# City of York Urban Pilot Project

Local Investment in Natural Capital (LINC) Programme

Department for Environment Food & Rural Affairs

Environment Agency

Local Investment in Natural Capital programme

# Project Summary

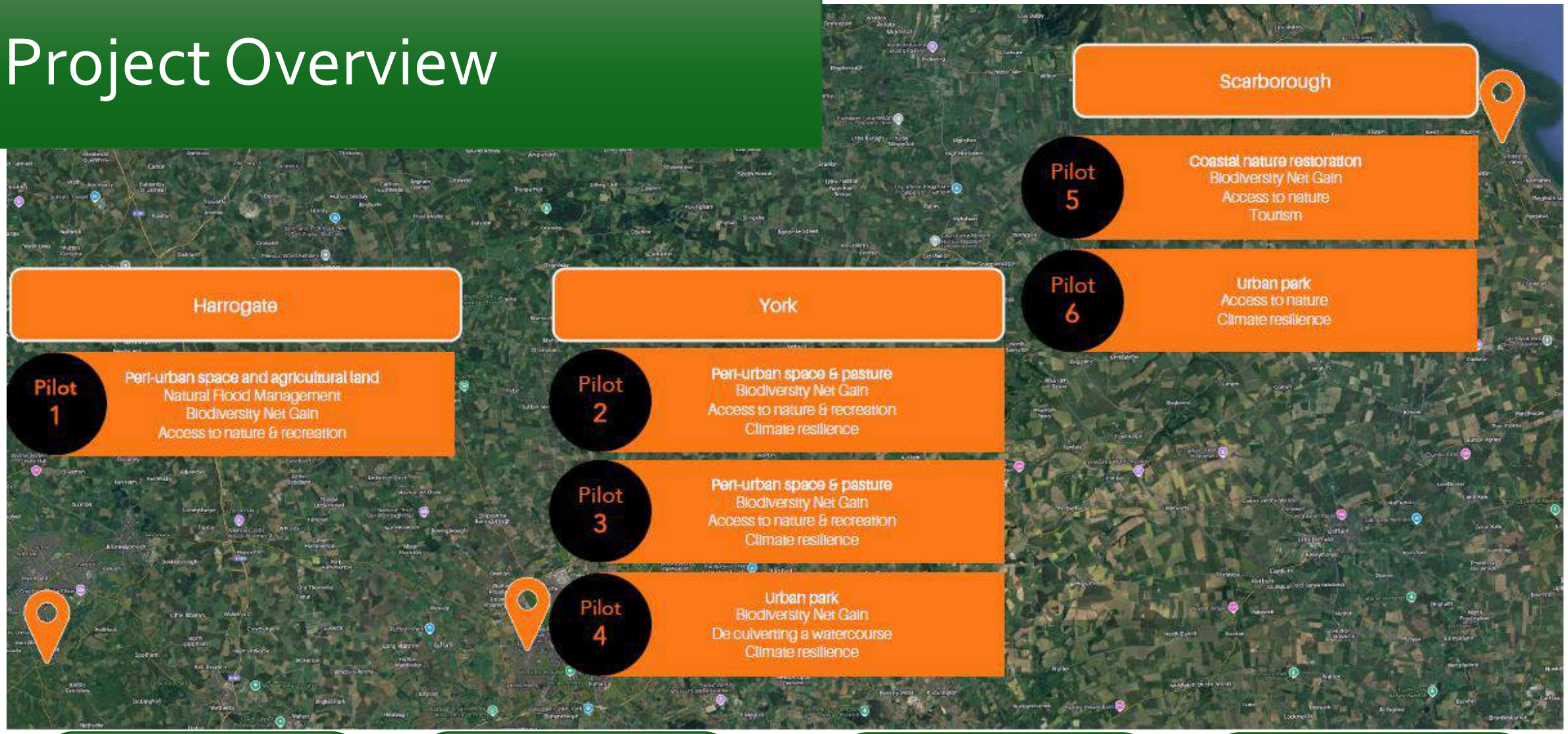
City of York Council have conducted a feasibility study to assess the potential of urban sites owned by City of York Council and North Yorkshire Council to the benefit of nature and society.

Urban green spaces have high social value, due to the connection with people, but face challenges with scale and pressure for competing uses.

Demonstrating a viable and investable model for urban sites could represent the first step towards a pioneering model of aggregation for landowners of all sizes.

CITY OF YORK COUNCIL

# Project Overview




**Biodiversity Net Gain (BNG):** Projected 200 net units. Units are priced based upon type and distinctiveness, ranging between £21k/unit for a modified grassland unit to £124.8k/unit for a watercourse unit. This equates to a total potential revenue of £7.46m (+/-£0.7m), assuming 100% sales in the first 5 operational years.

**Natural Flood Management** (NFM): Potential £1.6m contribution from Yorkshire Water for one of the North Yorkshire sites, for a combined sewer overflow reduction. Based upon diverting 25% of the surface water catchment flows.

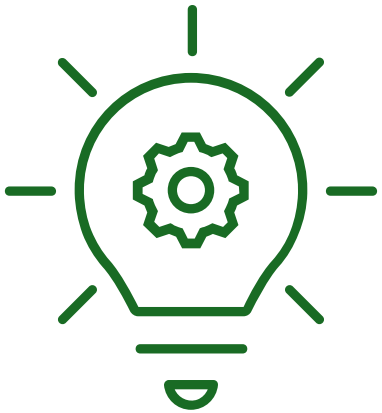
**Recreation**: Concessions to support tourism and access to nature from increased visitor numbers and revenues of £486k. Where a concession stall is charged out at £100/stall /weekend, with each site having a bespoke number of stalls, frequency and applied risk sensitivity.

**Corporate sponsorship**: Partnerships which are multi-year sponsorships to support businesses ESG and nature positive strategies with revenues of £477k projected. This includes an applied risk sensitivity based upon commercial discussions.

# Learning Points

## Process

- Schedule more time at an early-stage to review all sites before finalising a shortlist, consider time critical elements such as ecological surveys and review of legal documents, factoring these into the timeline
- Engage with buyers early so that selection can be informed by market demand
- Site selection should be based on realistic and agreed outcomes to better inform the site selection process, saving time and resource on sites that are achievable
- Applying both a demand and supply driven approach to site selection that enables the habitat design intervention and Ecosystem Service delivery to service both landowners and buyers
- A diverse range of data sets enabled greater confidence in decision making at early stages (ecological, historical, habitat intervention costs, and legal)
- High-level desktop assessments are useful but are not a substitute for in-person ground surveys and local knowledge; but this comes at a cost and with greater resource requirements
- Urban areas may have a large supply of potential small-scale sites, but also greater competing pressure for their uses



## Insights

- A multi-disciplinary approach provides deeper understanding of the overall viability of the model. Technical expertise is needed across a range of areas such as ecology, natural capital and hydrological modelling
- It's difficult to determine costs of delivering and maintaining habitat interventions. Detailed pricing should be sought from local providers
- Strong commercial interest in place-based projects and opportunity for small urban green spaces to cater to the off-site BNG requirements of smaller local developers.
- Increased presence of local voluntary groups can act as caretakers, reducing on-going maintenance costs
- Proximity to people mean urban sites have significant opportunities to improve wellbeing, but these benefits are not yet easily monetised
- Ecosystem Service baselines are low in many urban sites - you can realise relatively high BNG uplift, but the absolute increase may still be relatively low
- Realisation of some ecosystem services requires restricting access on sites which contradicts the purpose of some urban spaces

# Recommendations and next steps

A scalable and replicable framework for urban natural capital enhancement has been demonstrated as viable. To take the approach forward, the following next steps are recommended:

- Secure initial investment – engage with impact investors, foundations, businesses and local residents and use a suitable green finance instrument such as a Local Climate Bond.
- Continued development of sites including detailed design and habitat management and monitoring plans; in collaboration with off takers.
- Develop long-term buyer agreements – secure corporate sponsorships, BNG buyers and NFM buyers.
- Build out supplier network for ecology and landscape management –utilise full procurement processes to ensure best value for money.
- Refine governance and monitoring – establish robust impact tracking and compliance mechanisms.
- Strengthen community engagement – explore crowdfunding, volunteer initiatives, and educational partnerships.
- Expand the portfolio – retain profits in the SPV, identify additional sites and increase revenue streams and asset diversification.

# Find out more

This case study was produced by the Environment Agency using the Executive Summary written by the delivery partner. For any questions regarding LINC please contact Claire.Tunningley@environment-agency.gov.uk