

07 August 2025

The Rivers Trust response: Expanding the role of the private sector in nature recovery

The Rivers Trust is an environmental charity dedicated to achieving our vision of wild, healthy, natural rivers, valued by all. Healthy rivers are an essential part of our natural environment and support life across their catchment areas.

Unfortunately, like the rest of the natural world, our rivers are not in good shape, with no river stretches in England achieving good or high overall health status. A range of pressures are undermining river health, including a cocktail of sewage, agricultural, and chemical pollution, widespread over-abstraction, and physical modification. The evidence is clear that the poor state of our environment is causing biodiversity to plummet and climate change to hit harder, and it is also hurting our communities, and economy; flood resilience, housing and development, food production, public health and more, are all being adversely impacted.

In response, The Rivers Trust, along with our movement of 60+ member Rivers Trusts, has been delivering nature recovery projects and advocating for a systems-based approach to bring our river catchments back to life. [Our work](#) includes rewigging rivers, creating wetlands, planting trees, improving soils and removing invasive species. We have also embarked on projects that aim to transform our systems to support nature's recovery, for example the [Catchment Systems Thinking Cooperative](#) (CaSTCo) and the [Mainstreaming Nature-based Solutions](#) programme.

We have worked with diverse partners on these projects, including fellow environmental experts, community groups, public bodies, regulators and, of course, the private sector. We have engaged with water companies, major retailers, the data industry, insurers, and a plethora of local businesses. We have been at the forefront of using innovating financing models to blend funding streams, such as the [Wyre NFM project](#), and have acted as convenor between private and public sector funders and the land managers who deliver and host work on the ground.

Through this work, and our understanding of both the demand- and supply-side, The Rivers Trust has a keen understanding of the barriers and enablers to unlocking private sector engagement in nature recovery. Therefore, we welcome this opportunity to respond to Defra's call for evidence on "Expanding the role of the private sector in nature recovery".

Our key messages are:

- Nature recovery is critical to economic security and growth. Therefore, natural capital and natural resilience must be built into all sectors' planning and delivery processes, so that nature recovery is no longer treated as an add-on or nice-to-have. The Government must mandate this approach through its policy, e.g. by moving away from an

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overreliance on voluntary contributions towards compliance measures that support nature recovery.

- We need to be realistic about the proportion of public and private finance that will be available for nature recovery; mandatory measures will be needed to raise more significant private finance for nature recovery. There is a critical question around where revenue streams will come from; public funding will continue to play a key role and better coordination of public funds through improved catchment governance could unlock longer-term private finance.
- An integrated approach to nature recovery, that identifies and enables cross-sector, multi-benefit solutions, will be essential to driving improvement at pace and scale. All relevant sectors must be brought together for coordinated action, which is why The Rivers Trust urges the Government to implement the Water Commission's recommendation for regional water systems planning underpinned by well-resourced catchment planning. Strong catchment plans provide evidence-based business cases around which to attract investment.
- Firm but fair regulation and enforcement that is consistently applied across the board can open up dialogue and enable innovation between sectors. Regulators must be given proper resourcing and a clear remit that focuses on regulation, with planning and partnership responsibilities largely handed over to regional planning bodies and catchment partnerships.
- Barriers to delivery must be addressed to generate more investment-ready nature recovery projects; more outcomes-focused regulation, improved interoperability between ecosystem services schemes, and a greater mix of funding including for project development and long-term maintenance will be critical.
- Transparency is key to enabling private sector contribution to nature recovery. Businesses need to be more aware of their nature-related risks and there needs to be transparency around where nature recovery activity is already taking place, e.g. through geotagging publicly funded schemes. Additionally, we need a clearer evidence-base on the state of nature, which is why The Rivers Trust urges the Government to implement CaSTCo's [recommendations](#) for a unified catchment monitoring framework.

We have responded to the call for evidence questions below and would be happy to discuss any aspects of our response in more detail.

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Section 1: Policy principles

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

- Do you agree with each of the 4 objectives?
- Any further comments including other factors the government should consider?

The Rivers Trust largely agrees with the 4 objectives but would like to see recognition of the critical importance of “resilience” among the principles. Furthermore, we are aware that the Government is currently consulting on principles to shape work on alternative sources of funding for flood risk management (proposing viability, fairness, sustainability and efficiency) and so would strongly recommend that Defra aligns these two sets of principles which have similar aims and audiences to avoid complexity.

On economic growth:

Resilient natural systems underpin the economy – the water environment is critical to the function of all sectors and life itself. Given that all of England’s ecosystem assets are at high or medium-high risk [according to](#) Natural England, the importance of nature should be explicitly confirmed in the objective for economic growth.

We do not want the principle of economic growth used as a reason to downgrade ambition on the private sector’s degree of contribution to nature’s recovery. The evidence has shown that it is flawed, short-term thinking to suggest that saving business costs now will secure long-term success due to the impacts of the climate and nature crises. Therefore, to better reflect this holistic, long-term approach, The Rivers Trust would like this principle to be amended to be “sustainable economic growth”.

On business certainty:

The Rivers Trust has been consistently clear, drawing on our experience of working with the private sector across project delivery and our [Water Stewardship Service](#), that certainty is key to enable business planning and investment. So far, rapidly fluctuating Government policy for private nature finance has seriously undermined the development of nature markets and investor confidence, e.g. the nutrient neutrality market has faltered as a result of multiple shifts in Government approach, and the BNG market is currently in flux due to Government consultation on potentially highly disruptive policy changes. Not only does this lack of certainty adversely affect demand from investors/buyers, but it also erodes supply-side trust e.g. landowners/farmers are reluctant to engage without a clear sense of how it will impact their business in the future.

The Government must now show leadership and establish a clear direction of travel, e.g. by setting out a roadmap, with a timeline of key milestones/interim targets, to achieve their target of raising £500million of private investment in nature recovery every year by 2027, increasing to more than £1billion by 2030. To further support business support, the Government should strengthen existing nature markets, e.g. improving Biodiversity Net Gain by requiring registration of on-site gains and strengthening enforcement mechanisms as per Wildlife and Countryside Link [recommendations](#).

On innovation:

The Rivers Trust agrees that this area of policy needs an injection of innovation. Common barriers to innovation are:

- Short-term funding and finance cycles, which inhibit partnership working and place delivery risk on third sector partners;
- Regulatory and administrative inconsistency, complexity, and delay, which increase project costs and resourcing and sometimes render projects unviable;
- Lack of an outcomes-focused approach, which blocks the use of nature-based solutions that can deliver more for people and nature.

Recommendations from the Water Commission and Corry Review for a greater focus on outcomes, the use of constrained discretion by regulators, and greater autonomy for trusted delivery partners could be critical to enabling innovation.

Furthermore, the Government must provide clarity and guidance around the principle of additionality and the stacking of ecosystem services benefits. The lack of guidance in this area is limiting innovative financing models that seek to attract multiple sources of funding; this was a key barrier picked up in GFI's "Financing NFM" [report](#) and the Environment Audit Committee's [report](#) on "The role of natural capital in the green economy". In practice, the [Aire Resilience Company](#) project is currently unable to raise extra finance by selling biodiversity units as BNG alongside NFM delivery due to the interoperability of ecosystem services schemes.

Finally, innovation will continue to falter without strong, clear enforcement, that establishes a secure baseline which from which to enable dialogue and collaboration between sectors. The current lack of a clear baseline is resulting in missed opportunities for cross-sector solutions, e.g. water companies' use of Catchment Nutrient Balancing has been disallowed largely as a result of widespread noncompliance in the agricultural sector, which makes it hard for companies to avoid paying farmers to meet basic requirements. Firm but fair regulation across sectors will require confident, well-resourced regulators, with consistent Government backing.

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On fair and proportionate burden-sharing:

The Rivers Trust agrees that we need greater clarity around the nature impacts and dependencies of different sectors in order to establish “fair-share” contributions to nature recovery. The Government must establish strategic direction and clear expectations in this area by developing national nature-positive pathways for each sector, as [recommended](#) by the WWF and Aviva. The Government has a perfect opportunity to set its intention to develop these pathways as part of its refresh of the Environmental Improvement Plan.

Public funding will continue to be critically important, especially for making early investments that develop the market and bolster the case for further investment; the Government will continue to have a key role to play in taking on some of the risk around financing nature recovery. However, as it stands, the private sector is able to make use of natural capital benefits and then pass the majority of costs onto the public sector – and the taxpayer – to pay for restoration. This is fundamentally unfair.

Therefore, the Government must move from an over-reliance on voluntary contributions towards compliance markets that drive whole-sector contributions. There is a growing consensus that compliance requirements will be necessary to deliver required levels of nature restoration; this is particularly important for high-impact sectors, e.g. agriculture, which is highly dependent on, but also has significant impact on, natural systems. In this sector, a “fair-share” approach must mandate contributions from the supermarkets, food manufacturers, and multinational food companies that derive huge profits.

To enable fair and proportionate burden-sharing, Government must increase transparency around the degree of nature dependencies across sectors, for example by making Taskforce for Nature related Financial Disclosures (TNFD) reporting mandatory. The Rivers Trust is clear that transparency is key, and there is an urgent need for more information, more readily accessible, to inform and drive greater private sector engagement. We urge the Government to implement [recommendations](#) from the Catchment Systems Thinking Cooperative (CaSTCo) project for a unified framework for catchment monitoring of our water environment. Additionally, The Rivers Trust suggests that public funding be geotagged and mapped so that all stakeholders can see where action has been taken.

Resilience:

The Rivers Trust would like to see the principle of resilience embedded in Defra’s approach, explicitly recognising the interdependence of the economy and business security with nature. The importance of resilience is a recurring theme that comes up in The Rivers Trust's engagement with the private sector, for example with our water stewardship partners, therefore it should be embedded in Defra’s approach.

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Resilient businesses and economy are dependent on resilient natural systems, especially in the face of a rapidly changing climate and geopolitical volatility. We are already seeing the adverse effects that nature degradation has on human activity; pressure on our water resources is halting housing development in areas like Cambridge and impacting food production, more frequent extreme flooding is devastating food production and farm businesses, and poor soil health was [calculated](#) to cost £1.2 billion each year based on 2010 figures.

In this context, we must move away from treating nature recovery and nature-based solutions as standalone issues/projects. Instead, they must be built into the planning and delivery of infrastructure, housing, industrial development, etc., as a core consideration, recognising the natural resource requirements and impacts of new development. Embedding a principle of resilience into this work would help leverage increased private investment because it reframes the economic value of nature recovery and nature-based solutions beyond just nature markets; risk mitigation and resilience also act as a critical investment driver.

For example, [Nature North](#) has found that infrastructure companies are increasingly interested in investing in nature's recovery to mitigate and reduce climate risks to infrastructure assets. This is part of an approach that considers the role of nature in the design and continued maintenance of infrastructure, rather than something separate or additional to infrastructure. Green Northern Connections is enabling collaboration for nature recovery and infrastructure resilience, demonstrating just how impactful resilience as a driver can be.

A principle of resilience should also help incentivise more long-term policy- and decision-making, reinforcing other proposed principles of economic growth and business certainty.

Multifunctionality:

The Rivers Trust would also like to see the principle of multifunctionality included. This would create much-needed join-up between these principles and those proposed for the Land Use Framework and as part of Defra's approach to attracting alternative funding for flood risk management.

The Rivers Trust advocates for policy design that enables multi-benefit solutions. We do not have the time, money, or land availability to tackle issues one-by-one; the mounting pressures caused by the climate and biodiversity crises require us to take a systems-based approach. A principle of multifunctionality would ensure that policy- and decision-makers explicitly consider opportunities to deliver and value multiple benefits and thereby unlock a wider array of funding streams.

To underpin this multifunctional approach, rules around the stacking and bundling of ecosystem services must be clarified.

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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 benefits of policy action to increase private sector investment in nature:

- Protecting our natural capital that underpins economic security and growth; the Dasgupta Review, commissioned the UK Treasury, [clearly found](#) that our economies, livelihoods and well-being depend on nature, but that we “have collectively failed to engage with Nature sustainably, to the extent that our demands far exceed its capacity to supply us with the goods and services we all rely on.” The report set out that, between 1992 and 2014, the stock of natural capital per person declined by nearly 40%. Reinforcing these findings, recent [research](#) from the Green Finance Institute shows that nature loss could result in a 12% loss to the UK’s GDP by the 2030s.
- Addressing the nature finance gap: the Green Finance Institute [estimates](#) that there is a gap of at least £56 billion in the public funding required to meet nature-related targets in the next 10 years, therefore the UK needs to harness private capital to tackle the climate and nature crises.
- Addressing weaknesses in voluntary markets that are not achieving investment at pace and scale required: relying on voluntary efforts, CSR and philanthropy is not sufficient to fund nature recovery at scale needed, and raising voluntary private sector finance is resource-intensive and uncertain. During its development phase, the [Resilient Glenderamackin](#) Landscape Recovery project sought private finance from businesses (local, regional and national), however businesses felt they did not have budget as nature investment is not BAU.
- Meeting public expectations that the private sector invests in nature: the public wants companies to invest in nature, as evidenced in various reports published by companies and reflected in company planning/strategies that are increasingly ranking environmental outcomes as high priority. For example, an Ofwat/CCW [survey](#) of water customer perceptions found that environmental concerns ranked very highly and a further CCW survey found that customers are willing to pay more in their water bills for nature-based solutions if it is clear how money is spent and what benefits are delivered. In general, public concern for nature is [increasing](#) across the world and, according to 2023 figures, 39% of people in England were “highly engaged” with the issue of [biodiversity loss](#).
- Building nature investment into all sectors and establishing frameworks to bring the planning and funding pots together: if implemented with ambition, the Water

Commission's recommendation for regional water systems planning underpinned by properly resourced [Catchment Based Approach](#) (CaBA) Catchment Partnerships would enable the development and delivery of multi-benefit and scaled-up solutions that secure better outcomes for businesses, communities, and nature.

The policy actions that are most effective and efficient at increasing private sector investment in nature:

Specifying and mandating action, to go beyond voluntary behaviours, standards and expectations:

There is a growing consensus that compliance requirements will be necessary to deliver required levels of nature restoration; the Environmental Audit Committee's [report](#) on "The role of natural capital in the green economy" concluded that "the necessary level of demand to achieve Government targets cannot be delivered through voluntary schemes alone ... Demand can be generated by compliance requirements and regulatory obligations where companies are required by law to deliver environmental improvements." This is particularly important for high-impact sectors, e.g. food supply chain, which is highly dependent on, but also has significant impact on, natural systems. This whole-sector approach is also important for sectors such as insurance, which are particularly impacted by the "free-rider" principle that disincentivises individual action, and therefore require collective routes to action.

Mandatory BNG policy and nutrient neutrality rules, which require developers to go beyond compensation to deliver biodiversity gains and compensate for nutrient pollution respectively, have created the demand for BNG and nutrient mitigation credits which otherwise would not exist. Whilst there have been shortcomings in implementation, the policies demonstrate that mandatory private sector contributions to nature recovery can drive uptake. Biodiversity Units UK has [estimated](#) that the Biodiversity Net Gain market could create a potential £3 billion pot for nature restoration by 2035. Rather than consulting on potential weakening of BNG policy, the Government should be strengthening this scheme to deliver more for nature, as [recommended](#) by Wildlife and Countryside Link.

An area in which the Government could act, but has so far stalled, is implementing Schedule 3 of the Flood and Water Management Act 2010 to mandate that all new development must implement sustainable drainage systems. This would ensure that developers pay for measures to reduce surface water flood risk and increase green-and-blue natural space amongst new communities. This policy action has gained wide support from diverse sectors, including the previous [government administration](#), and is recommended by the Water Commission, so should be high up on the Government's agenda to address developers' nature-related risks.

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Mandatory contributions help bake natural capital into core business planning, reflecting the fact that the private sector is dependent on, and yet also has profound adverse impacts on, nature and natural systems.

Mainstreaming nature-based solutions

Nature-based solutions (NbS), such as wetland creation, sustainable drainage, soil restoration, and green roofs, have a key role to play in delivering environmental and nature recovery outcomes alongside specific ecosystem services such as increasing flood and drought resilience, improving water quality, providing social value through nature access, and much more. These solutions should be more widely integrated across sectors and alongside traditional, engineered solutions, to ensure that nature recovery is embedded in core business planning.

However, systemic barriers currently impede the wider uptake and use of NbS in all sectors, preventing them from realising their full benefits for the environment, society, and economy. The Rivers Trust Movement has been delivering these solutions and adding to the evidence base on their efficacy for many years and is now involved in the cross-sector [Mainstreaming Nature-based Solutions](#) (MNbS) programme, which aims to develop tried and tested recommendations to scale-up adoption of NbS. We refer Defra to MNbS's response to this call for evidence, which makes recommendations for how to remove barriers to the uptake of NbS to help boost nature recovery.

Changes to national, strategic direction on NbS, regulatory approaches to NbS, and the means of valuing and monitoring NbS are required to mainstream their use and harness their wide-ranging benefits for people and nature.

Clarifying rules on additionality and stacking of ecosystem services benefits:

The lack of clarity around the rules of additionality and stacking of ecosystem services benefits is limiting innovative financing models that attract multi-sector private, and blended, finance. This was a key barrier picked up in GFI's "Financing NFM" [report](#) and the Environment Audit Committee's [report](#) on "The role of natural capital in the green economy". The Aire Resilience Company project has experienced this issue directly, as it is currently unable to raise extra finance by selling biodiversity units as BNG alongside NFM delivery. The Government must clarify these rules and improve interoperability to unblock private sector investment in nature.

Bringing sectors together around a clear plan for investment:

Our current approach to restoring nature is piecemeal, on an issue-by-issue, sector-by-sector basis, which is inefficient and ineffective, and results in many small-scale projects that cannot attract larger investors. The Rivers Trust's [proposal](#) for an integrated catchment governance framework, which has been taken on board by the Water Commission in their recommendation

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for water systems planning, is key to aggregating cross-sector funding schemes around a pipeline of investible projects at sufficient scale to attract more significant private finance.

Furthermore, this regional-scale coordination must be underpinned by well-resourced Catchment Partnerships that can produce evidence-based Catchment Plans. These Plans provide ready-made, viable business cases through which private finance can be attracted and targeted. The efficacy of this approach is well-evidenced; for over a decade, Catchment Partnerships have leveraged investment from a diverse range of non-government sources, consistently multiplying their very limited core funds from Government (£7.5k to £15k per annum per partnership) by a factor of 3, on average.

The Government must implement the Water Commission's recommendations for water systems planning to bring sectors together around clear, evidence-based plans for investment. There is a clear opportunity to formally link this framework to the wider devolution agenda so that nature recovery is at the heart of Strategic Authorities' local planning for transport, local infrastructure, housing, regeneration. We have already seen how impactful regional collaboration involving devolved authorities can be, e.g. [Greater Manchester Integrated Water Management Plan](#).

Finally, this systems planning must be plugged into a Land Use Framework, which guides the use of land in England for nature recovery alongside other uses. The Environmental Audit Committee highlighted this in their [report](#).

Establishing a clear and consistent regulatory baseline:

Firm but fair regulation that establishes a clear baseline across all sectors is essential to build trust across sectors and enables open dialogue towards innovation and collaboration. The lack of a clear baseline at present is resulting in missed opportunities for cross-sector, multi-benefit solutions. For example, widespread non-compliance with the Farming Rules for Water causes problems for organisations, such as water companies, wanting to fund farmers to deliver real environmental improvements because it is hard to avoid paying them simply to meet basic requirements.

Firm but fair regulation across sectors will require confident, well-resourced regulators, with strong, consistent backing from Government. As part of anticipated reforms to the regulatory landscape, stemming from Water Commission recommendations, the Government must ensure regulators are given clear remits focused on regulation, with responsibilities for planning and partnership delivery sitting with new regional water systems planners and catchment partnerships.

Increasing transparency, evidence, and monitoring to support market integrity:

The Rivers Trust strongly advocates for the power of increasing transparency and strengthening monitoring to drive engagement and improve outcomes. We urge the Government to implement

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comprehensive catchment monitoring to ensure that we have a full understanding of the pressures on our water environment; the Government should build on CaSTCo's [recommendations](#).

At the moment, many businesses are not aware of their nature dependencies and risks, which results in missed opportunities to drive investment/action for nature. Greater awareness in the private sector could be achieved through mandating Taskforce on Nature Related Financial Disclosures reporting. [According](#) to The Aldersgate Group, the UK has the second highest number of companies using the TNFD; the UK Government should be working with this enthusiasm.

Finally, the private market is severely constrained by the lack of digital data relating to existing or planned public sector schemes or priorities. This makes it difficult for the market to know where there are gaps or where there is a risk of double-funding. The [NFM Hub](#) in CaBA tracks NFM assets so that project/asset managers can track, monitor and maintain their interventions, but this is only a sliver of the types of schemes being delivered by public and private funding across the country. Defra must start geotagging the projects delivered through public funding to build a clearer picture of current nature recovery investment.

Addressing supply-side barriers:

Barriers affecting the supply-side of nature recovery efforts, including land managers and environmental organisations like Rivers Trusts, are resulting in fewer investment-ready and viable projects on offer. Recurring barriers including short-term and opaque funding cycles, regulatory and administrative complexity and a general lack of funding for project development and maintenance. These barriers heap financial and reputational risk on land managers and environmental charities, which is inappropriate.

Government policy must address these barriers to enable greater supply of nature recovery projects. Key enablers include:

- Ensuring timelines are appropriate for project development and delivery; at the moment, tight timelines around schemes, such as the water sector's WINEP, prevent delivery partners from engaging in the project development and optioneering processes. Meanwhile, onerous and lengthy administrative processes can create unreasonable delivery constraints that heap risk on delivery partners, e.g. Water Environment Investment Fund can give NGOs as little as 2 months to deliver annual programmes of work.
- Streamlining regulatory and planning processes; standardised approaches and templates for nature recovery projects, consistent guidance and adequate resourcing for the planning sector, and more outcomes-focused regulation should help reduce the time and costs related to project delivery, which can render projects unviable. The

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Government should consider how Water Commission and Corry Review recommendations regarding constrained discretion for regulators and the role of trusted delivery partners could help.

- Project development must be resourced to create investment-ready opportunities: at present, models are often bespoke and co-developed with funders, buyers and beneficiaries, which adds to time and difficulty. It is essential that funding is available to support land managers, eNGOs, and other delivery partners develop these propositions. The Government has a key role to play in providing targeted support for project development, e.g. as demonstrated by the NEIRF scheme which stimulated a lot of funding for a variety of projects, including the [Wyre NFM](#) project.
- Building maintenance costs into future funding schemes; nature-based and nature recovery projects require long-term management and maintenance. Public funding is likely to continue to play a critical role here in providing long-term funding, e.g. through agri-environment schemes, but improved governance and stewardship frameworks, with defined roles, budget commitments and performance targets, should also enable greater join-up and contribution from private sources. Building natural capital and resilience into wider planning and development frameworks should also unlock longer-term funding streams.

The risks of policy action to increase private sector investment in nature:

- A risk that unrealistic expectations will be set around the amount of private sector finance that is/will be available to address the existential issue of nature degradation. Voluntary contributions from the private sector will certainly not be sufficient to fill the nature finance gap.
- A significant risk stems from the narrative that investment in nature can come from debt-based financial models. This extractive model will require dividend payments, which will ultimately reduce the overall funding available for delivering nature recovery outcomes.
- A risk that policy action may be perceived as introducing more bureaucracy, more rules and administrative tasks for businesses to resource in time and expertise. However, we must clear that investment in nature recovery is not a “nice-to-have”, but is essential to long-term business security and success. It is essential that the private sector contributes, as beneficiaries of the long-term benefits of nature recovery and resilience.
- A risk that policy action will be perceived as enabling greenwashing must be proactively addressed by ensuring that private finance is adequately transparent, monitored, and reported on.

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Section 2: Outcome- and sector-specific examples and questions

Outcome 1: Clean and plentiful water

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

The Rivers Trust is clear that we must take cross-sector approach that recognises all the impacts and dependencies on the water environment. Currently, attention and policy-making is disproportionately focused on the water industry, but to significantly improve the water environment we must look to other responsible sectors. As set out in The Rivers Trust's [State of Our Rivers Report 2024](#), 54% of river stretches failed because of activities attributed to the water industry, 62% of river stretches failed because of activities attributed to agriculture & rural land management, and 26% of river stretches failed because of activities attributed to the urban and transport sector.

Sectors have impacts on the water environment either directly, by abstracting and using water or by causing pollution through run-off or point-source discharges, and indirectly, by producing polluting substances that eventually end up in our waterways or by compacting our soils so that more is washed into waterways and less water can infiltrate to refill our groundwater supplies.

Sectors that should contribute include:

- Agriculture and the food and drink supply chain;
- The water industry;
- Housing and urban development;
- Transport infrastructure, e.g. road and rail;
- Energy sector;
- Data industry;
- Chemicals and pharmaceuticals manufacturers;
- Fishing and aquaculture sector;
- Financial sector, interlinked with and relies on all the services above.

Sectors where some businesses already do contribute should be formally involved in catchment-based water management. For example, some businesses choose to engage with Volumetric Water Benefit Accounting (VWBA), which is a voluntary nature market where companies can offset their water impacts by contributing to projects that replenish water in the relevant catchments. Where this interest already exists, e.g. among drink manufacturers, major retailers, and web services providers, it signals that other members of the same sector/industry should be contributing as there are quantifiable risks and benefits to their business.

The water environment is a complex, interconnected system, so it is not effective or efficient to take a siloed approach that separates water quality from water quantity, or flood from drought,

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etc. It is all deeply connected, which is why The Rivers Trust has strongly advocated for a systems-based approach to managing the water environment, involving both catchment-based planning and regional governance. We welcome the Water Commission's recognition of the need for systems planning and we urge the Government to implement this with ambition, so that key issues such as flooding are also integrated. We are also clear that this systems planning must be linked up to the devolutionary agenda e.g. by formally linking regional water systems planning with Strategic Authorities to ensure water management is factored into planning for housing, transport, other infrastructure.

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?

See RT's [proposal](#) for an integrated catchment governance framework, as submitted to the Independent Water Commission, for the full details of what we have experienced to be the key barriers and see to be the key actions on private sector investment in the water environment.

Barrier: no integrated plan for the management of water and land

There is no integrated plan for the management of water and land and no reliable, long-term public investment in our natural capital. As a result, there is no clear pipeline of investible projects around which to aggregate and target private sector investment.

Additionally, there is a serious imbalance of responsibility between different sectors; the Water Industry Natural Environment Programme (WINEP) drives water industry investment in environmental outcomes but there is no equivalent programme for other sectors. River Basin Management Plans (RBMPs), which should be driving improvement measures across sectors are not achieving this in reality due to [implementation issues](#).

There is also an imbalance of policy attention between different pressures on the water environment. The impact of Combined Sewer Overflows has attracted significant public and political attention in recent years, but is by no means the only, or even the most significant, pressure on the health of our water environment. The issue of water use by the private sector deserves greater policy attention e.g. the use of Large User Tariffs, or 'bulk tariffs', in the water industry - whereby non-household water users such as large businesses can be charged *less* for water the more that they use it – arguably actively *disincentivises* the sector from investing in beneficial water outcomes.

Action required: the Government must establish an integrated catchment governance framework

The Government must make a virtue of regional planning, catchment planning and trusted delivery partners to deliver better and broader outcomes at pace and scale to achieve the

transformation of our natural environment. The Government must implement the Water Commission's recommendation for regional water systems planning underpinned by properly resourced catchment partnerships: this will bring sectors together to plan, fund, and deliver for nature, people, and the economy.

It is critical as part of this governance framework that the Government sets out robust national targets with clear delivery pathways, to drive meaningful progress towards reviving our water environment and enabling collaboration across sectors.

Barrier: regulation that is disjointed, inconsistent, and not outcomes-focused

Regulation and enforcement are disjointed and inconsistent, which adversely impacts delivery of environmental projects and can damage stakeholder trust. For example, the WINEP timeline for developing plans is extremely tight, and regulatory guidance is often issued late/tends to change. This makes the process opaque and means opportunities for collaboration and innovation are often missed. Additionally, regulators are highly risk-averse, which results in missed opportunities to use innovative approaches e.g. catchment- and nature-based solutions.

Finally, regulatory approaches are not applied consistently across sectors, undermining trust between stakeholders and preventing collaborative solutions. The Government's direction for the Environment Agency to rely on advice rather than enforcement of the Farming Rules for Water, has led to widespread non-compliance; a recent, long-overdue uptick in Environment Agency inspections [found](#) 40% of farms to be in breach. This widespread non-compliance causes problems for organisations, such as water companies, wanting to fund farmers to deliver real environmental improvements because it is hard to avoid paying them to meet basic requirements.

Action required: a firm but fair approach to regulation that focuses on outcomes

The Rivers Trust is clear that we need a firm but fair approach to regulation, applied consistently across sectors by regulators with clear remits and a greater focus on outcomes. This will require consistent direction from the Government, supported by appropriate funding.

We welcome the Water Commission's recommendations around breaking down barriers to nature-based solutions, giving regulators constrained discretion in key areas, and reforming towards more outcomes-focused regulation. We urge the Government to draw on recommendations from the [Mainstreaming Nature-Based Solutions](#) programme, which is developing tried and tested enablers for NbS and should inform reform in this area.

The Rivers Trust has also been clear that the Government must clarify and strengthen regulators' roles, so that they are focused on regulation, and away from competing responsibilities around partnership working. Regional water systems planners and catchment partnerships should take on responsibility for planning and delivery, and we urge the

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Government to formally embed the role of NGOs and independents as “honest brokers” that are best placed to provide advice and drive collaborative delivery.

Barrier: lack of clarity around additionality rules and stacking of ecosystem services

There is a lack of clarity around the interoperability of nature funding schemes and the ability to stack payments for ecosystem services, which is a barrier to attracting private sector buyers and developing viable multi-benefit projects. This was a key barrier picked up in GFI’s “Financing NFM” report and has been directly experienced by the Aire Resilience Company, which cannot raise extra finance by selling biodiversity units as BNG alongside NFM delivery.

Action required: rules and guidance around additionality and stacking

The Government must clarify how public funding schemes and private markets for ecosystem services can be stacked and bundled. This must include clear guidance around how to evidence additionality in a way that is not disproportionate to project costs. The Rivers Trust strongly encourages the Government to use case studies to illustrate how projects have combined schemes e.g. draw on learnings from Defra’s Landscape Recovery projects.

Barrier: lack of awareness of nature-related risks and opportunities

The private market is severely constrained by the lack of digital data relating to existing or planned public sector schemes or priorities. This makes it difficult for the market to know where there are gaps or where there is a risk of double-funding. The NFM Hub in CaBA tracks NFM assets so that project/asset managers can track, monitor and maintain their interventions, but this is only a sliver of the types of schemes being delivered by public and private funding across the country.

Additionally, there is a lack of understanding among businesses of their nature dependencies, including dependencies on the water environment. The EA has produced [findings](#) on the critical nature dependencies for low carbon industries in the Humber and Tees to help inform businesses of the risks. If this awareness was more widespread, businesses may take greater account of the need to address nature-related risks.

Action required: increased transparency and monitoring that is widely accessible

The Rivers Trust is clear that we need a unified catchment monitoring and integrated data sharing framework that brings together data from a variety of sources, including citizen science, to build a comprehensive picture of our water environment and target effective improvements for rivers and nature. We strongly urge the Government to implement [recommendations](#) from the CaSTCo project to ensure we have the data to drive the right interventions in the right places.

Additionally, to increase transparency for all stakeholders, Defra should geotag all public sector-funded projects and support the uptake of a publicly accessible database of nature-based solutions to ensure all stakeholders can see where action has been taken or is planned. The NFM Hub is an example of this approach, with 6,000+ NFM interventions already recorded.

Q5. What activities by water companies that support nature recovery have potential to attract additional private-sector investment?

As the water sector is continuing to increase its uptake of nature-based solutions, as a result of statutory and regulatory drivers, there are increasing opportunities for additional private sector investment to contribute to nature recovery. Nature-based solutions deliver broad benefits alongside their primary objective e.g. water quality improvement, water resources management, flood risk management, biodiversity increase, enabling access to nature, and more. Other private sector players should be brought along to pay for these other benefits.

The water industry WINEP is a huge amount of investment, funding a huge number of projects; there is significant potential to align WINEP plans with other sources of investment to maximise impact. However, timelines for WINEP development are currently too tight and the process too opaque/changeable to enable partners to engage effectively. Additionally, the recent approach taken by the Environment Agency to Catchment Nutrient Balancing has knocked the confidence of both investors and farmers. Give more flexibility in terms of planning horizons and processes, namely by making them longer and clearer, and more pragmatism around risk management, significant amounts of private sector investment could be drawn into the WINEP programme.

Additionally, The Rivers Trust has found that water company involvement in catchment-scale nature recovery projects, including Landscape Recovery projects, can give these schemes a stronger financial case to attract other private sector investment. This is a critical role that water companies can play in enabling nature recovery at pace and scale.

As set out in our answer to Question 4, this will require shifts in regulatory approach and governance framework, to ensure that collaborative, nature-based options do not continue to be impeded/blocked. Additionally, to ensure the full range of benefits delivered by nature-based solutions are accounted for and marketed to potential additional funders, The Rivers Trust urges the Government to adopt the Common Value Framework being developed and tested by the [Mainstreaming Nature-based Solutions](#) programme. This Framework ensures that all benefits are accounted for as part of cost-benefit assessments.

Q6. What should our priorities be when assessing the benefits of environmental enhancement measures proposed by the water sector?

Measures must be assessed on their contribution to our national nature and environmental targets, including under the Environment Act 2021 and Water Framework Directive. It is critical that an outcomes-focused approach is taken to assessing benefits e.g. not simply tracking how

many CSO spills avoided, but rather looking at WFD “Reasons for not achieving good status” RNAGS addressed.

To ensure that measures are not being developed in siloes and disconnected from ecological context, benefits should be measured in terms of alignment to relevant local plans, namely Catchment Plans and Local Nature Recovery Strategies. Following the Lawton Principles of bigger, better, and more joined up, it is essential that measures are linking up to other schemes and projects. This reflects policy principles underpinning Biodiversity Net Gain, for example, whereby gains attract a multiplier effect where they are linked to LNRS priorities.

Additionally, enhancement measures should be assessed on whether they contribute to net gains, rather than simply compensating/offsetting harm. This is critical if we are to achieve our nature recovery goals.

Q7. How can the water sector ensure that opportunities to deliver multiple benefits are considered from the start of investment planning and decision-making?

- Implement a Common Value Framework: Current regulatory approaches take a narrow view of cost-benefit analysis, that does not adequately reflect the many benefits provided by nature-based solutions. The Rivers Trust advocates for the adoption of a Common Value Framework, as being developed and tested by the [Mainstreaming Nature-based Solutions](#) programme, which takes account of the full range of benefits provided by projects. This would ensure broader benefits are factored into project development and decision-making from the earliest stages.
- Increased flexibility in planning horizons: Current business planning process makes it hard for water companies and potential partners to develop collaborative projects e.g. the timeline for developing WINEP plans is extremely tight, and regulatory guidance is often issued late/tends to change during plan development, which makes it incredibly difficult for stakeholders to engage. Given the size of the latest WINEP, this is a significant missed opportunity to join up huge amounts of funding with potential partner organisations to ensure best value. Just £3.3bn of water company investment between 2025-2030 is earmarked for nature-based solutions, which have the strongest potential for delivering multiple objectives, with multiple funders, thereby yielding greatest benefit to the water environment at lowest cost.
- Catchment Plan as a ready-made business case: A key enabler for planning for and investing in multiple benefit solutions is a mutually-agreed and owned Catchment Plan, which has a formal role as part of the wider water systems management framework. Given proper resourcing and mandating, CaBA Catchment Partnerships can produce high-quality, consistent Catchment Plans that identify a pipeline of projects that can be delivered over the long-term by a range of partners and funders. This is critical to

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unlocking investment and collaboration, and helping reduce some of the current friction and transaction costs incurred through piecemeal project development and delivery.

- Water companies to budget for asset resilience: Water companies should be expected to budget for asset resilience e.g. by holding a percentage of profit to invest into improving the resilience of the natural environment to withstand climate change impacts. This could help unlock investment in natural flood management schemes.

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?

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

Both the Woodland Carbon Code and the Peatland Code are cumbersome mechanisms, incurring high transaction and verification costs. Additionally, these Codes do not align with international standards, which causes unnecessary uncertainty and complexity. Finally, decisions to buy carbon through the WCC and the PC are dependent on company leadership support, but this can be quickly undermined by changes in personnel, global events, political discourse/narrative. The voluntary nature of these markets means it is easy for businesses to avoid participation.

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

As it stands, the transaction and verification costs involved in the Woodland Carbon Code render it financially unviable for any woodland that is smaller in size, e.g. less than 5 hectares. This is severely curtailing the amount of high-quality woodland carbon credits that can be created, e.g. along rivers.

Therefore, to enable coordination and aggregation of smaller units, third parties such as eNGOs must be enabled to act as facilitators and convenors e.g. through Community Interest Companies or farm cluster groups. This could significantly increase the amount of tree planting and unlock private investment.

Critically, rules around measuring additionality and the ability to stack funding schemes must be clarified; current uncertainty disincentivises blended financing and acts as a barrier to land manager uptake.

Q12. How could businesses which emit greenhouse gases or have negative impacts on biodiversity be further incentivised to fund or buy nature-based carbon reductions and removals, in line with the polluter pays principle?

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Carbon emissions reporting should be linked with a requirement for companies to fund nature-based carbon reductions and removals, in line with the polluter pays. Reporting on carbon emissions became mandatory for some UK companies following the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and has since been extended. Whilst reporting helps a business understand its contribution to climate change, on its own, it does not initiate action. That depends on whether investors are paying attention, how much importance consumers place on a company's carbon footprint, and the leadership that exists within the company. To drive this action, the Government could update the Companies Act 2006 with a requirement that companies fund nature-based carbon reductions.

Introducing tax breaks for companies that fund nature-based carbon reductions could also help. A report on 'Beyond Value Chain Mitigation' (BVCM) states 'Respondents to the BVCM public consultation ranked tax incentives as the top potential incentive mechanism for driving investment into BVCM. In particular, financial institutions ranked this highly. Corporate engagement survey respondents highlighted tax incentives as the third most significant factor to incentivize (i) companies to start purchasing and retiring carbon credits; and (ii) companies already financing BVCM through non-credit based mechanisms to make further investments. Tax incentives were deemed the sixth most significant factor to incentivize companies not yet financing BVCM through non-credit based mechanisms to start doing so.'

Outcomes 3: Access to nature

Q16. What are the benefits, and barriers, to businesses investing in actions which help to contribute to 30by30?

Benefits:

- 30by30 aims to create more healthy and well-functioning natural systems which is critical to underpinning business function and supply chains, sustainability, and resilience to climate change.
- Necessary to meeting public expectations that the private sector is investment in nature/activities that matter to them.

Barriers:

- No clear national strategy/plan from Government to achieve 30by30, including no clear plan for how ELMs and LNRSs will contribute to this overall target, and equally no regional or local break down which would enable businesses to target investment. It is absolutely essential that the Government produces a clear strategy to achieve this ambitious goal and ensure that this land use type is accounted for in the Land Use Framework so that it can be strategically balanced amongst other land uses.
- Connected to the above, there is currently no simple or coherent call to action that meets the needs of both the environment and business resilience. This why The Rivers Trust, along with the National Trust, Woodland Trust, and Beaver Trust, have launched

the Making Space for Water campaign, which advocates for a national network of interconnected and nature-rich river corridors. This vision would contribute towards meeting our 30by30 target, help us achieve our apex species abundance target through increasing habitat availability and connectivity, and deliver benefits to businesses including flood and drought resilience. The Rivers Trust strongly urges Defra to take on this vision, including funding farmers/landowners to make it a reality, as this would galvanise public and private sector action around a clear, positive call to action.

- Shifts in national policy are undermining confidence in nature markets, which continue to be one of the key delivery mechanisms for 30by30 e.g. the Government's recent consultation on BNG has raised serious alarm by proposing to exempt all minor development from the need to provide biodiversity gain and proposing to weaken rules applying to protected sites and species.
- Innovative nature market mechanisms, such as NEIRF and Landscape Recovery, are welcome but have created a culture of competition, with many actors seeking commercial advantage as opposed to collaboration. With limited funds available for project development and a limited number of potential buyers, The Rivers Trust suggests that this approach needs revision, so that those delivering greatest public good are prioritised.
- Gaps in data around the state of our natural environment, even our protected sites and species, is resulting in a poor understanding of where we stand and where investment can make a difference. The Rivers Trust is clear that we need comprehensive monitoring to establish a clear evidence base from which to target action. We urge the Government to implement the CaSTCo project's recommendations for a unified catchment monitoring and integrated data sharing framework that brings together data from a variety of sources, including citizen science, to build a comprehensive picture of our water environment and target effective improvements.

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?

- The Rivers Trust is clear that CaBA Catchment Plans are key, along with LNRSs, as they can identify the full range of investment opportunities across the local area, including for accessible green and blue spaces. A clear example of this is the [Chamber Mead wetlands project](#) delivered by South East Rivers Trust, which relied on the convening power of the local Catchment Partnership to aggregate over 10 funding streams to finance the creation of high-quality nature space in a semi-urban area of Epsom and Ewell Borough Council. Similarly, the [Crane Valley Partnership](#) has mobilised a long-term contribution from the local water company and significant additional funding from third parties to deliver environmental and community benefits at scale across an urban river system that moves through multiple London boroughs. CaBA Catchment

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Partnerships must be enabled to achieve their full potential through proper resourcing and mandate, as recommended by the Water Commission.

- The Government should provide the vision around which to galvanise cross-sector action and investment; the Government's manifesto commitment to create national river walks could be a strong tool to increase funding for local nature spaces.
- The Rivers Trust also refers the Government to the submission from [Nature North](#), which contains information about the Urban Nature North investable proposition, which is also aligned to the Nature Towns and Cities programme.

Outcome 4: Flood management

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

Revenue funding for long-term maintenance and management:

The Rivers Trust is clear that natural flood management must play a far greater role in flood risk management approaches, which is why we warmly welcome the Government's proposals to reform the FCERM funding formula in order to enable more NFM projects to access this principal pot of public funding.

Due to the wide range of benefits provided by NFM, there is real potential to bring in diverse investors and ecosystem services buyers to fund these schemes. When taking into account the wide range of benefits delivered, NFM was found to deliver £10 of benefits for every £1 invested over 30 years, according to [research](#) from The Wildlife Trusts. Below, we set out some of the key beneficiary sectors that should be contributing.

However, there is a mission critical question here around where revenue streams will come from to fund the long-term maintenance of NFM assets and land/soil management. The Rivers Trust is clear that NFM is not simply limited to the installation of capital assets e.g. trees, leaky dams, wetlands. Land management is key to managing flood risk, with soil health being critical to building landscape-scale resilience to flooding; the [Wye and Usk Foundation's](#) research has found that soil can be used to lag 100s-1000s of ML of peak flow. Critically, soil/land management and the maintenance of NFM assets require long-term funding not one-off capital spend.

Typically, this management activity is paid for through agri-environment schemes, but this funding is beset with uncertainty, which has adversely impacted NFM delivery e.g. [River Waveney Trust's](#) NFM projects have been thrown into uncertainty due to the sudden closure of SFI. Public funding will continue to have a critical role to play and must provide the long-term certainty for land managers that their work will be adequately paid for. However, the private sector can and should be driven to pay for the ecosystem services it benefits from, such as increased flood resilience provided by sustainably managed soils. Examples, such as the [Wyre NFM](#) project,

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demonstrate how private buyers of ecosystem services can be drawn in to fund longer-term management of the land. This approach will of course face significant barriers, as private sector business planning typically runs on shorter cycles around 3-5 years. This is a critical question that the Government must address.

Beneficiary sectors that should contribute to NFM:

- Developers – Developers provide critical infrastructure by adding to the country’s housing stock, but they also add to the extent of impermeable surface, which can increase the risks of flooding if not designed with permeable features that allow water to drain more slowly. We must manage rainwater as close to where it lands as possible, so our buildings have a key role to play. Therefore, developers must contribute to NFM; a straightforward and widely-recommended first step in this direction would be to finally implement Schedule 3 FWMA 2010 to mandate SuDS in all new development; this has most recently been recommended by the Independent Water Commission.
- Critical infrastructure sectors, such as water, energy, road and rail - All businesses that are responsible for operating and maintaining critical infrastructure already have a business case to reduce climate risk to their assets; flooding and over-heating pose a significant risk to these assets. These sectors have the ability to plan and invest for the longer-term, and therefore should be investing in longer-term resilience. Water companies are just one example of a broader category of critical infrastructure providers that the Government must work with on funding future flood risk reduction projects.
- Food/drink supply chain - The food and drink supply chain is highly vulnerable to the impacts of flooding, with both critical natural and built assets at risk, while also having a significant impact on flood risk through its activities on the land. Therefore, big players in this sector should be involved in contributing funding to flood risk management measures, including in building wider catchment resilience through appropriate soil management.
- Insurance sector - The Rivers Trust Movement has been involved in a number of projects involving insurance companies, highlighting that there is interest in the sector to engage in NFM. However, it will be necessary to take a more strategic approach to upscale and mainstream the role of the insurance sector and overcome numerous barriers including the free rider effect and low risk appetite. Government can seek to address some or all of these barriers by establishing collective routes for investment for the insurance sector. Discussion with Aviva and others suggest that there is a need to promote cross-industry collaboration through the Association of British Insurers and to pool insurance investment into a fund that delivers NFM in priority areas.

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Q19. What mechanisms could best enable this?

- Clear strategic direction from the Government for businesses to plan and budget for flood resilience contributions – this should fall out from a national flood resilience target, as recommended by the National Infrastructure Commission, Climate Change Committee, and the National Flood Forum.
- Integrating flood risk management with wider water systems planning, to facilitate cost-effective, multi-beneficial solutions. An integrated approach would help ensure that flood risk management benefits are tracked, valued, and paid for alongside other environmental, social, and economic outcomes. The Rivers Trust welcomes the Water Commission’s recommendation for water systems planning; flood risk management must be embedded in this approach.
- Reliable and evidence-based, yet proportionate, approaches to monitoring and assessing NFM benefits, so that the businesses can be certain of the integrity of the scheme and the full range of benefits provided, but projects are not rendered unviable through disproportionate monitoring/reporting requirements. Through our engagement with the private sector, The Rivers Trust has heard that businesses value market integrity, with consistent approaches to evidencing benefits, but do not necessarily require full accreditation systems, which may pose a barrier to entry. The Rivers Trust supports the proposal, in Defra’s consultation on reforming FCERM funding, to use a standardised metric for assessing NFM benefits. The Environment Agency is developing a metric based on learnings from the £25million NFM funding scheme, which will standardise the process and thereby reduce cost and inconsistency across individual NFM projects.
- An NFM consortium approach, as applied in the [Wyre NFM](#) project, whereby multiple local beneficiaries agree to invest due to avoided costs in damages/lost trading hours/disruption to business. This approach may be enabled through the regional water systems planning framework recommended by the Water Commission and through Strategic Authorities established as part of the Government’s devolution agenda; Regional Mayors to raise funding through business rates or levy commercial property owners where the NFM scheme can evidence it will be reducing flood risk. The consortium approach can be facilitated through the use of adaptive risk management, which ensures that buyers are shielded from the majority of the financial risk; the Wyre NFM project demonstrates this approach.
- Addressing the uncertainty around how long-term funding for maintenance and management will be secured. The Government should consider how to better integrate FCERM funding with ELMs, to recognise the critical role land managers play in delivering flood resilience benefits. Additionally, the Government must take action to address the bias towards capital expenditure across sectors that is limiting the flow of available revenue streams. For example, the water sector must be incentivised to take a Totex

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approach, that optimises both Capex and Opex expenditure over the lifecycle of NFM assets, so that it is directing funding towards the ecological management and adaptive maintenance of NFM assets.

- Tax breaks to companies that finance catchment scale flood resilience projects. The Rivers Trust's [Wyre NFM Project](#) made use of Social Investment Tax Relief (SITR) to attract investment from high-net-worth individuals and was the first (and potentially only) nature-based solutions project to do so. SITR enabled the project to attract a wider range of investors, obtain a larger amount of private capital, and therefore achieve greater nature recovery results. Unfortunately, SITR is no longer available for new investments, and The Rivers Trust would like to see a similar relief take its place, accompanied by a greater push from the Government to increase awareness of how the relief can be used for nature recovery projects. The Rivers Trust would also be interested to explore how an environmentally focused tax relief could function along similar lines, i.e. an Environmental Investment Tax Relief, which would lend itself particularly well to establishing natural capital markets. A report on 'Beyond Value Chain Mitigation' (BVCM) found that tax incentives were ranked *as the top potential incentive mechanism for driving investment into BVCM*.

Q20. How can mechanisms such as these account for and adapt to the local nature of natural flood management?

- Flood risk management mechanisms must be integrated into Catchment Plans and Local Nature Recovery Strategies to ensure that funding is directed to locally appropriate interventions. This is why The Rivers Trust has consistently advocated for CaBA Catchment Partnerships to receive proper funding and stronger mandate, so that they can produce strong catchment plans that identify the risks and opportunities across the catchment. It is also critical that these plans are linked into fit-for-purpose Local Nature Recovery Strategies. The Rivers Trust warmly welcomes the Water Commission's recommendation for greater Catchment Partnership funding and urge the Government to implement this rapidly.
- Local authorities must be upskilled and must be given guidance on a standardised approach to NFM. This will give local authorities to tools to assess and progress projects in alignment with other local plans and objectives. Currently, inconsistencies across the planning sector's approach to NFM is seriously impeding delivery and wearing down stakeholder engagement.

Outcome 5: Sustainable land use and food production

Q21. What policies or financial models have been most successful in improving environmental performance and sustainability within the food and drink sector? Please provide evidence.

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- The greatest improvements have come from ensuring that baseline regulations are adhered to, as supply chain contracts with suppliers are based on this principle. This should be the priority, rather than introducing alternative market standards/accreditation schemes which complicate the compliance landscape and do not necessarily deliver reliable results.
- The carrier bag tax, introduced in England in 2015, has been used to successfully support project development such as the UK Food and Drink Pact (formerly Courtauld 2030) [Water Roadmap](#). The Water Roadmap has brought numerous organisations together, including The Rivers Trust and multiple member Rivers Trusts to help protect water resources in the UK and abroad through the delivery of collective action projects in various river catchments. This is an example of how a particular tax can help to support practical nature conservation efforts.
- Volumetric Water Benefit Accounting is a voluntary nature market where companies can offset their water impacts by contributing to projects that provide defined Volumetric Water Benefits in the catchments they operate in, or source from. The Rivers Trust's [Water Stewardship Service](#) has enabled various businesses, including from the food and drink sector, to tackle their water-related impacts by contributing to nature recovery projects that replenish water in the catchment whilst encouraging greater cross-sector collaborative action. This is a positive example of voluntary contributions towards environmental outcomes, which could be expanded out to more sectors and with a stronger mandate to drive greater uptake.

Q22. What further measures would be most effective in incentivising the food and drink sector to reduce its impact on nature and increase its investment in nature recovery?

- It is essential that agricultural regulations are more effectively applied and enforced to reduce impact on nature. Supply chain contracts with suppliers are based on the principle that they adhering to baseline regulations, but a lack of clear communication and advice, and inconsistent/ineffective oversight and enforcement has meant this regulatory baseline has never been established.
- As with all other sectors, the food and drink sector need to be more aware of nature-related dependencies and risks. UK companies could be required to report on deforestation, soil degradation and water risk in supply chains; mandating TNFD reporting is needed to start this process.
- There is a key barrier around supply chain transparency and incentivising action; competition law and supplier confidentiality are often cited as reasons why the food and drink sector are unable to share data or access data about where they source from. This can result in a lack of accountability and action. Enabling the sharing of supply chain data and the associated public sector data (e.g. farm subsidies, BNG units, etc), so that

it is clearer who is benefiting from what, would stimulate greater accountability and investment

- **Q23. How can measures best be designed to ensure fair distribution of costs and accountability across the food and drink supply chain, and to avoid putting domestic farmers at a disadvantage?**
- Establishing a robust regulatory framework that is understood by farmers and properly enforced by regulators would ensure that there is a more level playing field across all domestic farmers. It is essential that farmers who are doing the right things for nature are not undercut by poor performers.
- Addressing supply chain inequities: Farmers currently receive less than 1% of the total profits for the food they produce. This means that many farmers cannot afford to transition to nature-friendly farming and are often unable to negotiate around supply contracts. It is essential that value is not only placed on efficiency and volume, but rather that nutritional quality, environmental outcomes, and resilience are made to count. Additionally, this value must flow to the farm gate, so that more of the value is retained in communities and close to the land/nature. This should empower farmers to have greater say over their farming practices and should incentivise more environmentally friendly and resilient supply chains. The Government has reiterated its commitment to strengthening supply chain; in this work, the Government must take account of recommendations made by the EFRA Committee's [inquiry](#) into "Fairness in the food supply chain" and the Food Farming and Countryside Commission's [report](#) "Paying the Price".

About The Rivers Trust:

The Rivers Trust is the umbrella organisation for our 60+ member Rivers Trusts across Britain, Northern Ireland and Ireland. We are river and catchment conservation experts with a wealth of data and expertise at our fingertips. We work with our member trusts to make our shared vision a reality: wild, healthy, natural rivers, valued by all.

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