



Department
for Environment
Food & Rural Affairs

Environment valuation in practice: what can Government provide?

CIWEM – Valuation in Practice Event
4 December 2018

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Outline

1. 25 Year Plan and Green Book
2. Role of Government in general
3. Role of Defra in particular
4. EnviTAG

A renewed, if not new, agenda for Government

*“Better incorporate the full spectrum of natural capital and the value of the benefits it provides into analysis and appraisal across government.”
(p. 135)*

“Improve our understanding and valuation of the benefits of natural capital through our own research and working with the research community” (p. 133)



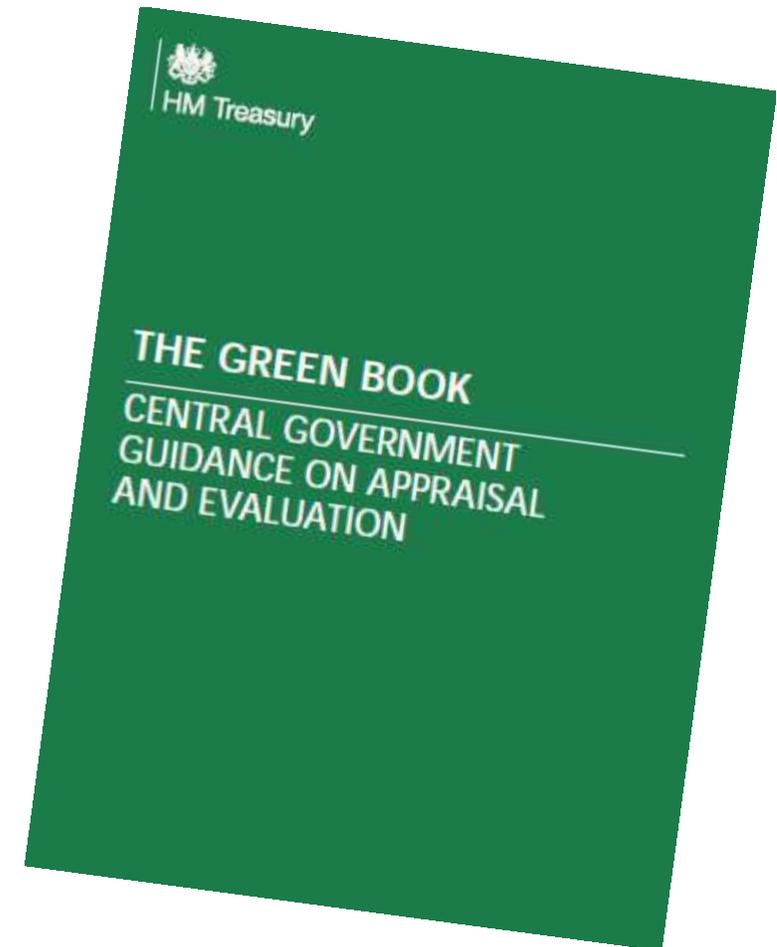
Rising profile for valuation ...

Treasury guidance (2018) on how to appraise and evaluate policies, programmes and projects.

*“Many of the changes in this edition reflect **important advances in appraisal ... since 2003. This is especially notable in environmental appraisal, where scientific advances have transformed our understanding of environmental impacts and improved our ability to understand and value them.**”*

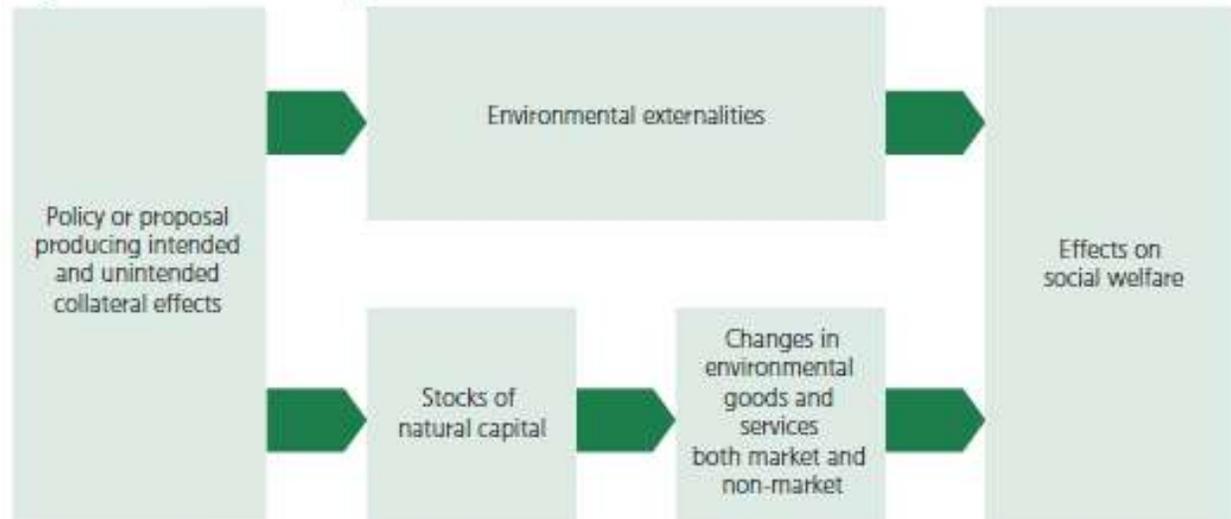
Tom Scholar

Tom|Scholar
Permanent Secretary, HM Treasury



... in context of natural capital

Figure 3. The Natural Capital Framework



The Green Book

“Understanding natural capital provides a framework for improved appraisal of a range of environmental effects alongside potentially harmful externalities such as air pollution, noise, waste and GHGs.”

Section 6

- Overview of natural capital
- Acknowledges stock issues
- Screening questions

7 pages on “environmental and natural capital”

- First up in non-market valuation chapter (before GHGs, land values, health, time)
- Sets out 4-step natural capital approach
- Summarises key methodological issues e.g. spatial contexts
- Sources of valuation
- Guidance on specific environmental effects:
 - Air quality and noise
 - Waste and amenity
 - Recreation
 - Landscape
 - Biodiversity
 - Water quality, water resources
 - Changes in flood risk
 - Vulnerability to climate change

A2. Non-market Valuation and Unmonetisable Values

A2.1 This Annex provides detail on specific approaches to non-market valuation techniques and generic values for use in appraisal. It covers:

- a range of environmental techniques
- land values
- energy efficiency and Greenhouse Gases
- life and health
- travel time

Environmental and natural capital

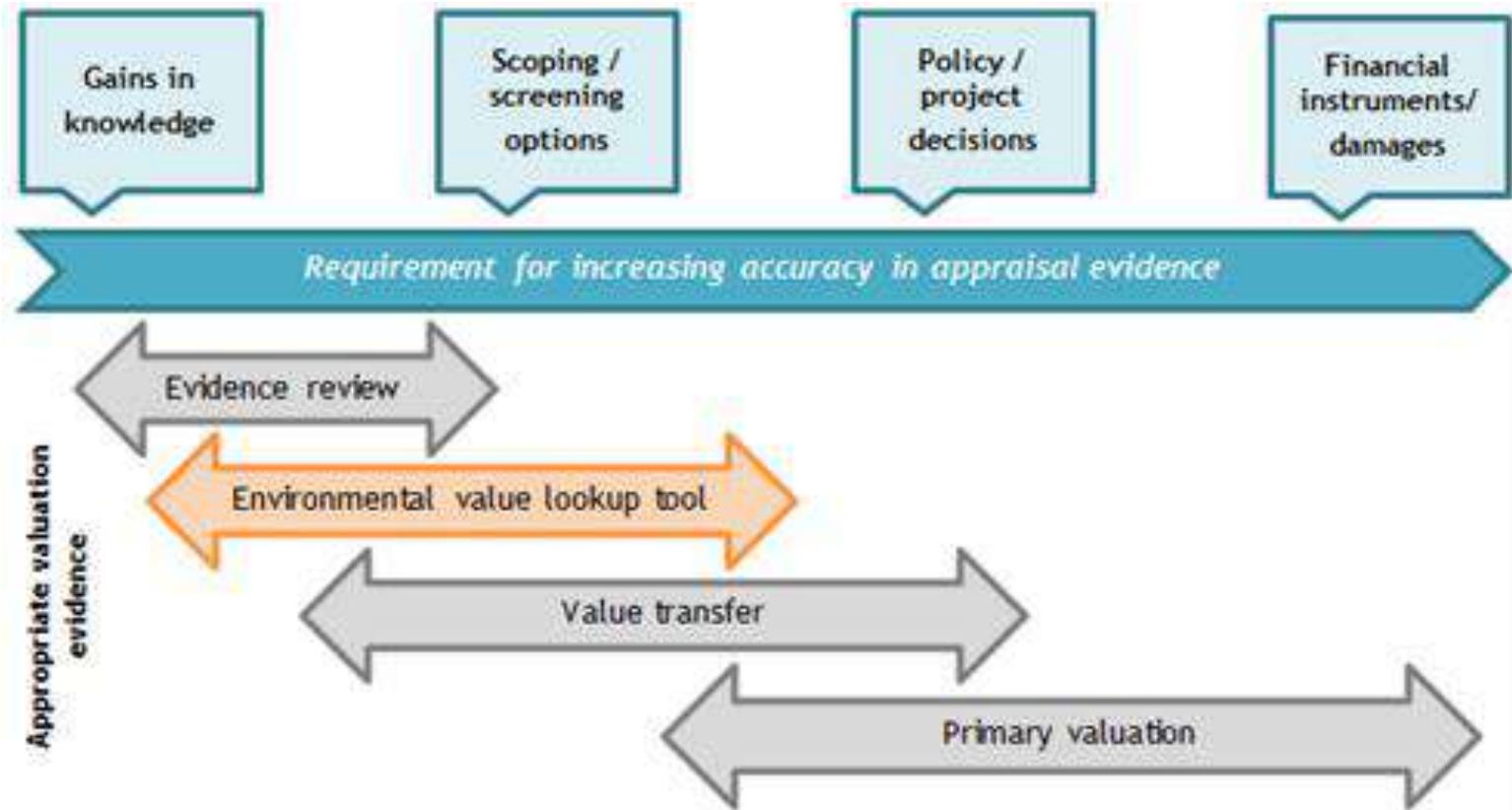
A2.2 Where potential effects on natural capital are identified by the screening questions in [Chapter 6](#), the 4-step approach in [Box 19](#) can be used to identify whether and how an intervention may affect stocks of natural capital and the benefits they provide. Further guidance can be provided by Department for Environment Food and Rural Affairs (DEFRA) at EnvironmentAnalysis@defra.gsi.gov.uk.

... but many challenges remain

- Breadth and diversity of evidence based and decision contexts - disconnected, patchy
 - Generating new valuation evidence is expensive
 - Potential inconsistencies across valuation
- No equivalent to DfT's Webtag - limits to being prescriptive
- Interpreting values when they don't mean cash
- Potential confusion: valuation for appraisal vs accounting
- Regulating services – biophysical modelling / data needed
- Values can be spatially sensitive
 - Tension: robustness vs pragmatism.

Is environmental valuation robust?

It depends on the use to which valuation is put ...

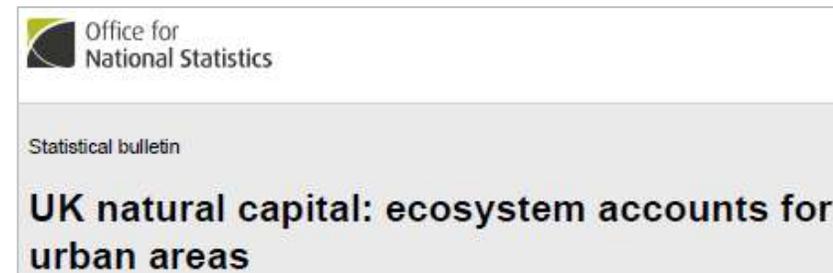
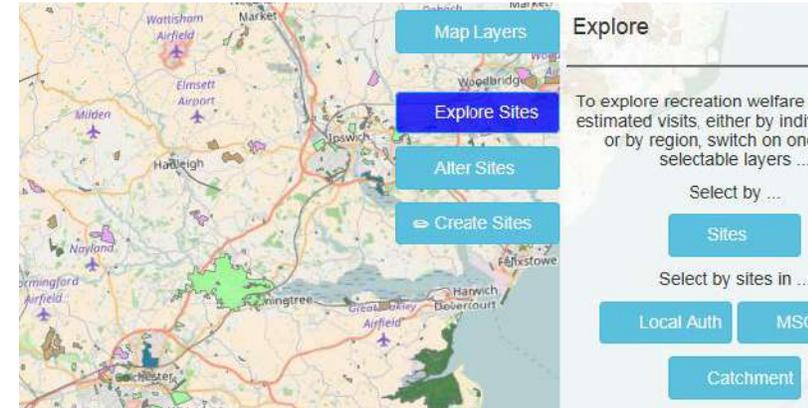


Government's role is important and varied

- Sets strategic context for non-market valuation agenda
- Inform demand for and supply of valuation evidence
- A direct procurer of new valuation evidence to inform policy
- Demonstrator e.g. natural capital accounting
- Standard estimates and guidelines e.g. GHGs, air quality, noise, health, flood damage
- Making evidence and tools more accessible

Defra's role and contribution (I)

- ✓ Innovative tools
 - **Outdoor Recreation Valuation Tool 2015-18**
 - Funding **Natural Environment Valuation Online**
- ✓ Supporting the EVRI valuation database: more UK Studies captured
- ✓ Natural Capital Accounts with ONS: monetary estimates for:
 - Air quality regulation
 - Urban cooling
 - Noise attenuation
 - Physical health benefits+ Forthcoming Methodology Guide



Defra's role and contribution (II)

Joining up across Defra / Defra group:

- Forest Commission – valuing flood alleviation benefits; NCA
- EA and NE – two-way learning
- Marine – new primary valuation study
- Tree Health

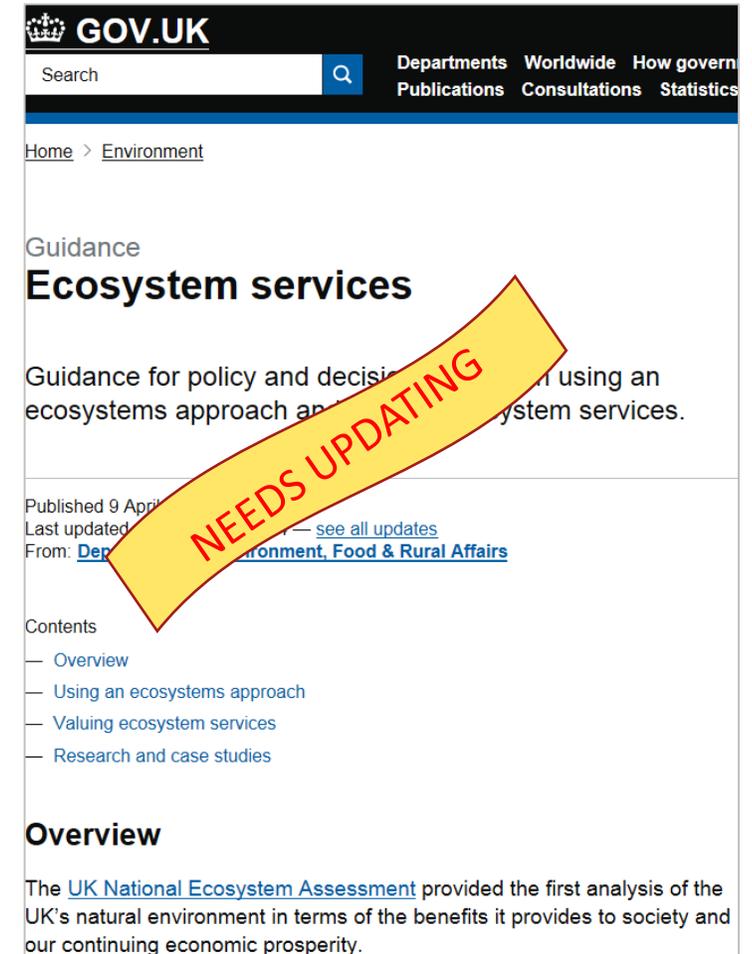
Joining up with others:

- Reviewing health valuations
- DfT - landscape valuation and webtag review
- MHCLG – parks, ORVal
- Working in international fora on valuation issues e.g. SEEA, OECD, IPBES

Updating and expanding our web-pages ...

EnviTAG – a contribution to demystifying

- current web-page outdated and confusing - an opportunity to build on Green Book
 - repository of selected environmental guidance, evidence, tools and case studies to support decision-makers and analysts
 - (Non-specialist) user focused
 - systematic collation by impact / service, broad habitat
- support more informed use, greater consistency of valuation evidence, principles and tools, highlight evidence gaps
- think shop window rather than swanky new tool
- in consultation with economists across Defra group
- First Beta version in early 2019 - improved versions can be developed subsequently.



The screenshot shows the GOV.UK website interface. At the top, there is a search bar and navigation links for 'Departments', 'Publications', 'Worldwide', 'Consultations', and 'How govern'. The main content area is titled 'Home > Environment' and 'Guidance'. The primary heading is 'Ecosystem services', followed by a sub-heading 'Guidance for policy and decision-makers on using an ecosystems approach and valuing ecosystem services'. A yellow banner with the text 'NEEDS UPDATING' is overlaid diagonally across the page. Below the banner, there is a 'Contents' section with links for 'Overview', 'Using an ecosystems approach', 'Valuing ecosystem services', and 'Research and case studies'. The 'Overview' section begins with the text: 'The [UK National Ecosystem Assessment](#) provided the first analysis of the UK's natural environment in terms of the benefits it provides to society and our continuing economic prosperity.'



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Thanks for
listening!



HM Government

A Green Future: Our 25 Year Plan to
Improve the Environment



Forestry Commission
England



Environment
Agency