

Galvanising Change via Natural Capital

Newsletter

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Welcome

This is the eighth newsletter for the Galvanising Change via Natural Capital project. Every newsletter introduces someone on the team, and this time we introduce you to Rebecca Gray, a research assistant working at the James Hutton Institute. In this newsletter our colleague Mark Reed takes a deep dive into developments in Scotland’s nature markets. We also have contributions giving ‘sneak peeks’ on updates in our work with both agricultural policy makers and the Scotch whisky sector: these are obviously very different sectors, but the parallels between the work are interesting to reflect on! As always we finish by providing you with a few interesting papers, resources and events to look out for.

In case you are not already familiar with our project, you can download a [1-page summary](#), visit our [webpage](#), or contact Kerry Waylen: Kerry.Waylen@hutton.ac.uk

Our project runs for 5 years – we’re now coming to the end of year 4 - and this newsletter comes out every 6 months: do forward to any colleagues or contacts that may be interested. They can subscribe via [this link](#).

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Meet a team member

Rebecca Gray



Rebecca completed an undergraduate degree in Social Sciences at Robert Gordons University in 2021 with a focus on sociology of health. She was particularly interested in thinking about chronic health conditions and the way stigma is experienced across different groups whether that was age, gender or race. This sparked an interest in thinking about the way different social groups are affected by both policy and personal bias in research. She started at the Social, Economic and Geographical Sciences department of the James Hutton Institute in 2022 through a graduate scheme for research assistants. This allowed her to gain an understanding of all stages of the research process. Upon completion of this scheme she remained at the institute as a permanent member of staff. Rebecca now acts as a coordinator for the graduate scheme helping new RA's find projects that align with their interests and ensuring they get a broad range of experience with different research methods.

Rebecca joined the 'Galvanising Change via Natural Capital' team in 2025 and works across multiple work packages, but has found a particular interest in the Whisky sector research being carried out with Esther Carmen. This work looks at the way distilleries are engaging with nature and how we can support the sector moving forward. Rebecca is particularly interested in understanding the reasons why private companies are choosing (or not choosing) to engage with nature. You can read more about this work below.

Outwith the Galvanising Change project, she's worked on several projects, which gives her a unique insight into lots of different research. One related project is the H2020 [MERLIN](#) (Mainstreaming Ecological Restoration of freshwater-related ecosystems in a Landscape context: Innovation, upscaling and transformation) project which aims to develop transformative ways of working with economic sectors, creating communities of practice to mainstream freshwater NbS with a specific focus on ensuring these processes are just and inclusive. This work doesn't use natural capital framing but illuminates many similar issues.

Another project that Rebecca is currently working on is a DEFRA funded project which aims to develop a Peatland Restoration Standard and Technical Guidelines for England and Wales, through engagement with a diverse range of stakeholders who work with Peatlands in varying capacities. This is a good reminder of the practicalities of communication with audiences with varied backgrounds and expertise that are all needed to restore and work with nature.

Scotland's natural capital markets: latest developments

Professor Mark Reed

Natural capital is a fast moving area of policy and research in Scotland at the moment, that has remained a priority for Scottish Government since the publication of its Natural Capital Market Framework. This month, Scottish Government illustrated the reliance of the nation's economy on natural capital with a [new report](#) with infographics showing how Glasgow's Regional Economic Partnership relies on natural capital for £10 billion of economic output and over 60,000 FTE jobs. Plans are developing for the roll-out of Regional Land Use Partnerships as a formal initiative, [as announced by Cabinet Secretary for Rural Affairs, Land Reform and Islands, Mairi Gougeon](#), last year, based on the [success of the RLUP pilots](#). A number of the Regional Land Use Plans included natural capital markets (primarily carbon offsets via the Woodland Carbon Code and Peatland Code, and to an extent biodiversity offsets) as a funding mechanism to support their objectives, based on extensive ecosystem service mapping (Figure 1).

This has the potential to create new opportunities for blended finance, where public funding is used to de-risk and leverage private finance, making market engagement more attractive to farmers and other landowners and managers. In particular, [Landscape Enterprise Networks](#) (LENs) are now expanding into Scotland, partly funded by Scottish Government's [Facility for Investment Ready Nature in Scotland](#). Similar to RLUPs, LENs seeks to use both public funding and private finance to coordinate integrated land-use change that restores nature, reduces emissions and supports rural livelihoods. LENs is already operating in the Leven catchment with around £120,000 distributed to 10 farms operating over around 600 hectares. The investment offer for 2026 is under development, and LENs is now expanding into the Borders and Spey. Although LENs can offer offsets to investors, outcomes are typically used to meet internal decarbonisation and other corporate reporting goals.

Following research led by Finance Earth on [mobilising private investment in natural capital](#) (in 2023) and subsequent research led by SRUC on [barriers to the engagement of supply-side actors natural capital markets](#) (in 2024), Scottish Government opened [their first blended finance pilot for peatland restoration in 2025](#), and the evaluation of the pilot is currently being drafted. If a workable model for blended finance can be found that minimises risks to both taxpayers and landowners to uncertain future carbon markets, this may be extended to other natural capital markets, as part of Scottish Government's goal of responsibly scaling their operation. However, critics still argue that schemes like this use public funding to generate private benefits for landowners and investors, which do not benefit the public at large. In response to this, [Future Economy Scotland has suggested that private finance could be replaced by government zero-interest loans](#) that projects have to repay if they make a profit. Funding would come from the existing Peatland ACTION grant pot, with loans converting to grants if carbon markets are unable to generate sufficient profits. Further stress testing is needed alongside work with carbon markets to ensure such grants would meet their additionality criteria.

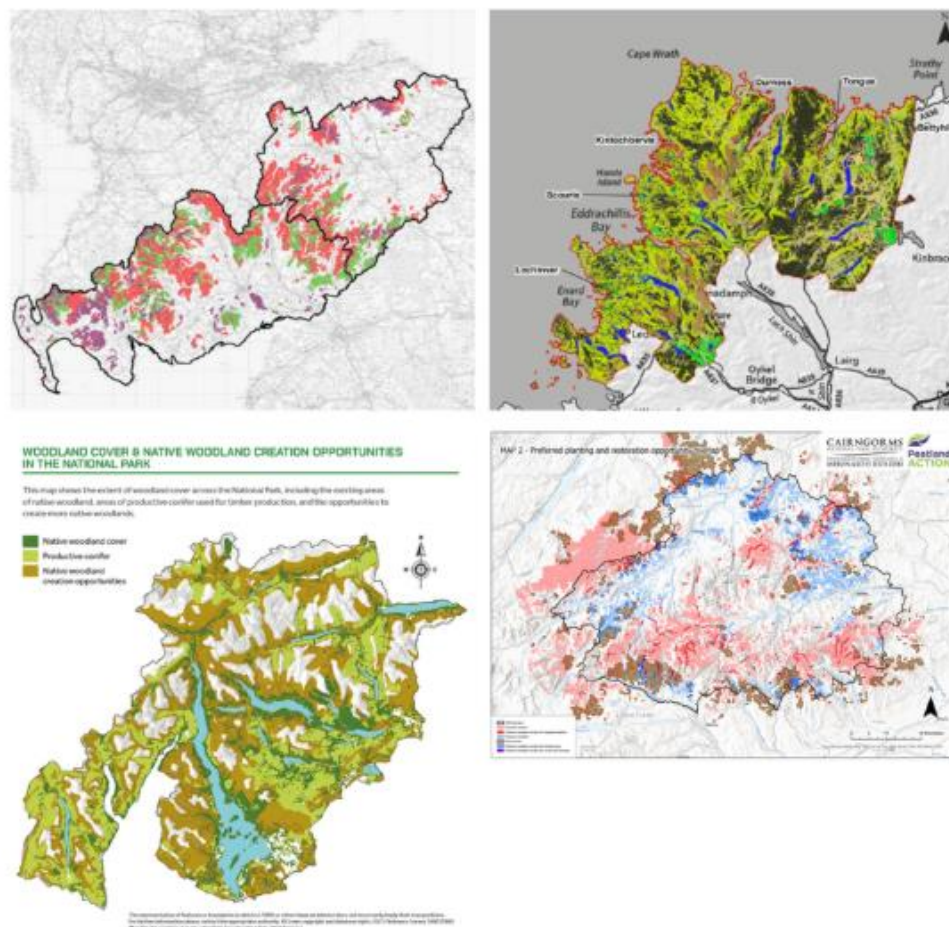


Figure 1: Examples of ecosystem service mapping by RLUPs (source: [Scottish Rural Network](#)).

Additionality is one of a number of features of robust natural capital markets, requiring projects to evidence that their work would not have been possible without natural capital finance. As natural capital markets proliferate, there are a growing number of low integrity providers that are willing to sell “hot air” units from interventions that are legally required and projects that have already been funded by public grants. In an attempt to curb this, the British Standards Institute (BSI) have been developing their [Nature Investment Standards Programme](#), to provide a set of minimum quality standards that carbon, biodiversity and nutrient markets will have to meet if they want to gain BSI’s kite mark. Although work on the carbon standard is currently on pause, publication of the biodiversity and nutrient standards is anticipated in March. Despite demand from consultation responses for inseting to be covered by the carbon standard, this has been scoped out, pending the UK Government’s response to their [Voluntary Carbon and Nature Market consultation](#), in which they have promoted high-level principles for inseting, developed by 3Keel. Also expected in the response to this consultation are measures to tackle greenwashing, to ensure companies only offset residual emissions. Although companies signed up to initiatives like the [Science-Based Targets initiative](#) (SBTi) are already required to demonstrate that they have done everything possible to reduce their emissions at source before investing in (a capped amount of) offsets, engagement with such initiatives is currently voluntary.

Nevertheless, corporate net-zero standards like SBTi shape what kinds of carbon units companies can use to make net zero claims, and their current categorisation of peatland carbon markets as avoided emissions alongside avoided deforestation credits, is a major barrier to private investment in peatland restoration. A number of high-profile responses to SBTi's latest consultation have argued for an exception to be made for peatland restoration as active abatement of a major ongoing human-caused CO₂ emission source that can be accurately measured and reported against counterfactual baselines. A paper is being prepared for submission to *Nature Climate Change*, arguing that "active abatement in drained organic soils" should be recognised as a new category, rather than forcing peatland outcomes into avoided-emissions categories.

In the meantime, the [Peatland Code](#) and [Woodland Carbon Code](#) are continuing their FIRNS funded [work to develop biodiversity units](#) for quantification and sale in "explicit bundles" with their carbon units. Their approach compares project sites with one or more reference sites using species abundance data, and the team are currently investigating options for building a reference-site database. It is not yet confirmed when methods will be available for peatland and woodland projects seeking to quantify and market biodiversity.

An alternative approach to investing in biodiversity across any land use or habitat is being developed by Scottish Government and NatureScot, who have now moved the Ecosystem Restoration Code (ERC) from discovery phase into design work, with more detail expected to be published soon. Unusually, the ERC plans to facilitate compliance markets to enable compliance with planning regulations alongside the issuance of units to voluntary markets. In parallel with this, NatureScot will be consulting on a working draft of their Scottish Planning Biodiversity Metric in mid-2026, with the metric expected to be fully available in 2027. These developments are part of a wider [plan to support investment in biodiversity and climate adaptation in Scotland](#) published this month, setting out practical actions to improve the flow of public, private and philanthropic finance into high integrity biodiversity outcomes.

Finally, it is worth being aware that the Land Reform (Scotland) Bill became an Act on 16 December 2025 and includes provisions linked to land management planning, community engagement requirements, and a model lease "for an environmental purpose". Similarly, the Natural Environment (Scotland) Bill has been passed by Parliament and is awaiting Royal Assent, with a stated focus on biodiversity targets. Together, these two laws reinforce the shift already underway in Scotland towards more place-based land use planning that integrates natural capital markets to deliver high-integrity outcomes for nature.

Does the UK have a secret pantry of resources for enabling a NC approach?

Diana Valero and Karolina Trdlicova

In 2020, DEFRA put together a toolkit of resources for enabling work with natural capital: the [‘Enabling Natural Capital Approach’](#) toolkit – also known as ENCA. This toolkit is a collection of resources (data, tools and guidance) to help public (and private) decision-makers to understand how to take into account evidence on the natural environment. From the perspective of policy development, ENCA is recommended for use by the UK Government’s Green Book (HM Treasury 2024) and represents supplementary guidance to it. The Green Book is self-described as “the UK government’s guidance on appraisal, the process of assessing the costs, benefits and risks of different options for achieving government objectives”.

As far as we know, no other European country has a dedicated policy toolkit that is similar to ENCA, despite natural capital being of interest across Europe, though there have been other initiatives such as the Netherland’s Natural Capital programme. This makes the UK amongst the forerunners in considering integration of NC in policy. ENCA is especially oriented to public sector analysts, though notes it can be relevant to many other users, so its different sections and tools might not all be relevant and useful for everyone. For example, sections 3.2 and Annex 1 of the Guidance and the ENCA Case Studies are intended for people interested in how ENCA can support policy priorities. However, ENCA is not a well-known resource for those working on policy development in Scotland. (This is highlighted our team’s recent paper: “Can natural capital help national-level policy-makers to embed sustainability considerations? Insights from Scotland” – see further resources in this newsletter for more details.)

As part of this project’s “Agrichats” study, we are exploring the integration of natural capital in agricultural policies in Scotland. As part of this project, we have been exploring the integration of natural capital in agricultural policies in Scotland. Last November we held a workshop with some staff in the Scottish Government involved in the development of the agricultural policy. None of its participants recalled having heard about ENCA before the workshop. So, during the meeting we shared some information about ENCA and participants had the opportunity to open up and explore the toolkit and look at some of its resources. While its complexity and comprehensiveness can be a bit off-putting at a first glance, participants perceived it as having potential.

ENCA, the mysterious pantry

In the workshop, ENCA was described as a big ‘pantry’ with many resources, including some illustrative recipes showcasing how others have used some of those ingredients to cook a NC infused recipe. Some of the ingredients in the pantry will be familiar for some users while others might be more exotic. In any case, ENCA is not a canonical cookbook or instructions manual – familiarity with its mix of resources is needed to select what is appropriate to support appraisal of a particular proposal or help to answer a question.

Using ENCA in Scotland

Participants in Agrichats noted that the ENCA resources “would be of real value” in cases where they have been used in agricultural or land-based policies. Still, it would be necessary to assess up to what point a resource could be successfully used in Scotland and the adaptations

Thus, it would be helpful to see more detail about how resources in the ENCA toolkit might have been used and adapted by others. This is not just about exploring the case studies included in ENCA, but – continuing with the pantry metaphor – to develop new case studies about how others have used and adapted resources from the ENCA pantry, to support their own tasks in policy development. Is the next step to develop recipes, to help other policy makers to know how to select and use ENCA pantry ingredients?

- [ENCA guidance](#): A detailed document that offers general information about the Natural Capital approach and the tools included in ENCA. It is a good starting point for getting an overview of ENCA. The Annex 1 includes a series of useful tables with shortcuts to identifying resources of interest for a range of topics.
- [Assessment template](#): A workbook designed to accompany section 3 of the guidance and intended to support policy-makers on considering links between policy goals and NC.
- [Services databook](#): A workbook that catalogues UK NC evidence categorised by type of ecosystem services and environmental impacts across 25 tabs, each one focused upon a specific type of service or impact.
- [Assets databook](#): A workbook that catalogues UK NC and environmental valuation data sources and studies. Information is organised in 8 tabs following the Broad Habitat categories used in the UK NC Accounts.
- [Featured tools](#): A website featuring selected NC or valuation tools developed by Defra and its agencies (11 tools in total in January 2026).
- [Case studies](#): A workbook offering a summary and links of cases that illustrate the application of different aspects of NC and valuation of ecosystem services in different contexts. It includes an Index tab that collates cases by spatial scale and aspect considered.

Text box 1. How resources are organised in ENCA, from <https://www.gov.uk/guidance/enabling-a-natural-capital-approach-enca>

We are planning to organise some knowledge transfer opportunities about a selection of ENCA resources in the near future. If anyone is interested in attending or, has any suggestions for a resource they would benefit from learning more about, please email Diana.Valero@Hutton.ac.uk or Karolina.Trdlicova@Hutton.ac.uk

What have we learned about why whisky companies get involved in nature-related initiatives?

Esther Carmen and Rebecca Gray



Photos: Glendronach distillery, taken by Esther Carmen.

There is growing interest across both policy and business communities in Natural Capital (NC) and increasing the uptake of Nature-based Solution (NbS) type interventions. These interventions protect and improve the natural environment to deliver social and economic value from business and for business.

We have therefore been studying the whisky sector's engagement with nature. We have been exploring what nature-based interventions are currently being pursued by whisky companies with production operations in Scotland, how they are carrying them out and why that specific intervention was chosen. One early insight from this study relates to the motivational pathways underpinning the involvement of whisky companies in nature-related initiatives. In total six different pathways have been identified (see table below).

Motivational pathway	Description
1. Policy and regulations	Businesses must be legally compliant
2. Corporate Responsibility	Businesses have a duty to demonstrate (i.e. report to stakeholders) a positive impact for communities and for nature.
3. Customer expectation	Key social groups that we want to buy our products expect goods that are linked to positive environmental impacts.
4. Competition and uniqueness	Differentiation from similar businesses and being innovative.
5. Business risk	Reduce risk to business from the environment (e.g. in context of climate change).
6. Ethical leadership	It is morally the right thing for businesses to create a positive social and ecological local impact.

Table 1: Motivation pathways for why businesses engage with nature, based on our data

While the types of motivations vary from company to company, multiple motivational pathways often underpin decisions within companies to actively support and/ or undertake NbS type interventions.

‘Policy and regulations’ (for example to comply with water abstraction licences) and ‘Corporate responsibility’ are well established pathways across the sector. ‘Customer expectation’ is orientated towards the role of sustainability concerns in purchasing decisions whereas ‘Competition and uniqueness’ motivation can guide decisions on the types of NbS interventions pursued by companies. ‘Business risk’ is also a factor shaping the type of interventions undertaken, linked to larger companies and their involvement in landscape scale NbS interventions. A key factor involved in the relevance of motivation is the geographical context of operations and type of nature-dependencies (for example source of water). ‘Ethical leadership’ is a pathway closely linked to recently established companies, many of which explicitly include sustainability as a core dimension of their business models, and to multiple small-scale interventions.

These findings in part reflect the heterogeneity of business models and geographical locations of whisky production within Scotland. These insights also suggest that within mainstreaming NbS efforts aimed at economic sectors there is need to explicitly consider different types of motivations and seek to strengthen those that directly guide more meaningful NbS activities for landscape scale outcomes.

We’ll be discussing and refining these ideas with whisky sector representatives later in 2026. We know that working with nature is a subject of interest to the sector, and is also, for example, reflected in conversations convened with the SWA, so we hope such discussions will provide a timely space for reflection and perhaps capacity-building to do more. It also interesting to speculate how these motivational pathways might be relevant do other sectors – do get in touch via Esther.Carmen@hutton.ac.uk if you are reading this and have ideas!

Events and resources

Here is our usual, slightly random, mix of events and publications that we are keeping an eye on and that might interest you too!

New reading material

- The [Ecosystems Knowledge Network \(EKN\) recently published a new review](#) of how nature markets are developing across the UK, in other words, how new partners and transactions are being made that affects our landscapes and nature. Their first review was launched in 2023, so this provides a timely insight as to what projects are being developed and what issues they encounter. It looks like are now a few more projects that have made progress “beyond the drawing board” but there are still barriers to scaling and replication, and difficulties in implementing projects that aim to balance multiple objectives (rather than just singular focus such as on carbon credits). To find out more, click [here](#)
- Closer to home, some of the work featured in earlier editions of this newsletter is now reflected in academic publications. You might remember our international review of where and how policy processes use natural capital ideas? That is now published in [Ecosystem Services: Martino et al \(2026\)](#). You might also recall our survey of Scottish government policy colleagues familiarity with natural capital: that is published in [Ecological Economics: Waylen et al \(2026\)](#). Check our [project website](#) to see other papers which derive from collaborations with other projects.

New resource

- Getting businesses more involved in recognising the value of nature for their operations is essential for getting nature-positive ways of ways ‘mainstreamed’ across society. To this end, The Institute of Chartered Accountants in England and Wales (ICAEW) has developed “[Embedding nature into business: A primer for finance teams](#)” to help organisations integrate nature considerations into their business planning. The primer promises a mix of practical tools, resources and insights. This has been developed as part of “A-Track”, a Horizon research project that is focused on the adoption and scaling of business models that support nature positive outcomes, and also provides other interesting outputs such as an analysis of barriers to scaling finance.

Upcoming events

- Looking forward, those interested in nature finance may be interested in the ‘[Climate Innovation Forum 2026](#)’ hosted in June in London’s Guildhall. Although this is linked to London Climate Action Week, it looks like the remit of discussions are relevant much more widely, covering everything from standards for metrics and disclosure, to how to connect work for net zero with nature restoration.
- On a slightly more academic note, the [Ecosystem Services Partnership \(ESP\)](#) have been a key forum where ideas of ecosystem services, natural capita, and also their use and governance have been conceived, developed and debated. The community meets every 2 years in Europe: this year, it is in Prague in May, and researchers in this and related projects plan to attend to share and explore how our insights connect with others’. If you are reading this and also planning to attend, let us know!



For more information contact Kerry.waylen@hutton.ac.uk or visit the project website <https://www.hutton.ac.uk/research/projects/galvanising-change-natural-capital>.

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