital at the heart of economic growth and resilience</b> .....	<b>10</b>
<b>7. Appendix</b> .....	<b>16</b>
7.1 What is natural capital? .....	16
7.2 What are nature-based solutions?.....	16
<b>Further information</b> .....	<b>17</b>
<b>About the Institute of Sustainability and Environmental Professionals (ISEP)</b> .....	<b>18</b>



# 1. Executive summary

Natural capital plays a critical role in the UK economy and is crucial for economic growth and national resilience. Natural capital should be formally recognised as critical national infrastructure (CNI) to achieve environmental goals and economic prosperity.

Natural capital, encompassing nature's stocks including forests, rivers, and biodiversity, provides essential ecosystem services crucial for human well-being and the economy. The UK's ecosystem services were valued at £1.8 trillion in 2022, equivalent to 72% of GDP. Conversely, environmental degradation risks a 6-12% GDP loss by the 2030s. Investing in nature-based solutions can drive economic growth, create jobs, and generate significant social welfare benefits (for example, £3 for every £1 spent).

While UK policy has progressed from site-specific conservation to strategic nature restoration, and natural capital is recognised as an asset in the 25 Year Environment Plan (25YEP) and HM Treasury's Green Book, significant gaps remain. Although incorporating natural capital into investment decisions is increasingly mandated in, for example, the water sector, the natural capital approach remains voluntary across most sectors. The 2023 Environmental Improvement Plan (EIP), and its 2025 update<sup>1</sup>, did not fully embed the 25YEP's ambition for a natural capital approach and environmental net gain (ENG). There is also a substantial financing challenge for nature restoration.

Natural capital should be recognised as critical national infrastructure (CNI) because its loss or compromise would severely impact essential services, economic stability, and national security. Although natural capital is not a sector in its own right, natural capital directly underpins the functioning and resilience of many existing CNI sectors, including food, water, health, transport, and communications.

## Recommendations

To address these challenges and harness nature's economic potential, this paper presents six policy recommendations that will recognise natural capital as CNI and its crucial economic role. The recommendations aim to support the UK Government's growth agenda. Highlights include:

1. **Relevant government bodies should formally recognise natural capital as CNI** alongside its essential role in the UK Government's economic growth agenda.
2. **Create a Strategic Nature Network (SNN) and designate it as a Government Major Project and a Nationally Significant Infrastructure Project (NSIP)**, creating opportunities for economic growth and targeted investment in nature recovery.
3. **Recognise the SNN in National Policy Statements and Spatial Development Strategies** and promote the uptake of natural capital approaches to deliver a consistent reporting requirement.
4. **Explicitly recognise the economic importance of natural capital** in delivering the EIP and embed ENG in decision making including mandating nature-related financial disclosures for CNI sector businesses and public bodies. This will help the UK Government to deliver its nature restoration targets.
5. **Establish a dedicated Natural Infrastructure Investment Fund** for nature restoration projects that improve connectivity across the SNN to provide early-stage investment to build private sector confidence to invest and target nature recovery in the most nationally critical locations.
6. **Develop guidance and training on natural capital and asset management approaches** for public bodies and companies across all CNI sectors to enable decision-makers to make balanced and sustainable investment decisions.

<sup>1</sup><https://tinyurl.com/5n6dn6em>



## 2. Introduction

There is a crucial relationship between the UK's growth agenda and natural capital. The UK's economic success is intrinsically dependent on natural capital, while enhancing natural capital will deliver growth opportunities.

Despite evidence demonstrating that nature and biodiversity loss pose significant risks to society and the economy - potentially reducing economic growth - and that investment in nature restoration can generate jobs and economic output, there remains a shortfall in policy integration. Natural capital has an essential economic role and draws parallels with other forms of CNI.

The natural capital approach is not consistently informing UK Government decision-making on the economy, spending, or development proposals. Considering the economic value of natural capital and the current policy landscape, natural capital should be recognised as critical infrastructure, and integrated more effectively into the UK economic decisions and government targets.

### 2.1 Key terms and concepts

The role of natural capital in supporting the economy is explicitly recognised in the OECD's definition of Green Growth as<sup>2</sup>: *"Fostering economic growth and development while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies"*.

We refer to "natural capital" as defined by the HM Treasury Green Book<sup>3</sup> (see Appendix). The definition explicitly recognises the essential economic role that natural capital assets provide as the basis for the economy. The term draws parallels with other types of assets that make up critical infrastructure and are essential for the economy. Like those assets, the quantity, quality, and location of natural capital assets drive the value of the benefits they provide.

### 2.2 Natural renewal is critical to national renewal

Both internationally and domestically, according to the IPBES<sup>4</sup>, The Dasgupta Review<sup>5</sup>, and Natural England<sup>6</sup>, it is recognised that the loss of natural capital is degrading the ecosystem services on which our economy and wellbeing depend. Because of natural capital's essential role in supporting the domestic and global economy, its degradation undermines economic growth initiatives. This means that in the UK, there can be no "national renewal"<sup>7</sup> without "natural renewal".

Despite the recognition of this challenge and significant advancements in UK policy concerning nature restoration and investment in natural capital, more needs to be done to ensure that a natural capital approach informs UK Government decision making<sup>8</sup> on the economy, spending, and development proposals. There is also a gap for funding the delivery of nature restoration needed for a sustainable future of at least £44 billion over the next 10 years. This paper proposes evidence-based policy recommendations to address these issues, informed by industry stakeholder workshops and interviews.

<sup>2</sup> OECD (2011) [Towards Green Growth](#)

<sup>3</sup> HM Treasury (2013) [The Green Book](#), last updated: 16 May 2024

<sup>4</sup> IPBES (2019) [Global Assessment Report on Biodiversity and Ecosystem Services](#)

<sup>5</sup> HM Treasury (2021) [The Economics of Biodiversity: The Dasgupta Review](#)

<sup>6</sup> Natural England (2024) [NERR137 Edition 1 State of Natural Capital Report for England 2024](#)

<sup>7</sup> The Prime Minister's Office (2024) [PM sets out blueprint for decade of national renewal](#)

<sup>8</sup> Environmental Audit Committee (2025) [The role of natural capital in the UK's green economy](#), HC 501

---

## 3. The value of natural capital to the economy

Natural capital underpins human wellbeing, economies, and our livelihoods. It provides critical services, regulating the flows of flood water, mitigation of environmental hazards, and enables recreation activities, the tourism industry, and health – all of which support multiple economic sectors, and make cost savings for public and private institutions.

### 3.1 Natural renewal is critical for economic resilience

The impacts of natural capital loss include decreased economic resilience, increased operational costs, and potential shocks to critical resources such as food and water. Natural capital is important for economic resilience and growth:

- The Office for National Statistics<sup>9</sup> valued UK ecosystem services at £1.8 trillion in 2022, equivalent to 72% of GDP.
- The Green Finance Institute<sup>10</sup> estimates environmental deterioration could lead to a 6-12% GDP loss by the 2030s. (For comparison, the financial crisis of 2008 took around 5% off the value of the UK GDP, while the Covid-19 pandemic cost the UK up to 11% of its GDP in 2020.)
- Natural England's State of Natural Capital Report<sup>11</sup> emphasises the direct role of natural capital in supporting critical industries and protecting society from flooding and soaring urban temperatures, but environmental degradation threatens industrial productivity and resilience to climate change and economic shocks.

It's not only the UK's natural capital that matters. For example:

- The World Economic Forum (WEF) Global Risks Report<sup>12</sup> lists biodiversity loss, natural resource shortages, and ecosystem collapse among the top 10 long-term risks.
- The WWF 2024 Living Planet Report<sup>13</sup> states that 55% of global GDP is moderately or highly dependent on natural capital and ecosystem services.
- Around half of UK's nature-related financial risk<sup>14</sup> is found to come from overseas.
- 75% of all bank loans in the euro area<sup>15</sup> are to companies that are highly dependent on at least one ecosystem service.

Based on current forecasts<sup>16</sup>, nature-related risks to UK GDP will negate any of the potential gains made through planned efforts to increase economic growth, especially where growth initiatives reinforce the drivers of biodiversity loss and pressures already affecting natural capital assets.

---

<sup>9</sup> The Office for National Statistics (2024) [UK natural capital accounts](#)

<sup>10</sup> Green Finance Institute (2024) [Assessing the Materiality of Nature-Related Financial Risks for the UK](#)

<sup>11</sup> Natural England (2024) [NERR137 Edition 1 State of Natural Capital Report for England 2024](#)

<sup>12</sup> World Economic Forum (2025) [Global Risks Report](#)

<sup>13</sup> WWF (2024) [Living Planet Report](#)

<sup>14</sup> Green Finance Institute (2024) [Assessing the Materiality of Nature-Related Financial Risks for the UK](#)

<sup>15</sup> European Central Bank (2023) [Occasional Paper Series: Living in a world of disappearing nature](#)

<sup>16</sup> Office for Budget Responsibility (2025) [Economic and fiscal outlook](#)

---

The economic impacts of natural capital loss are significantly underestimated<sup>17</sup>, and non-linear, self-amplifying, and irreversible. “Ecosystem tipping points” could create rapid, large-scale economic impacts which are more immediate than those of physical climate risks. An example explored by the UK cross- Government Global Food Security programme<sup>18</sup> is the risk of an “East Anglian Dustbowl” event caused by a combination of drought and soil degradation, which would have significant short- and long-term impacts on the local agricultural sector and hike food prices.

### 3.2 Nature recovery delivers economic growth and creates jobs

In addition to the risks posed by nature loss, restoring natural capital presents opportunities for economic growth and job creation:

- Environmental restoration in the USA<sup>19</sup> supports up to 33 jobs per US\$1 million invested, with economic output and employment multipliers comparable to other industries including oil and gas, agriculture, and outdoor recreation.
- The World Economic Forum reports<sup>20</sup> that a global nature-positive transition could generate US\$10 trillion in annual business value and 395 million jobs by 2030.

Nature-based solutions increase natural capital stocks and improve natural capital asset quality in specific locations. They can be highly cost-effective and provide multiple benefits:

- Nature-based infrastructure solutions can influence 79% of all targets across the UN SDGs (Sustainable Development Goals)<sup>21</sup>.
- Nature-based solutions can create diverse job opportunities, improve resilience, and offer quick solutions to economic shocks.
- Well-designed investments in nature-based solutions can generate up to £3 of social welfare benefits for every £1 spent<sup>22</sup>.

Nature recovery is essential for economic resilience. This has been recognised by the House of Commons Environmental Audit Committee<sup>23</sup> (EAC):

*“Our economy and businesses depend on a healthy natural environment to operate, grow, and innovate. The decline of nature poses a material risk to the economy, and the benefits of nature’s recovery must be secured by businesses and taxpayers’ money pulling in the same direction.”*

---

<sup>17</sup> Marsden, L et al (2024) [Ecosystem tipping points: understanding the risks to the economy and the financial system](#)

<sup>18</sup> Global Food Security (2017) [Tipping points within the food system working group reports launched at Parliamentary event](#)

<sup>19</sup> BenDor et al, (2015) [Estimating the Size and Impact of the Ecological Restoration Economy | PLOS One](#)

<sup>20</sup> World Economic Forum (2020) [New Nature Economy Report II](#)

<sup>21</sup> UN Environment Programme (2023) [Nature-based infrastructure](#)

<sup>22</sup> PLOS Climate (2024) [Harnessing nature-based solutions for economic recovery: A systematic review](#)

<sup>23</sup> Environmental Audit Committee (2025) [The role of natural capital in the green economy: government response](#)

---

## 4. Current policy landscape: Progress and challenges

The policy landscape, particularly in England, has evolved from one focused on conservation to a focus on strategic-scale conservation and restoration. This is reflected in the transition from conservation legislation such as the Wildlife and Countryside Act 1981 and the UK Habitat Regulations, to the strategic planning in the 25 Year Environment Plan, and the subsequent targets in the Environmental Improvement Plan.

Natural capital is increasingly recognised within Government policy activities, such as:

- **25 Year Environment Plan:** committed to embedding natural capital approach in decision-making and set the objective to achieve ENG<sup>24</sup>.
- HM Treasury's **Green Book:** introduced the natural capital framework<sup>25</sup>.
- Department for Environment, Food and Rural Affairs' **Enabling a Natural Capital Approach (ENCA) guidance and toolkit**<sup>26</sup> and Office for National Statistics' **national natural capital accounts**<sup>27</sup>.
- **Environment Agency** and **Ofwat** have mandated use of a natural capital approach in business cases and environmental assessments for the water sector in England<sup>28</sup>.
- **UK Infrastructure 10 Year Strategy** refers to the natural environment as 'one of the UK's most vital national assets', and commits to embed a natural capital approach to infrastructure planning and planning policy<sup>29</sup>.
- **Natural England's Strategy** recognises natural capital as the foundation of economic growth, and states that it is "essential national infrastructure", alongside transport, energy, and communication networks<sup>30</sup>.

Devolved nations are taking similar but different approaches that recognise the role of natural capital in benefiting infrastructure and nature as a form of infrastructure:

- **England and Wales:** National policy statements<sup>31</sup> for selected sectors promote natural capital enhancement and delivery of ENG in infrastructure projects and the National Planning Policy Framework<sup>32</sup> recognises the importance of ecosystem services.  
**Scotland:** includes nature within its definition of infrastructure in its Infrastructure Investment Plan<sup>33</sup>, commits to embed natural capital in policy making by 2045 in its Biodiversity Strategy<sup>34</sup>, and recognises the ecosystem services provided by natural assets in the National Planning Framework 4<sup>35</sup>.

---

<sup>24</sup> Department for Environment, Food and Rural Affairs (2018) [25 Year Environment Plan](#)

<sup>25</sup> HM Treasury (2013) [The Green Book](#), last updated: 16 May 2024

<sup>26</sup> Department for Environment, Food and Rural Affairs (2020) [Enabling a Natural Capital Approach](#)

<sup>27</sup> The Office for National Statistics (2024) [UK natural capital accounts](#)

<sup>28</sup> Environment Agency (2023) [www.gov.uk/government/publications/water-resources-planning-guideline/water-resources-planning-guideline](http://www.gov.uk/government/publications/water-resources-planning-guideline/water-resources-planning-guideline)

<sup>29</sup> HM Treasury (2025) [UK Infrastructure: A 10 Year Strategy](#)

<sup>30</sup> Natural England (2025) [Natural England's Strategy: Recovering Nature for Growth, Health and Security](#)


<sup>31</sup> Planning Inspectorate (2012) [Nationally Significant Infrastructure Projects: National Policy Statements](#), last updated 14 July 2025

<sup>32</sup> Ministry of Housing, Communities and Local Government (2012) [National Planning Policy Framework](#), last updated 7 February 2025

<sup>33</sup> Scottish Government (2021) [A National Mission with Local Impact: Infrastructure Investment Plan for Scotland 2021-22 to 2025-26](#)

<sup>34</sup> Scottish Government (2024) [Scottish Biodiversity Strategy to 2045](#)

<sup>35</sup> Scottish Government (2023) [National Planning Framework 4](#)

- 
- 
- **Wales:** Environment (Wales) Act 2016 advocates for an ecosystem approach to decision-making to support the Future Generations (Wales) Act 2015, and the Natural Resources Policy<sup>36</sup> advocates for an ecosystem (natural capital) approach to decision making.

Beyond individual projects, UK businesses such as United Utilities are using natural capital accounting at the corporate level to capture the ecosystem services and resilience benefits on which their core business functions ultimately depend<sup>37</sup>. Public organisations such as National Highways are adapting asset management practices to facilitate investment to building and enhancing natural capital because of its role in supporting a resilient road network<sup>38</sup>.

Some major businesses are voluntarily adopting the Taskforce for Nature-Related Financial Disclosures (TNFD) for managing and reporting on financially material nature-related risks and opportunities<sup>39</sup>. The International Organization for Standardization (ISO) has recently published ISO:14054 standard on natural capital accounting for organisations<sup>40</sup>.

However, challenges for integrating natural capital approaches into decision making remain. The foremost issue is that the natural capital approach is largely voluntary across most sectors and there are inconsistent requirements from regulators. This is confounded by:

- **The UK National Biodiversity Strategy and Action Plan**<sup>41</sup>, which recognises the dependency on natural capital, but has no ambitions, commitments or targets to integrate the natural capital approach into economic or financial decision making.
- **The Environmental Improvement Plan**, which does not reflect the commitment of the 25 Year Environment Plan to embedding a natural capital approach across government decision-making or achieving ENG.
- **The UK Infrastructure 10 Year Strategy**<sup>42</sup>, which does not include natural capital in the definition of infrastructure unlike Scotland's Infrastructure Investment Plan.
- While the **Nature Recovery Network**<sup>43</sup> aims to be a 'national network of wildlife-rich places', its implementation has not been directed by a strategic, national approach.

The Green Finance Institute has highlighted that there remains a significant gap in capital<sup>44</sup> required to fund nature restoration in the UK.

---

<sup>36</sup> Welsh Government (2017) [Natural Resources Policy](#)

<sup>37</sup> United Utilities (2024) [Accounting for Nature](#)

<sup>38</sup> National Highways (2023) [Environmental Sustainability Strategy](#)

<sup>39</sup> TNFD (2024) [TNFD adoption now over 400 organisations and new sector guidance released](#)

<sup>40</sup> International Organization for Standardization (2025) [ISO 14054:2025](#)

<sup>41</sup> Department for Environment, Food and Rural Affairs (2025) [UK national biodiversity strategy and action plan](#)

<sup>42</sup> HM Treasury (2025) [UK Infrastructure: A 10 Year Strategy](#)

<sup>43</sup> Department for Environment, Food and Rural Affairs (2024) [The Nature Recovery Network](#)

<sup>44</sup> Green Finance Institute (2021) [The Finance Gap for UK Nature](#)

---

## 5. Natural capital as critical infrastructure

Despite natural capital being recognised as a critical foundation of the economy, there seems to be a gap in the UK's policy landscape on natural capital's role in economic terms.

As identified by prominent academics<sup>45</sup> and the EAC<sup>46</sup>, public policy gaps and lack of integration of natural capital into economic policy is contributing to the shortfall in investment in nature recovery. There seems to be little evidence that a natural capital approach is informing government decision making.

The evidence shows that natural capital is needed for the operation of business and society meaning that natural capital can be considered as a form of critical infrastructure. Doing this can support the UK Government's growth agenda by securing protections of natural capital assets, promoting investment in nature recovery, building the quantity and quality of natural capital stocks, and delivering the Government's growth and environmental improvement targets.

CNI is defined by the UK National Protective Security Authority (NPSA)<sup>47</sup> as:

*"Those critical elements of infrastructure (namely assets, facilities, systems, networks or processes and the essential workers that operate and facilitate them), the loss or compromise of which could result in:*

- a) *Major **detrimental impact** on the availability, integrity or **delivery of essential services** - including those services whose integrity, if compromised, could result in significant loss of life or casualties - taking into account **significant economic or social impacts**; and/or*
- b) *Significant impact on national security, national defence, or the functioning of the state."*

In the UK there are 13 CNI sectors: chemicals, civil nuclear, communications (including data centres), defence, emergency services, energy, finance, food, government, health, space, transport, and water. Each sector is overseen by a relevant lead government department that is responsible for sectoral policy, guidance, and engagement with industry.

Similarly, the 'Critical 5'<sup>48</sup> member nations (Australia, Canada, New Zealand, the United Kingdom, and the United States) define CNI as:

*"Infrastructure where a failure to adequately invest in its resilience will:*

- *Have **negative effects** on the wellbeing of individuals, businesses, and communities impacted by disruptions that in many cases, could have been avoidable; and*
- *Impose **significant costs on the economy**, with the expense of recovery and service restoration generally exceeding what would have been required to prevent outages ahead of an event."*

---

<sup>45</sup> Ermgassen, S.O.S.E et al (2025) [The current state, opportunities and challenges for upscaling private investment in biodiversity in Europe](#)

<sup>46</sup> Environmental Audit Committee (2025) [The role of natural capital in the UK's green economy](#), HC 501

<sup>47</sup> National Protective Security Authority (2025) [Critical National Infrastructure](#)

<sup>48</sup> Critical 5 (2014) [Critical Five: Forging a Common Understanding for Critical Infrastructure - A Shared Narrative](#)

---

*Vice versa, building resilience by investing in critical infrastructure has benefits, including: “Saving lives and **sustaining livelihoods**; maintaining social cohesion; **reducing economic shocks** to supply chains; and promoting innovative solutions and technologies to minimize damage to communities.”*

The Scottish Government Infrastructure Investment Plan<sup>49</sup> includes natural assets in its definition of infrastructure:

*“The physical and technical facilities, **natural and other fundamental systems necessary for the economy to function and to enable, sustain or enhance societal living conditions**. These include the networks, connections and storage relating to the enabling infrastructure of transport, energy, water, telecoms, digital and internet, to permit the ready movement of people, goods and services. They include the built environment of housing; public infrastructure such as education, health, justice and cultural facilities; safety enhancement such as waste management or flood prevention; **natural assets** and networks that supply ecosystem services and public services such as emergency services and resilience.”*

Natural capital falls within the definitions of CNI and the expanded definition of infrastructure used by the Scottish Government because of:

- The essential role of natural capital for the UK and global economy.
- The negative impact on growth of natural capital loss.
- The existence of ecological tipping points with cascading catastrophic economic impacts.
- The opportunity for growth presented by nature recovery and a nature-positive economy.

Natural capital underpins the functioning and resilience of many of the other CNI sectors, for example:

- Food and water sectors depend on natural capital for pollination services, stabilising soils and maintaining fertility, and high-quality raw water inputs.
- Air pollution removal by natural assets and the cultural services of recreation and physical activity in natural spaces supports the health sector.
- Flood protection by natural assets provides resilience for the transport (and many other) sectors.
- Urban cooling and shading by natural assets can help improve energy efficiency of communications infrastructure like data centres.

Losses in natural capital quantity and quality undermines economic resilience and the security of CNI sectors, while reversing natural capital loss and degradation will support CNI sectors. This includes immediate impacts of long-term declines in natural capital quality with short-term events of equivalent impact and duration of other types of emergency and security incidents. Examples include destruction of critical water, telecommunications, and transport infrastructure by wildfires on degraded peatlands, and collapse of food supply chains through “dust bowl” events on degraded agricultural land.

---

<sup>49</sup> Scottish Government (2021) [A National Mission with Local Impact: Infrastructure Investment Plan for Scotland 2021-22 to 2025-26](#)

---

## 6. Recommendations: Placing natural capital at the heart of economic growth and resilience

The conclusions from the evidence are:

- Natural capital is critical for economic growth and resilience.
- Natural capital meets the UK definition of CNI and is critical to the functioning of other CNI sectors.
- Public policy changes can be made that more explicitly recognise the crucial role of the natural capital approach in achieving nature recovery, economic resilience, and growth.

The recommendations below aim to be practical proposals built on structures already in place, which add value to the current system of nature conservation and restoration, and support resilient infrastructure. They have been designed to support the UK Government in delivering economic growth while also meeting its EIP targets and UN Global Biodiversity Framework (GBF) commitments.

The proposed policy changes will provide businesses – many of whom have already recognised nature-related business risks and the opportunities of nature restoration – with more certainty to act.

The recommendations will support the UK Government’s growth agenda to:

- **Help to channel investment into nature restoration and deliver nature restoration targets**, such as those set out in the EIP.
- **Preserve, maintain, and enhance our critical natural infrastructure** in order to deliver the necessary services that promote environmentally and socially sustainable economic progress.
- **Promote the efficient management of natural capital** by adapting established asset management approaches, such that natural capital’s role in supporting economic growth is captured appropriately.

### Recommendation #1

The UK’s National Infrastructure and Service Transformation Authority (NISTA) should expand its definition of infrastructure to include natural capital. The National Protective Security Authority (NSPA) and the lead government department for each critical national infrastructure (CNI) sector should explicitly recognise natural capital as CNI, and its role in securing CNI resilience.

Expanding the definition of infrastructure to include natural capital, and building on the example set by the Scottish Government’s Infrastructure Investment plan, will:

- **Provide recognition for the role of natural capital** in supporting the UK Government’s growth agenda.
- **Elevate natural capital to be on equal terms with other forms of physical infrastructure** in policy making, strategic planning, public spending, and investment.
- **Give direction to government bodies and the private sector**, encouraging organisations to invest in natural capital approaches in their decision making.

---

Natural capital meets the CNI definition given the significant impacts on the economy of natural capital loss and degradation. This includes immediate, short-term catastrophes equivalent to other economic and security threats, as well as the importance of natural capital for growth.

Explicitly recognising natural capital's role as CNI and its role in underpinning the CNI sectors will also:

- **Provide greater clarity on the contribution of natural capital** to existing assets and future developments in those sectors.
- **Highlight the role of nature-based solutions** in CNI resilience.

Tools are already available to help inform and prioritise how the most important dependencies and impacts of each CNI sector on natural capital should be managed, such as the TNFD's internationally recognised Locate, Evaluate, Assess, and Prepare (LEAP) approach.

### Recommendation #2

Establish a Strategic Nature Network (SNN) in the Government Major Projects Portfolio (GMPP) and designate this as a Nationally Significant Infrastructure Project (NSIP). Create a "Natural Infrastructure Delivery Body" responsible for its delivery.

An SNN can create a core, national network of the UK's most strategically important natural capital assets, both in terms of their current ecological value and their potential to deliver significant additional value through asset creation, restoration, and enhancement. It can support a robust business case for natural capital protection, maintenance, and restoration, unlocking targeted investment and enabling more strategic planning for nature recovery. An SNN would be formed at a national scale, shaped by the most nationally significant components identified in Local Nature Recovery Strategies (LNRS) and the Nature Recovery Network (NRN).

The Rebuilding Nature Alliance<sup>50</sup> is leading a national initiative to define an SNN and could form the basis of spatially defining the UK's natural capital CNI as a network. The SNN network could comprise of core habitat areas, providing connecting corridors between them. This would effectively form a "trunk road network" for nature. The SNN would differ from the NRN by focusing on strategic priorities and connecting natural assets to build national resilience alongside nature recovery.

A national programme can map and quantify the critical natural infrastructure assets that make up the SNN in terms of both biodiversity and the delivery of existing and potential critical ecosystem service benefits. The risks posed to other assets, pressures faced by natural assets and opportunities to expand the SNN should be included in this. Both natural capital quantity and quality should be considered. For example, opportunities to enhance existing woodland should be considered as well as new woodland creation.

---

<sup>50</sup> Rebuilding Nature (2025) [Creating a Strategic Nature Network](#)

The conceptual framework for defining natural capital as CNI and an SNN is as follows:

COMPARISON	ASSETS	NETWORKS	CNI SECTOR	CNI NETWORK
<b>Natural Capital</b>	Natural capital assets as defined by the HM Treasury Greenbook	Network of natural capital assets, such as Blue-Green Infrastructure as defined by Natural England	Underpins multiple, for example: <ul style="list-style-type: none"> <li>• Water</li> <li>• Food</li> <li>• Health</li> <li>• Transport</li> </ul>	Strategic Nature Network
<b>Highways</b>	Built assets	Network of built assets e.g. road networks	Transport	Strategic Road Network

Designating the SNN as an NSIP and listing it in the GMPP would create a national-scale project that can generate opportunities for growth by creating jobs and helping streamline delivery of nature restoration targeting the areas of greatest critical national need.

The designation of the SNN as an NSIP could help to streamline its delivery and vital contribution to the Government’s 30x30 targets.

Classification as a GMPP would also signal and unlock the multidisciplinary expertise and coordination across government departments, regulators, contractors, and communities. The designation of a Natural Infrastructure Delivery Body is needed to coordinate this.

**Recommendation #3**

Recognise the SNN in the National Policy Statements (NPS) and the spatial development strategies required under the UK Infrastructure 10 Year Strategy, alongside LNRs and the NRN. Retain and strengthen the requirements regarding ENG within the NPS to promote the uptake of natural capital approaches and apply a consistent requirement across all sectors.

The NPS already have a requirement for developments to consider LNRs and the NRN. The SNN will be a national strategic network that will support these other, more granular networks. This will ensure that the contribution of NSIPs to delivering the SNN and natural capital as CNI are recognised in planning applications and that any impacts on the SNN are appropriately mitigated.

The NPS for energy, water, and transport sectors already require NSIPs to provide a statement on ENG. However, the requirements differ slightly across the three sectors, and having a consistent requirement will ensure clarity for the industry. Expanding this to all sectors covered by the NPS will ensure that NSIPs support ENG, aligning with the UK Government’s ambition for a “whole economy approach”, and reflecting the importance of natural capital to the economy.

---

The water sector has shown the most progress in embedding a natural capital approach in the appraisal of projects, with various requirements for natural capital assessment required by the likes of the Water Resources Management Planning Guideline<sup>51</sup>, Water Industry National Environment Programme (WINEP)<sup>52</sup>, and Water Industry Strategic Environmental Requirements (WISER)<sup>53</sup>. The water sector has embedded the approach through the direction of the Environment Agency and Ofwat. Support is therefore required from regulators in other sectors, such as energy and transport, to ensure the natural capital approach is incorporated into decision making, aligning with the requirements of the HM Treasury Green Book. The practices and lessons learned from this sector could be used to support the rollout of these requirements across other CNI sectors.

#### Recommendation #4

Explicitly recognise the economic importance of the Environmental Improvement Plan (EIP) as having an equivalent role to other Government plans for economic growth, resilience, and security. Any future iterations of the EIP should refer to natural capital as CNI, and to an SNN. Government should commit to embedding ENG in decision making and making nature-related financial disclosures mandatory for CNI businesses and public bodies.

Considering natural capital as infrastructure will support the UK's statutory nature restoration targets. The EIP sets out the Government's strategic approach for environmental improvement to meet the targets and can be a critical policy vehicle in embedding the economic importance of natural capital. The EIP should be recognised as an important plan for economic growth as well as meeting global commitments on biodiversity.

In 2020, the Government said it was “too soon to legislate for ENG as recommended in the 25YEP” (though “Work on potential ENG metrics [was] ...progressing”).<sup>54</sup> Since then, progress has been made such as the roll out of Biodiversity Net Gain (BNG) and commitments to the UN GBF<sup>55</sup> (and the anticipation of mandatory requirements for organisations to report on their nature-related impacts and dependencies). Given that natural capital is critical national infrastructure and crucial to the economy, the natural capital approach and ENG need to be at the heart of implementing the EIP to support the growth agenda.

Requirements for public bodies and companies within the existing CNI sectors to undertake organisational natural capital accounting and reporting against the TNFD framework will help these organisations recognise their economic and wider dependencies on natural capital.

#### Recommendation #5

Establish a dedicated “Natural Infrastructure Investment Fund” to support nationwide nature restoration projects that connect the SNN, mitigate nature risks, enhance nationally critical ecosystem services, and provide infrastructure resilience. Use funds from the existing National Wealth Fund (NWF) or proposed Nature Restoration Fund to facilitate this.

---

<sup>51</sup> Environment Agency (2023) [Water resources planning guideline](#)

<sup>52</sup> Environment Agency (2022) [Water industry national environment programme \(WINEP\) methodology](#)

<sup>53</sup> Environment Agency (2022) [Water industry strategic environmental requirements \(WISER\)](#)

<sup>54</sup> Department for Environment, Food and Rural Affairs (2020) [The government's response to the Natural Capital Committee's State of Natural Capital Report 2020](#)

<sup>55</sup> Joint Nature Conservation Committee (JNCC) (2025) [UK Biodiversity Framework | Advisor to Government on Nature Conservation | JNCC](#)

---

Whilst private finance is critical to meeting the nature finance demand, public funding can play a crucial role as seed capital within blended finance models. By providing early-stage investment or guarantees, public funds help de-risk nature-based projects, making them more attractive to private investors who may otherwise be deterred by uncertainty around returns, scalability, or long-term viability.

A public commitment through a Natural Infrastructure Investment Fund can signal confidence in a project's value and impact, helping to build trust and momentum in the market. This can unlock significantly larger flows of private capital, catalysing investment into natural capital and nature restoration. Strategic use of public finance can be instrumental in bridging the gap, avoiding perceived risk which often stems from uncertainty over the level of ambition exhibited in Government, which is one of the major barriers to investment in nature.

A “Natural Capital Investment Fund” represents an appropriate investment vehicle to achieve this. Natural capital is listed as one of the Infrastructure Strategy sectors within the National Wealth Fund's statement of intent<sup>56</sup> so could be adapted for this purpose.

#### Recommendation #6

Embed the natural capital approach into asset management processes for public bodies and companies across all CNI sectors by: developing guidelines for incorporating natural capital value into whole-life cost modelling for infrastructure projects; implementing a training program for policymakers, planners, and asset managers on integrating natural capital into infrastructure investment strategies; and updating the ENCA guidance to inform how natural capital assets can be integrated into asset management processes.

Embedding the natural capital approach in organisational decision making will enable public bodies and companies across the UK's CNI sectors to better manage nature as an asset. Existing asset management frameworks, processes, tools, techniques, and practices are already well established and embedded within organisations used to managing built infrastructure.

The ISO 55000 series and the Institute of Asset Management's (IAM) 10-Box Model<sup>57</sup> are well-established standards for UK physical asset managers and infrastructure organisations. For example, these are used to inform decision making via cost-benefit analysis, considering risk, performance, and opportunity across asset lifecycles.

Methodologies and metrics also already exist to quantify the economic benefits of natural capital assets, such as the Department for Environment, Food and Rural Affairs' ENCA toolkit which is part of the HM Treasury Greenbook, the Natural Capital Protocol<sup>58</sup>, and the standard ISO:14054 on natural capital accounting for organisations<sup>59</sup> which builds on the existing British standard BS:8632<sup>60</sup>. There is an opportunity for an “easy win” by expanding and adapting existing asset management practices to more effectively manage natural capital assets, incorporating these other established approaches.

---

<sup>56</sup> National Wealth Fund (2025) [Financing the Future](#)


<sup>57</sup> Institute of Asset Management, [Excellent and Maturity](#)

<sup>58</sup> Capitals Coalition (2016) [Natural Capital Protocol](#)

<sup>59</sup> International Organization for Standardization (2025) [ISO 14054:2025](#)

<sup>60</sup> BSI (2021) [BS 8632:2021](#)

---

Integrating natural capital into asset management processes enables decision-makers to evaluate the full value of these assets against the costs of maintenance and enhancement, supporting more balanced and sustainable investment decisions. 

Clear guidelines must be developed on how natural capital metrics can be incorporated into whole life cost modelling. Updating ENCA to provide guidance integration with established asset management practices, and delivering training to upskill the industry on resources and tools that are already available, would support this.



## 7. Appendix

### 7.1 What is natural capital?

The HM Treasury Green Book<sup>61</sup> defines it as:

*Natural capital includes certain stocks of the elements of nature that have value to society, such as forests, fisheries, rivers, biodiversity, land and minerals. Natural capital includes both the living and non-living aspects of ecosystems.*

*Stocks of natural capital provide flows of environmental or 'ecosystem' services over time. These services, often in combination with other forms of capital (human, produced and social) produce a wide range of benefits.*

*These include use values that involve interaction with the resource and which can have a market value (minerals, timber, freshwater) or non-market value (such as outdoor recreation or landscape amenity). They also include non-use values, such as the value people place on the existence of particular habitats or species.*

Our stocks of natural capital, or natural capital assets, thus provide a host of services which underpin some of our most critical industries. For example, soils and pollinators having a vital role in our food production, our uplands store and provide our drinking water, while the UK's diverse natural environment supports tourism and recreation, with green spaces proving crucial to the wellbeing of our population. These ecosystem services therefore support wellbeing, jobs, development and growth.

### 7.2 What are nature-based solutions?

The IUCN<sup>62</sup> defines nature-based solutions as:

*Actions to protect, sustainably use, manage and restore natural or modified ecosystems, which address societal challenges, effectively and adaptively, providing human well-being and biodiversity benefits.*

According to the WWF-UK and RSBP<sup>63</sup>, it is:

*Nature-based solutions involve people working with nature to address societal challenges, providing benefits for both human well-being and biodiversity. NbS can involve protection and restoration of a wide range of ecosystems, including forests, grasslands, wetlands, freshwater and coastal habitats, as well as creation of novel ecosystems such as green roofs, and sustainable management of agricultural land.*

---

<sup>61</sup> HM Treasury (2013) [The Green Book](#), last updated: 16 May 2024

<sup>62</sup> IUCN (2016) [Defining Nature-based Solutions](#)

<sup>63</sup> WWF (2021) [Nature based solutions in UK climate adaptation policy](#)



## Further information

For more information, please contact: Lesley Wilson, Policy and Engagement Lead, Biodiversity and Natural Capital, [banc@isepglobal.org](mailto:banc@isepglobal.org)

This paper was written for ISEP by:

Jonathan Nichols, Senior Associate Director, Natural Capital Approaches, Jacobs

Lesley Wilson, Policy and Engagement Lead, ISEP

Oliver Seville, Principal Consultant, Natural Capital Approaches, Jacobs

With many thanks to reviewers, research support, and workshop attendees, including: Ben Hewlett, Martin Baxter, Rebecca Lynch, Stephen Elderkin, Andrew Clark, Kate McGeoch, Sally Fraser, Victoria Spooner, Adrian Barnes, Anna Kilty, Bridgette Reid, Dave White, Emma Knight-Strong, Fiona Ross, Kylie Jones, Louise Bond, Luke McLaughlin, Melizza Swartz, Naomi Conway, Neil Strong, Partick Jean-Martel, Simon Morgan.

January 2026





## About the Institute of Sustainability and Environmental Professionals (ISEP)

We are the professional voice on sustainability and the environment.

The Institute of Sustainability and Environmental Professionals (ISEP) is the global membership body for anyone wanting sustainable change that delivers across government, business and society.

ISEP harnesses the collective expertise and experience of over 20,000 sustainability and environmental professionals globally to provide the evidence, insights, and innovative solutions that Government needs to deliver growth in a sustainable way.

We cover every sector and every level of sustainability, environmental management and impact assessment – with our networks reaching around the world. We unite talented people and draw on diverse perspectives to influence global change across government, business and society.

ISEP can help develop, deliver and implement laws, regulations and standards that drive sustainability and economic growth.

ISEP is transforming the world today for a sustainable future by:

- setting the standard across every business sector for sustainability and environmental professionals, drawing on their expertise to support the development and implementation of policies that drive green growth,
- advancing careers and nurturing talent by offering world-class training, practical guidance, cutting-edge evidence and insights, alongside awarding professional recognition,
- and creating collaborations and building partnerships to influence government policy and legislation, deliver best-practice across business, and inspire change in society.

Sustainability matters. Environmentally, economically and socially.