Call for evidence: Expanding the role of the private sector in nature recovery. Response from Nature North. August 2025.

About Nature North

Nature North welcomes this opportunity to respond to the Call for Evidence. We are a pioneering pan-regional collaboration of more than 50 organisations, partnerships, businesses, infrastructure providers and agencies working to drive nature recovery across Northern England. Following Nature North's example, regional nature partnerships are being established across England, providing a critical link between national ambition for nature investment and regional delivery.

Working across sectors, Nature North aims to deliver integrated approaches to investment, planning and decision making for nature. We do this by building partnerships, engaging with policy and creating investable propositions for nature. The existing propositions are The Great North Bog, which aims to restore all of England's upland peatland (approx. 7000 square km), and The Northern Forest, which aims to plant 50 million trees. Nature North is developing five more regional scale propositions: Rivers Nature North (river health, water quality and quantity); Green Northern Connections (nature to protect linear infrastructure); Urban Nature North (finance for urban nature and improved public health); Resilient Northern Farming (farmer-led propositions for nature and food) and Northern Coasts and Estuaries (building partnerships around natural coastal defence and saltmarsh restoration).

In 2025, following input from more than 400 cross sector representatives, we published Investing in Nature for the North: A Strategic Plan for a Nature Positive Regional Economy. The plan sets out clear steps and cross sector actions for the North to drive investment into nature, benefiting people, places and the Northern economy.

The Nature North collaboration includes:

Partnership Board: Natural England, Environment Agency, Northern National Parks, National Landscapes Association, The Woodland Trust, The Wildlife Trusts, RSPB, National Trust, The Rivers Trust, National Lottery Heritage Fund, Esmée Fairbairn Foundation.

Advisory Group: Aviva, Greater Manchester Chamber of Commerce, Groundwork, Historic England, N8 Research Partnership (collaboration of the eight most research-intensive Universities in the North of England), Office for Health Improvement and Disparities, Department of Health and Social Care, The Natural Curriculum Hub at Liverpool John Moores University, Nestlé, National Farmers Union, Transport for the North, United Utilities.

Investible Propositions: Cadent, Canal and River Trust, Cheshire Wildlife Trust, City of Trees, Community Forest Trust, Country Land and Business Association, Cumbria Peat Partnership, Cumbria Wildlife Trust, Durham Heritage Coast, Electricity North West, England's Community Forests, Forestry England, Gateshead Council, Groundwork Greater Manchester, Groundwork North East, Humber Forest, Humber Nature Partnership, Lancashire Peat Partnership, Lancashire Wildlife Trust, Mersey Forest, Mersey Gateway Environmental Trust, Moors for the Future Partnership, National Grid, National Highways, National Trails UK, Nature Friendly Farming Network, Network Rail, Newcastle City Council, North Pennines National Landscape, North York Moors National Park Authority, Northumberland Coast National Landscape, Northumberland Peat Partnership, Northumbrian Water, Northwest Wildlife Trusts, Our Future Coast (Wyre Council), Sustrans, Solway Firth Partnership, Tatton Estate, Tees Estuary Nature Recovery Partnership, Tees Rivers Trust, Tidal Dee Catchment Partnership, The Woodland Trust, Transport for the North, West Cumbria Rivers Trust, Wyre Rivers Trust, White Rose Forest, Yorkshire Marine Nature Partnership, Yorkshire Peat Partnership, Yorkshire Wildlife Trust.

This submission draws on experience from across the Nature North collaboration but does not represent a formal position by any of the individual organisations involved.

Part 1: Policy Principles

Q1. Do you agree with the 4 intended objectives for policy to increase investment in nature set out above?

Nature North strongly agrees with the statement in the Call for Evidence that "economic growth and thriving nature are not conflicting objectives". Given that all of England's ecosystem assets are at medium-high or high risk[1], positive outcomes for nature should be an overarching objective for policy related to private investment in nature.

1. **Economic growth.**

The Chancellor's 2024 recommendation (Part A) to the Financial Conduct Authority[2] highlights the need to transition to a climate resilient, nature positive and net zero economy. In line with the Chancellor's position, Objective 1 would be better phrased as 'sustained, resilient and nature positive economic growth'. This would also reflect the introduction to the Call for Evidence.

2. **Business certainty**

Certainty is required across the many areas of policy that intersect with nature recovery, as well as those directly related to nature finance. It will require Government Departments and agencies to take integrated and cross-departmental approaches to support investment in nature recovery, nature positive development and nature-based solutions.

3. **Innovation**

Nature North is an innovative collaboration, working to scale ambition and investment for nature recovery across natural and administrative boundaries. Our experience is that delivering landscape-scale nature recovery, embedding nature-based solutions into infrastructure and development, and developing new finance approaches are all at the cutting edge of expertise and experience for the sectors involved. Consistent concerns from across our stakeholders are short term funding and finance cycles, regulatory and administrative complexity, lack of development resources and output-led requirements on delivery. For these reasons we support the Corry Review and Independent Water Commission recommendations to enable innovation, including a greater focus on outcomes and the use of constrained discretion by regulators.

4. **Fair and proportionate burden sharing:**

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[1] Natural England (2024) *State of Natural Capital Report for England 2024: Risks to nature and why it matters*
[2] Chancellor of the Exchequer (2024) *Recommendations for the Financial Conduct Authority: November 2024* https://www.gov.uk/government/publications/recommendations-for-the-financial-conduct-authority-november-2024

Nature North supports the principle of fair and appropriate burden sharing but recognises that this can be complex to understand and achieve without clarity on the roles of different sectors, and when data is limited.

Any further comments including other factors the government should consider?

Nature and natural capital as an underpinning infrastructure supporting other economic sectors.

Housing, transport and supply chain infrastructures, and several of the IS-8 sectors[3] rely on physical assets that are sited in places. These assets are at risk from climate impacts and depend on the health of surrounding natural resources. Assessing, planning for and investing in future need already occurs for other vital utilities and infrastructure. Rather than treating nature recovery and nature-based solutions as distinct from development, better value and outcomes across the economy can be achieved by integrating nature recovery and nature-based solutions into planning and delivery of infrastructure, housing and industrial development.

Mandating such an approach would leverage private investment because it reframes the economic value of nature recovery and nature-based solutions beyond nature markets; risk mitigation, resilience and adding long term economic and social value also act as drivers of investment. Requiring Authorities and industries to assess the natural resource requirements and impacts of new assets and major developments would provide new routes for blended finance and address growth restrictions, such as water supply. This would align with the recommendation of the Independent Water Commission for a systems planning approach to water management[4], and the Environment Agency's assessment of environmental capacity for industrial clusters[5] provides an example of this type of analysis.

Q2. Is there evidence from existing domestic or international policies which the government can learn from regarding:

- **the benefits of policy action to increase private sector investment in nature?**
- **the policy actions that are most effective and efficient at increasing private sector investment in nature?**
- **the risks of policy action to increase private sector investment in nature?**

The role of Strategic Authorities

We note that the Call for Evidence makes little mention of the role of Strategic Authorities to drive and enable private investment into nature recovery. When developing our Strategic

[3] https://www.gov.uk/government/publications/industrial-strategy/industrial-strategy-sector-definitions-list
[4] Independent Water Commission (2025) Final Report Recommendation 3
[5] https://www.gov.uk/government/publications/environmental-capacity-for-industrial-clusters

Plan[6] we gathered input from more than 400 cross sector representatives, during which the role of Strategic Authorities emerged as a critical element and developed into a core theme. The English Devolution and Community Empowerment Bill[7] has the potential to transform strategic planning, funding and finance of nature recovery and nature-based solutions across England. The Bill will give Strategic Authorities competency over the environment and climate change, and contributing issues including transport and local infrastructure, housing and strategic planning, economic development and regeneration, health and wellbeing. It extends powers for planning, development corporations, tourism and includes a duty to collaborate, which will be essential for regional integration of Local Nature Recovery Strategies to underpin the scaling of nature finance mechanisms.

Because nature recovery and nature-based solutions require land use change and the balancing of competing land uses, Strategic Authorities will play a key role in enabling private finance. For example, evidence from the Netherlands[8] has found that integrated and actionable spatial designs by city authorities were key to leveraging private finance into nature-based solutions. Devolution in Northern England is already driving ground breaking nature initiatives, such as the Greater Manchester Integrated Water Management Plan, the Connected by Water alliance in South Yorkshire and the North East Carbon and Nature Marketplace. As Northern Authorities ratify the Local Nature Recovery Strategies, these will provide a core framework for nature decision-making that will underpin spatial planning, transport, growth priorities, resilience and investment.

In our experience, Strategic Authorities want to enable private investment into nature recovery; they are already developing mechanisms to do so and exploring ways to integrate nature across policy areas. The Great North, an initiative of the Northern Mayors and Leaders, also intends to develop pan-regional scale investment propositions to attract international private finance, and could potentially include natural capital. The Government can increase private finance into nature recovery by supporting Authorities' ability to act in this space, increasing their expertise and resourcing to do so, and ensuring that the powers enacted through the English Devolution and Community Empowerment Bill, and the Planning and Infrastructure Bill, are aligned to enable nature recovery.

Coordination and governance

There are a growing number of regional policy interventions in the North of England that aim to increase private sector investment into nature. These are both developed by Authorities independently and through funded programmes such as Local Investment in Natural Capital (LINC). Regional Authorities are showing leadership and driving innovation,

[6] Nature North (2025) Investing in Nature for the North: A Strategic Plan for a Nature Positive Regional Economy

[7] English Devolution and Community Empowerment Bill. https://publications.parliament.uk/pa/bills/cbill/59-01/0283/240283.pdf

[8] Op de Beeck T, den Heijer C & Coppens T (2024) Financing climate adaptation in Flemish cities: Unpacking financial strategies and policy dynamics for nature-based solutions *Landscape and Urban Planning* 248 (2024) 105094

but coordination and clear governance across different spatial scales is required to ensure the effective flow of finance and prevent duplication of effort. Given the complexity and uncertainty of nature finance markets, there is no obvious best route which means that, alongside national initiatives and private sector start-ups, there is a risk of a complex patchwork of finance mechanisms developing. In the absence of pan-regional coordination, this will be confusing for investors and could also fail to offer the scale required by potential large investors.

In addition, and despite the clear link between nature and climate, finance initiatives have been siloed to date, leading to duplication of effort and a lack of connection between emerging opportunities. An example is the Local Investment in Natural Capital programme (DEFRA), which has been running over a similar time period, and in some of the same locations, as the Net Zero Accelerator Programme (DESNZ). The lack of connection between the two has led to siloed exploration of financial investment processes and asset pipelines both at the Departmental and Local Government level.

Investment into nature recovery at scale will require governance structures that can identify opportunities, combine financial and environmental knowledge, and are strongly connected into the organisations, businesses and communities delivering nature recovery in places. Pan regional nature partnerships, of which Nature North is the pioneering model, provide an already established mechanism for convening, coordinating, data sharing etc. Nature North's Strategic Plan[9] sets out a steps and actions towards greater private investment in nature recovery across Northern England, including foundational elements such as a single Northern pipeline for nature recovery and examining the different layers of governance required across landscapes, regions and pan-regionally.

Increased private investment requires the new structures and development work being carried out by regional nature partnerships. The Government can enable the scaling of private investment in nature recovery by providing support to regional nature partnerships, from development and establishment to becoming self-sustaining mechanisms and enablers of regional investible propositions.

Supporting supply

Funding and finance for nature recovery often seeks investable and "shovel-ready" projects that meet requirements in terms of risk and return. Building a pipeline of such investable projects requires new skill sets in the nature delivery sector, and by farmers and landowners, who have historically relied on grant and state funding. Investment ready projects need to have identified investable benefits, such as carbon, and created mechanisms for financial return. At present, models are often bespoke and co-developed with funders, buyers and beneficiaries, which adds to time and difficulty.

[9] Nature North (2025) Investing in Nature for the North: A Strategic Plan for a Nature Positive Regional Economy

Many of the smaller organisations delivering nature recovery have told us they don't have the expertise or resources to develop investable projects, and they have no way to access such resources through traditional funding routes or emerging finance mechanisms[10]. The situation is very similar for farmers, with one commenting to us that: "A land manager needs to work out what they want to do and then learn about the individual schemes - by the time you've worked out if it will make a difference, you've invested so much already."[11] This complexity, along with market and policy uncertainties, is leading to justified hesitancy about entering nature markets by farmers, landowners and smaller NGOs. Government can address this by supporting high quality advice and capacity building for these sectors about nature recovery and blended nature investment.

In addition, large scale nature recovery projects require significant resources and time for development, such as baselining and building relationships with farmers and stakeholders, prior to any form of finance being available under current mechanisms. By providing targeted support for the development phases of landscape scale nature-recovery, the Government could support a pipeline of investable nature recovery projects.

Supporting Demand

Businesses are much less familiar with nature risks and dependencies than with carbon reduction. A 2024 assessment of 100 global companies[12] found that most had ambitions and plans regarding their nature impacts, but few had conducted thorough nature-related risk assessments. Our own research with Northern businesses has found similar results, with smaller companies and SMEs unsure how to act, while larger corporations are beginning to gain expertise and working through processes developed by the Taskforce on Nature-related Financial Disclosures (TNFD). TNFD correctly guides businesses through the mitigation hierarchy and towards action in their supply chains, which tend to be highly specific and over global supply chains, so this should not be assumed as generating private sector demand for UK nature recovery.

A consistent issue from our research and engagement with business is a lack of expertise and knowledge across companies, nature not being considered at senior levels and no specific budget for nature or climate resilience costs. In research conducted for Nature North in 2023[13], it was found that materiality assessments consistently identified "Carbon / Climate Change" as a high priority topic, whilst "Biodiversity / Nature" was more often identified as middle to lower importance, if identified at all. Similarly, our partners have found that businesses may be unaware of wider climate risks relevant to their assets or business, such as supply chain disruption, or how healthy natural environments can help to reduce such risks.

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[10] Nature North (2025) Investing in Nature for the North: A Strategic Plan for a Nature Positive Regional Economy

[11] Nature North (2024) *Investing in Nature for the North: Focus Group Findings*. Internal report, unpublished.

[12] Nature Action 100 First Benchmark Assessment. https://www.natureaction100.org/first-company-benchmark-release/

[13] Nature North (2023) Finding the Buyers. Internal confidential report.

To increase demand for nature services and within nature markets, businesses need support to understand the ways in which their balance sheets are linked to and dependent upon nature. Government can support businesses to act for nature by providing greater certainty on their roles and responsibilities for meeting nature targets, and by raising awareness on climate and nature risks to the business sector. Demand will also by stimulated by strategic spatial planning and assessment of natural resource requirements and impacts (see response to Question 1).

Part 2: Outcome & Sector Specific Examples

Outcome 1: Clean and plentiful water – cleaning up rivers, lakes and seas

Q3. Which sectors could and should contribute as part of a catchment-based approach to water management for nature recovery?

A catchment-based approach to water management will need to include those sectors with impacts and dependencies on water, such as:

- agriculture and the food retail chain;
- the water industry;
- housing and urban development, which impact pollution and water demand;
- industrial clusters, decarbonisation industries and data centres, which have been identified as needing significant water resource;
- transport infrastructure.

In addition to these contributory sectors, catchment based water management should include local and combined authorities to provide the link to strategic planning and local nature recovery strategies, Integrated Care Boards and Partnerships, to align with health benefits and need, and communities and local nature delivery organisations, who require a strong voice in decision making. The Catchment Based Approach (CaBA) and catchment partnerships should be adequately funded to deliver integrated catchment governance, supporting strategic delivery and holistic management across sectors.

Q4. What are the barriers to incentivising sectors that depend on the water system to invest in water outcomes? What actions are needed by government to address these barriers?

In our research, and from experience across the Nature North collaboration, a key barrier to investment (outside of the regulated water industry) is a lack of knowledge, lack of evidence and lack of regulatory requirement around water dependencies and impacts. TNFD is beginning to prompt larger corporations to consider these impacts, and there are voluntary offsetting mechanisms such as Landscape Enterprise Networks or The Rivers Trust's Replenish programme. These initiatives should be encouraged and supported, but voluntary donations remain small compared to the nature finance gap. As stated earlier, planning for natural habitats and water catchments as essential infrastructure would enhance opportunities for investment by highlighting risks, responsibilities and resource needs. This aligns with the Independent Water Commission's recommendation for integrated and holistic water system planning, with regional systems planners.

Nutrient and riverine BNG markets provide great promise for increased investment into rivers and water courses, however the current uncertainty around them is a causing hesitancy from both buyers and sellers. Rivers Nature North is exploring the specific

challenges of generating Watercourse BNG units from river restoration projects. These are complex projects and investment into pipeline development is required to help them become 'BNG ready' and meet the demand for Watercourse BNG units. The challenges of complex riparian landownership need to be recognised, and more flexibility applied, so that Watercourse BNG units can be brought forward.

The role of Strategic Authorities is critical in expanding private finance for water management. The Greater Manchester Integrated Water Management Plan is a model of a strategic approach that can be used to crowd investment, and similar plans are in development in Liverpool and West Yorkshire, with Connected by Water in South Yorkshire also exploring private investment options. The Independent Water Commission's recommendations should be implemented in ways that support these existing initiatives and recognise the role of Strategic Authorities and regional nature partnerships, such as Nature North, in nature investment.

The Independent Water Commission recommends that regional water management authorities operate at the River Basin District scale and suggests they could have a role in leveraging private finance. There is much to unpack in this latter point and it will need careful governance and coordination, given that private finance is already being explored at catchment scale, by Strategic Authorities and pan regionally by regional nature partnerships.

Outcome 2: Nature-based carbon reductions and removals

Q8. What are the reasons why businesses fund or buy nature-based carbon through insetting agreements or markets such as the Woodland Carbon Code and Peatland Code?

Research conducted for Nature North in 2023[14] found that carbon is the most commonplace and developed topic within the corporate sustainability action of the Northern businesses studied. There is strong demand for nature-based carbon credits, in the experience of Nature North partners. For example, the Great North Bog coalition set out one of the largest nature carbon offers in the UK[15], and they are currently in negotiation with several large investors.

The reasons for investment are diverse, depending on the size, sector and internal culture of the business, but include:

- TCFD and ESG targets
- The high integrity and reputational value provided by UK codes like the Woodland Carbon Code and Peatland Code
- Local impact and tangibility
- Wider social and environmental benefits
- Brand value

[14] Nature North (2023) Finding the Buyers. Internal confidential report.
[15] The Great North Bog (2023) *Private Sector Partner Specification and Invitation to Respond* https://greatnorthbog.org.uk/wp-content/uploads/2023/05/Great-North-Bog-Financing.pdf

- Regulatory readiness
- Acting as early adopters to stimulate the market

Q9. What are the barriers for businesses in buying nature-based carbon through markets such as the Woodland Carbon Code and Peatland Code?

Our research with businesses highlighted that the length of contracts and long-term pricing of nature carbon are negative considerations. Greater transparency around the prices paid, a higher carbon price overall and reduced risk (rather than higher returns) were suggested as potential enablers to investment. Our partners report that high transaction and verification costs are a barrier to demand for units from small areas, as is uncertainty about the future regulatory treatment of voluntary credits.

In our collaboration's experience, a major barrier to investment is not demand but the supply of carbon units. The carbon price is too low for the cost of nature delivery in the UK, there is no baseline carbon price guarantee, uncertainty about future pricing and an expectation of future rises. As a result, many landowners are retaining most, or all, of their carbon units, with the reasons including their own future offsetting needs, waiting for clarification on stacking and bundling rules, and anticipation of higher prices. Nature carbon credits are in competition with other carbon offset options, and this supply bottleneck further weakens confidence in the ability of nature carbon markets to meet rising demand.

There are also habitat specific barriers. In the case of peatland restoration, it is the inability to use peatland restoration generated credits against existing targets and frameworks (including SBTI). For emerging areas, such as saltmarsh restoration, there is a lack of evidence on carbon sequestration and a poor match between the carbon price and the cost of nature recovery activities. These supply-side barriers are closely interlinked with barriers to demand and need to be addressed at the same time by Government.

Q10. How can government ensure policies to support tree planting are also effective in unlocking private finance for woodland carbon?

There are a range of actions the Government can take to unlock private finance for woodland carbon, in addition to addressing the market barriers already mentioned. These include:

- Clarifying how carbon income can be combined with public grants under the Woodland Carbon Code.
- Removing ambiguity around additionality tests, which act as a disincentive to blended finance.
- Introduce funding preferences or financial uplift for tree planting projects that secure matched or proportional private investment.
- Develop standardised guidance on voluntary and compliance markets, and clarify the legal treatment of credits in co-funded schemes.

- Provide tailored advice and capacity-building for landowners, especially smaller holdings in England, to participate in the carbon market with confidence.
- Encourage local authorities and NGOs to act as facilitators and convenors of public-private woodland finance partnerships.

Q11. Which sectors could be further incentivised to use, reuse and recycle timber as a low-carbon material?

A number of sectors, including construction and housebuilding, furniture and interiors manufacturing, packaging and logistics, retail and events furnishing (stands, fittings, displays) could be incentivised to make use and reuse of timber.

In the case of construction and housing, the requirement for life cycle carbon accounting would accelerate uptake, as outlined in the UK Green Building Council's Whole Life Carbon Roadmap.

Outcome 3: Access to nature – supporting tourism, recreation and wellbeing

Q17. In order to support access to green spaces in more urban settings, what measures could be used to increase and diversify funding for local parks and natural spaces?

Nature North is exploring private finance for urban nature recovery and to increase access through the Urban Nature North investable proposition. This is aligned to the Nature Towns and Cities programme and is underpinned by research into private finance for urban green spaces[16] and an economic valuation of urban greenspace across the North of England, which found that over a 60-year period the benefit from urban green space in the North is nearly £80 billion[17]. The research found that physical health benefits hold the second highest annual benefit value for urban green spaces in the North, after recreation. It was estimated that accessible urban green spaces in the North provide £30.4 billion of physical and mental health benefits over a 60-year period, on the basis of avoided treatment and productivity costs. By creating 16% more new accessible green space in the region, an additional £2.8 billion of health benefits would be generated. Conversely, neglect of urban green spaces can result in reduction in use, thus reducing overall value for recreation, physical and mental health.

[16] Nature North (2023) *Urban Nature North: Unlocking the power of green spaces in northern towns and cities* https://www.naturenorth.org.uk/wp-content/uploads/2023/09/NT_UrbanNatureNorth_Full-report_Final.pdf
[17] Nature North(2023) *Economic Valuation of the North's Urban Greenspaces: Technical Report* https://www.naturenorth.org.uk/wp-content/uploads/2023/09/FINAL-National-Trust-Economic-Valuation-Technical-Report-Sept-2023.pdf

Urban Nature North has been exploring investment in urban greenspaces in relation to the well documented health benefits. The work is ongoing and in the early stages of testing mechanisms, but to date has identified that:

- Corporate financial dependency on urban green space is poorly understood because it is indirect, fragmented and diverse. Data is lacking, or resource-intensive to collect, leading to greater uncertainty around green investment outcomes in urban environments. However, there seems to be significant potential between nature and health from a funder or investor perspective.
- The health-nature landscape is complex and can be broken down into key segments each being driven by different attributes. Level of evidence, return on investment, partnerships, and engagement are all important factors.
- There is a difference between investing in a nature-based activity for health and a nature asset which provides significant health benefits. Stakeholders think about these differently.
- Financial savings from avoided healthcare costs is the calculation used in natural capital accounting. This is important for some sector stakeholders but not all, so it is important to understand how this is perceived or bundled alongside other benefits or ecosystem services. While health benefits alone may not be enough to support a transaction structure for investing in urban green space, bundling with other investments may be feasible.
- There is a currently a lack of strategic connection and resources between health and the environment.
- Public and private sector stakeholders consider driving change in urban green space investment as high risk, with no one able to take the leadership role.

<u>Outcome 4: Flood management</u>

We suggest that flood management should be extended to climate resilience more broadly, as this is an emerging driver of investment.

Q18. Which of the beneficiary sectors of natural flood management are best placed to contribute to funding it?

Most of the same sectors listed for water management should also be considered for contribution to flood management and climate resilience through nature recovery. Additionally, the insurance sector and mortgage lenders are obvious inclusions because they face risks from flooding and extreme weather. However, the free rider problem is preventing investment, which the Government can seek to address through collective routes for investment.

Q19. What mechanisms could best enable this?

Nature North's collaboration includes the innovative projects Resilient Glenderamackin Landscape Recovery and the Aire Resilience Company.

Resilient Glenderamackin Landscape Recovery is an ambitious catchment-wide flood mitigation project that will deliver nature-based solutions to reduce flooding in Keswick. It aims to reduce flood peak and will also benefit nature, farming, business and communities across the catchment. With a business case for £120 million, a substantial proportion of the finance is expected to come from Government. The project has actively explored private finance options, with a dedicated business engagement role, however only a small amount of largely voluntary private finance is available at the outset, due to the rural location of the project, with few and small beneficiary businesses. United Utilities was unable to make a business case for the interventions in the current asset management plan, but has committed to working to unlock funds in the next cycle.

This project identified substantial ancillary benefits for infrastructure, however there is no mechanism by which to mandate payment from beneficiaries. Addressing this will need to include the integration of nature recovery into regional spatial, infrastructural and economic planning (see comments above). The Government could also explore mechanisms to support rural catchments via for payment for ecosystem services at larger than catchment scale, either through the Regional Water Authorities proposed by the Independent Water Commission or regional nature partnerships such as Nature North.

The Aire Resilience Company, which is partly funded by a consortium of local businesses, aims to reduce future flood risk on the River Aire catchment. Blending public and private finance, it is funding delivery and maintenance of a natural flood management programme, which will also store carbon, increase biodiversity and support sustainable farming. In contrast to Resilient Glenderamackin there is a sustainable pool of businesses in the catchment area, however Aire Resilience Company also struggle to generate voluntary payments. Their experience is that paying for natural flood management is a new concept and businesses may not understand how they benefit if their own assets aren't directly at risk. Many businesses don't have roles or responsibility allotted for climate risk or nature recovery, so decision-making can be difficult and there is no allocated budget to draw from. The Government can address this barrier by providing information and support to businesses to understand the growing risk of climate change impacts and the role of natural flood management.

The 'free rider' effect is another barrier to investment in natural flood management by beneficiaries. Individual businesses are unwilling to pay when they observe others not contributing, and without a mechanism to enable all beneficiaries to contribute, only a few will pay. It is extremely time consuming for place-based NFM projects to engage the many businesses which may be affected, which can make business contributions financially

unsustainable. Business Improvement District mechanisms have been utilised, for instance in Sheffield, but the potential financial benefits for businesses of cheaper and more accessible flood insurance due to a better standard of protection were not realised, and this led to business dis-engagement.

Beyond flooding, our experience is that climate resilience is becoming a key driver for investment into nature recovery and nature-based solutions, particularly from the infrastructure sector. Green Northern Connections is a pioneering Northern collaboration for nature recovery and infrastructure resilience, hosted by Nature North. Northern infrastructure providers – including rail, highways, energy and water companies - are already investing in nature recovery to ensure their assets are resilient to climate change, and to meet net zero and biodiversity targets. Through Green Northern Connections they are building new working relationships, sharing priorities, knowledge and data, finding opportunities to coordinate activity and developing a more strategic and integrated approach to nature recovery on and around their estates across the North.