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Community Benefits from Investment in Natural Capital: A Discussion Paper

Introduction

John Muir Trust (JMT) welcomes the opportunity to respond to the Scottish Land Commission's timely discussion paper on '*Community Benefits from Investment in Natural Capital*'. Our overarching charitable purpose in Scotland is to conserve, protect and restore wild places for the benefit of all. The Trust works closely with local communities to secure that purpose. We are therefore keen to ensure that the growth in natural capital investment complements both our core purpose and delivers appropriate benefits for the communities where such investments are made.

Our response begins by considering definitional issues and the framing of the discussion. We then discuss issues of community capacity, governance and transparency. Finally, we consider the underpinning principles identified for delivering good practice and make the case for a compliance-based approach to complement the voluntary approach discussed in the paper.

Definitions and Framing

We consider the discussion paper's definition of 'community benefits' to be broadly appropriate. However, there are several issues relating to the definition that it would be helpful to address as the Commission's thinking regarding natural capital and community benefits continues to evolve.

The absence of a clear definition of 'natural capital' implies consensus as to its meaning and scope. In turn, that risks excessively narrowing the focus of natural capital to a limited set of functions which potentially disregard the full range of habitats and ecosystems inherent to the concept. We therefore suggest including some additional definitional text in that regard.

Closely related to the above, further clarity is required as to whether natural capital investment applies only to market-based income generating activities in this context. For example, John Muir Trust invests extensively in land and natural capital. These activities do not generate financial returns for the Trust. However, they do provide substantial local community benefits in many cases whilst contributing to the environmental sustainability of these places.

JMT is supportive of voluntary approaches in terms of delivering community benefits. However, we consider that framing the definitional focus solely on 'negotiated benefits' is overly restrictive. It implicitly assumes that community capacity functions at an optimal level to ensure that negotiations are undertaken fairly in ways that serve the interests of all participating parties. That is not necessarily the case in practice; a situation that can lead to skewed power dynamics during negotiations in favour of investors/developers/landowners at the expense of communities. We would therefore welcome reference to compliance-based approaches as appropriate in the definition. We elaborate on issues of capacity and compliance below.

Community Capacity, Governance and Transparency

The discussion paper makes only brief reference to community ownership as a way to secure community benefits. That is surprising given the model's proven success in that regard and the explicit focus in the Scottish Government's Interim Principles for Responsible Investment in Natural Capital on 'supporting diverse and productive land ownership'.

We consider there to be merit in exploring issues of land governance – encompassing different models of ownership (including community and hybrid ownership) and partnership working in relation to natural capital and community benefits. JMT has considerable experience in that regard which we would be pleased to share with the Commission.

It is essential that communities have the capacity to engage meaningfully with investors and landowners. However, there are considerable gaps in such community capacity at the local level. Evolving policy and practice in relation to community benefits should therefore ensure that communities have agency to make informed decisions in their interactions with investors and landowners as appropriate.

Closely related to the above, it is important that communities have appropriate governance structures to organise themselves, agree to benefits and manage the benefits for the longer-term. Good governance ought to ensure benefits (whether financial or otherwise) are managed in ways that are fair, transparent and accountable.

Underpinning Principles and a Compliance-Based Delivery Approach

We broadly agree with the principles outlined in the discussion paper identified as underpinning the delivery of good practice. We also agree with the focus on geographical communities of place as being the recipients of benefits arising from natural capital investments. Ideally, communities will have a clear vision for the sustainability their local places together with the capacity to ensure that investments from natural capital initiatives fully contribute to realising that vision. Such a community-led approach is important in ensuring that benefits from such investments are sustainable in the long term.

We note the discussion paper's point about scale of benefits needing to be commensurate with the scale of the project being invested in. JMT broadly agrees with that principle. However, we consider that there is merit in exploring whether larger-scale projects should be subject to a compliance-based approach which compels landowners to deliver community benefits, potentially from a range of alternative options depending on the circumstances. For example, such options might include mandatory financial contributions, releasing land for affordable housing or providing local employment in line with one or more of the five pillars of Community Wealth Building. Within that context, there should be scope to provide a clear standard for the delivery of community benefits that can simultaneously accommodate various compliance options.

There is scope to link such a compliance-based approach to the compulsory Land Management Plans being consulted on in relation to the forthcoming Land Reform Bill. There is also scope to make the receipt of public subsidies conditional on the delivery of community and environmental benefits linked to natural capital projects. Scale – in terms of size of landholding, project and value of return on investment – will be an important factor in relation to these issues.

In addition to the above, we would be interested in exploring what role Regional Land Use Partnerships such as NorthWest2045 might potentially play in helping to secure community benefits from natural capital investments. Similarly, we would be interested in exploring both the SLC's, and other stakeholders' potential roles in this policy area.

JMT would welcome the opportunity to discuss our submission and related issues in more detail with the Commission if that is of interest.

ENDS