

ENGLAND AND WALES

Natural Capital Expertise

As Natural Capital Markets have been slowly emerging in recent years, Forsters has been at the forefront of their development. We have been educating and advising our clients on exploring new opportunities to unlock Natural Capital and to enter these emerging and exciting markets.

What is Natural Capital?

The expression Natural Capital can be misleading, but in essence can be described as a way of quantifying and valuing biodiversity, nature, water, soil, and air quality and in turn seeking means, financially incentivised or otherwise, to encourage, develop and improve it. As a concept it will continue to evolve, but the role of the rural sector in delivering on nature improvement, alongside other significant roles, is unprecedented. At present, the delivery of Offsite Biodiversity Net Gain and Nutrient Neutrality schemes are leading the way, closely followed by the take up of public funding for Landscape Recovery Schemes.

Our Expertise

At Forsters, we are passionate about the opportunities that Natural Capital promises for the rural economy, the environment, and for the wealth of social and economic benefits that will come with it. We know that the current



structures for Natural Capital opportunities are bespoke and require careful structuring to implement long-term change and to mitigate the risks involved. In addition, our team has gained unique and balanced insights into the foundations of agreements for financing Natural Capital.

With such drastic change to the use and management of land comes opportunity but also risk. The Rural Land and Business Team works closely with colleagues across the firm, drawing on experts in planning, private wealth and tax planning, litigation, and corporate structuring to deliver the highest quality advice to landowners and

land managers to be part of these new markets.

The team's expertise in this area is reflected in their recent public appearances for the Agricultural Law Association, speaking on the future role of Conservation Covenants and for the Hong Kong Association speaking on the Natural Capital investment opportunities. Rural Land and Business Partner, Polly Montoneri, has been a figurehead for Natural Capital in recent years, she is the chairman of the Natural Capital and Forestry Committee for the Country Land and Business Association and works closely with the CLA at government policy level.

NATURAL CAPITAL EXPERTISE

EXPERIENCE

Offsite BNG Habitat Bank creation agreements

- Forsters are acting for clients entering s106 Agreements for the creation of habitat banks of Biodiversity Units available for registration on the Biodiversity Gain Site Register for sale to developers for off-site biodiversity mitigation. We are negotiating the s106 Agreements with the relevant Local Planning Authorities to recognise the habitat banks and the units created and to make them available to developers. The s106 Agreements underpin the eligibility of the land for offsite BNG, and we are working with our Planning colleagues on their structure. In many cases, Offsite schemes will be delivered in collaboration with a wildlife or conservation charity or delivery partner, and we are also advising on agreements to implement these arrangements.



Nutrient Neutrality Schemes

We are working with our landowning clients on making land available for the delivery of nutrient neutrality in connection with local development schemes. As the commitment for Nutrient Neutrality schemes extends for 80 years, we are working with our clients to mitigate associated risks whilst maximising the opportunities.

Structuring Farm Clusters to secure Private Funding

Forsters have been advising a DEFRA Test and Trial project to explore viable and practical legal structures to allow multiple landowners to collaborate to pursue Natural Capital Projects, including Landscape Recovery Schemes, across multiple land holdings. Legal structures anticipate the use of Conservation Covenants, a new legislative tool introduced in the Environment Act 2021 and simple company structures to secure long-term commitments for multiple landowners and attract government support and private sector funding for conservation goals. Drawing on input from our Tax, Trusts and Estates team, the structures will be tax-efficient and flexible, to accommodate changes in government policy and private funding opportunities. This is an entirely new sector and Forsters is at its forefront. Our Corporate and Banking Team are set to advise on appropriate company structures, in particular to be eligible for public funding and to facilitate and secure private funding.

Landscape Recovery Schemes

We have been acting for clients embarking on the Governments Landscape Recovery Schemes in the developmental phase,

advising on the implications of the agreements, the application of the government grant funding, and concurrent access to private markets.

Acquisition of sites to secure land-use change for future opportunities

We have been working with our clients to acquire property specifically to implement land use change in preparation for entry into new Natural Capital markets. In one example, following acquisition of a site, we have advised on entering into arrangements to implement management by a third party, whilst specifying the allocation of Natural Capital, with BNG and carbon sequestration being reserved to our client with joint charitable operations being carried on on-site. The structuring in this case is an example of a new bespoke Natural Capital arrangement.

Conservation on Landed Estates

We are advising clients on opportunities for commitments to conservation on their estates. One example has entailed the establishment of an environmental and heritage property charity to support a landed estate committed to conservation. The charity has secured grant funding for a new visitor centre, together with grants for a wetland's restoration and rewilding project. We are advising the charity on a governance review and the structure of each element of the transaction, as well as its execution. We are proposing to use a Conservation Covenant, which will be one of the first of its kind, to secure the funding and the estate's commitment to wetlands conservation and rewilding.

NATURAL CAPITAL EXPERTISE



HENRY CECIL

Partner and Head of
Rural Land and Business

T: +44 (0)20 7863 8566
M: +44 (0)7973 380 393
E: henry.cecil@forsters.co.uk



POLLY MONTONERI

Partner
Rural Land and Business

T: +44 (0)20 7863 8589
M: +44 (0)7584 528 338
E: polly.montoneri@forsters.co.uk



ADAM SAUNBY

Senior Associate
Rural Land and Business

T: +44 (0)20 3872 1152
M: +44 (0)7970 177 858
E: adam.saunby@forsters.co.uk



THOMAS MAWSON

Associate
Rural Land and Business

T: +44 (0)20 3872 1050
M: +44 (0)7880 230 028
E: thomas.mawson@forsters.co.uk



HARVEY TOMES

Associate
Rural Land and Business

T: +44 (0)20 3872 1181
M: +44 (0)7442 579 242
E: harvey.tomes@forsters.co.uk



[facebook.com/ForstersLLP](https://www.facebook.com/ForstersLLP)



[@forstersllp](https://www.instagram.com/forstersllp)



[forstersllp](https://www.linkedin.com/company/forstersllp)



[@ForstersLLP](https://twitter.com/ForstersLLP)