



To: Future Oxfordshire Partnership

Title of Report: Oxfordshire Local Nature Partnership Update - Annual Report and Nature Finance Strategy

Date: 25 July 2023

Report of: Matt Whitney, Oxfordshire Local Nature Partnership Manager

Status: Open

Executive Summary and Purpose:

This report presents the Oxfordshire Local Nature Partnership (OLNP) Annual Report, which gives an overview of OLNP and highlights progress so far. Of note is the work done to create a framework for natural finance in the county; support provided to Local Authorities in preparing for mandatory Biodiversity Net Gain; and establishment of six focussed working groups that enable partners to support one another delivering aspects of our aim and purpose.

This report also presents the Oxfordshire Nature Finance Strategy.

How this report contributes to the Oxfordshire Strategic Vision Outcomes:

Oxfordshire Local Nature Partnership exists to radically enhance nature, its positive impact on the climate and the priority its given, helping to make Oxfordshire a place where people and nature thrive. The work outlined in the annual report, provision of continued support for the partnership, and the endorsement of the nature finance strategy will all contribute to the following outcomes of the strategic vision:

- our natural environment will be in a better state than that in which we found it
- we will already be carbon neutral and moving towards a carbon negative future
- our residents will be happier and healthier, and overall wellbeing will have improved
- our county will be a more equal, fair and inclusive place for everyone

Recommendations:

1. That the Future Oxfordshire Partnership notes the progress described in the annual report.
2. That the Future Oxfordshire Partnership notes the importance of continuing to support the Oxfordshire Local Nature Partnership, which is aligned to several outcomes of the Oxfordshire Strategic Vision.
3. That the Future Oxfordshire Partnership endorses the Nature Finance Strategy.
4. That the Future Oxfordshire Partnership considers how it can support delivery of the Nature Finance Strategy.

Appendices:

- Appendix 1: Oxfordshire Local Nature Partnership Annual Report
Appendix 2: Oxfordshire Nature Finance Strategy

Introduction

1. Oxfordshire has a long history of partnership working in the natural environment sector and good relationships exist between the main environmental NGOs, the Local Authorities, and other stakeholders such as the universities. However, changes to land management practices, land-use change including from new developments, and climate change have led to continued negative impacts on Oxfordshire's habitats and wildlife.
2. Nationally, nature is rising up the agenda for a number of reasons:
 - a. increased understanding of the role of nature in supporting climate resilience (both mitigation and adaptation) and a healthy economy
 - b. changes to land use planning legislation
 - c. changes to agricultural funding, moving away from basic payments (via the Common Agricultural Policy) to a system of public money for public goods (Environmental Land Management scheme)
 - d. growing recognition of the positive impact nature has on human health
 - e. growing support from the public and appreciation of nature since Covid
3. In response to this, stakeholders worked together to form the Oxfordshire Local Nature Partnership (OLNP), with the agreed aim of radically enhancing nature, its positive impact on the climate and the priority it's given, making Oxfordshire a place where people and nature thrive. In recognition of the role this Partnership could play in supporting delivery of a number of aspects within the Strategic Vision, the Local Authorities provided funding for a partnership manager, for 22/23 and 23/24.

OLNP's Annual Report

4. OLNP has produced an annual report, Appendix 1, which gives an overview of the OLNP, and highlights progress so far. Of note is the work done to create a framework for natural finance in the county, support provided to local authorities in preparing for mandatory Biodiversity Net Gain (BNG), and establishment of six focussed working groups that enable partners to support one another delivering aspects of the OLNP aim and purpose.
5. The OLNP's annual report evidences the strength and value of the partnership, which has successfully leveraged additional resources from a number of sources. The report further highlights the need for a continued, diversified, and enlarged funding settlement in order to support nature's recovery in Oxfordshire.

OLNP's Nature Finance Strategy

6. This report also wishes to draw attention to the Oxfordshire Nature Finance Strategy, Appendix 2, that has been drafted by the ONLP's Nature Finance group. This group includes agricultural bankers, the UK's leading ethical finance provider, farmers, LPA climate officers, local environmental funders and globally recognised consultants. The work is in alignment with the green finance workstream of the Net Zero Route Map and Action Plan.

7. The vision of the Nature Finance Strategy is as follows:

Oxfordshire's natural capital investment framework will radically enhance nature, delivering natural solutions to climate change and wider benefits for communities, health, water and the environment. It will enable the development of a project pipeline and fund delivery of environmental enhancement projects by leveraging public, private, third sector and philanthropic funds. The market will function with high integrity and transparency and be guided by local evidence in alignment with the priorities of the forthcoming Local Nature Recovery Strategy.

8. Green Finance Institute estimate that the gap in funding to reach government's target for 30% of land to be managed for nature by 2030 is around £65billion, over and above public funding. The majority of this shortfall needs to be met by private funders.
9. The Oxfordshire Nature Finance Strategy is a high-level document designed to rally support for this emerging but vital area of work. It describes a framework to leverage private money to fund nature recovery and natural capital enhancement in Oxfordshire. Delivering this strategy will be one of the main ways in which we are able to deliver elements of the forthcoming Local Nature Recovery Strategy.
10. The Nature Finance Strategy doesn't define the process or tools for achieving this, but identifies key measures, features and benefits of progressing this work. It also identifies an opportunity for an individual, organisation, funder or anchor institution to demonstrate commitment to enabling this programme of natural capital investment. The level of funding required is estimated to be £1,000,000 over 2 years for this work:
- a. Generate a **pipeline of projects** which are 'investment ready' (e.g. baseline, management plan, value calculation) using the Green Finance Initiative's Investment Readiness Toolkit¹.
 - b. Develop a set of operating **ethics for buyers and investors** in the Oxfordshire market.
 - c. Design and establish a **central environmental fund vehicle** and **self-sustaining operating model**, to manage aspects of the market to varying degrees depending on the needs of the actors.
 - d. Attract **investment** in a revolving fund to finance delivery of projects, generating credits that repay investment.

Financial Implications

11. There are no direct financial implications for the Future Oxfordshire Partnership arising from this report.
12. There may be financial implications arising if the Future Oxfordshire Partnership decides to support delivery of the Nature Finance Strategy.

¹ <https://www.greenfinanceinstitute.co.uk/gfihive/toolkit/>

Legal Implications

13. There are no legal implications arising from this report.

Other Implications

14. The report recognises the importance of a continued, diversified and enlarged funding settlement in order to support nature's recovery in Oxfordshire.

Conclusion

15. The report concludes that the Oxfordshire Local Nature Partnership is strong and valuable resource, which has successfully leveraged additional resources from a number of sources, but recognises that it is in need of a continued, diversified and enlarged funding settlement in order to support nature's recovery in Oxfordshire.

16. Endorsement of the recommendations of the report would leave Oxfordshire closer to achieving the strategic vision.

Background Papers

17. None

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