



# Investable Catchments

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Final report  
V1.0

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## Report for the Environment Agency

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## Version Control Table

Version	Date	Author	Description
<b>V0.1</b>	02/04/19	Yvonne Rees	Outline report (internal)
<b>V0.2</b>	03/04/19	Yvonne Rees	Approved outline (internal)
<b>V0.3</b>	08/04/19	Yvonne Rees, David Baxter Mark Ward, Lauren Duffield	First draft (sent to client)
<b>V0.4</b>	01/05/19	Yvonne Rees, David Baxter Mark Ward, Lauren Duffield	Second draft to address initial comments
<b>V0.5</b>	17/05/19	Yvonne Rees, David Baxter Mark Ward, Lauren Duffield	Draft final for internal review, addressing further client comments
<b>V0.6</b>	21/05/19	Yvonne Rees David Baxter	Exec Summary and Appendix 3 updated for release to client as Final Draft for comment
<b>V0.9</b>	08/07/19	Yvonne Rees David Baxter	Comments addressed sent to client as Final Draft for approval
<b>V1.0</b>	22/07/19	Yvonne Rees, David Baxter Mark Ward, Lauren Duffield	Final version

# Executive Summary

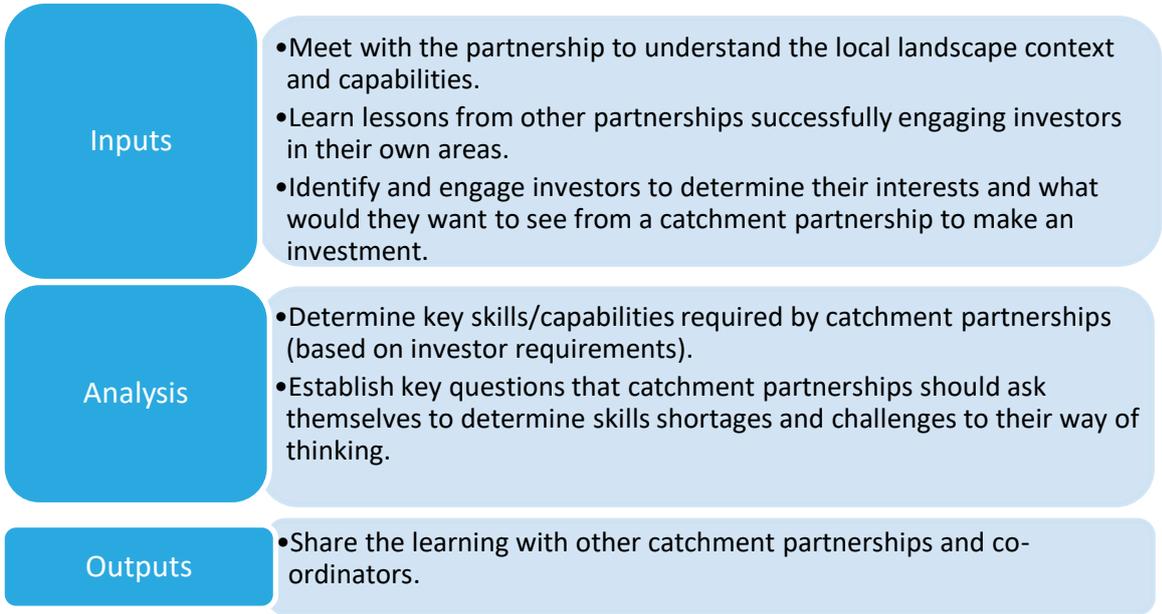
## E.1.0 Approach

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The overall aim of the project was to help catchment partnerships, and other local environmental organisations, better understand the opportunities for, and ways to rise to the challenges of, attracting additional investment for environmental gain. The research sought to answer six questions:

- 1) Who are the potential investors in a catchment?
- 2) What opportunities are there for catchment investment?
- 3) What do investors need (from partnerships) to invest in catchments?
- 4) What key capabilities are required to meet investor needs?
- 5) To what extent does the catchment partnership have these capabilities already, where are the gaps and what action/support is needed to address these gaps?
- 6) What questions could a partnership ask themselves to assess their readiness to engage with, and attract, private investment?

The work focussed on a local case-study, the Hampshire Avon catchment partnership and adopted the following approach:



## E.2.0 Key Findings

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The research adopted a broad interpretation of the term ‘investment’ to encompass the different ways in which a partnership might act to enhance private sector investment in

a catchment through direct action and influencing. The research focussed on private investment from **financial investors** (typically banks or impact investment organisations seeking a repayment of an upfront provision of capital investment) and **operational investors** (typically organisations with a vested ‘interest’ in the area and whose operational activities, costs or risks are impacted by the state of the environment).

**Opportunities for wider investment:** During the short research period of 4 weeks, an investment opportunity map of three financial investors and 11 targeted operational investors were identified and engaged. Financial investors primarily sought well-researched schemes, generating clear revenue streams and an organisation that could be relied on to deliver in commercial situations. In the Hampshire Avon, amongst other things, operational investors identified concerns about phosphate levels, drought risk (water supply security/water retention) and flood risk, and benefits from the attractiveness of the landscape, and access to nature. Opportunities linked to biodiversity offsetting, novel environmental technologies, marketing higher value environmentally friendly branded goods were also identified. As opportunities were generally of interest to multiple investors, this created the possibility of shared investment for shared gain and a starting point for developing joint propositions to coordinate investment from interested parties. Guidance on how partnerships can build investment opportunity maps for their own areas is provided in the report.

**Key challenges in attracting investment:** An initial challenge is to identify and engage with investors to better understand their needs. Tips for this step are provided in the report. In addition to addressing specific concerns, or providing specific benefits (see above), potential investors said they would be looking for:

- investment at an appropriate scale, usually one that is efficient for them;
- a sound proposition, that demonstrates a tangible, verifiable outcome; and
- a professional team to co-develop, manage and/or deliver that proposition.

Investors were positive about a role for partnerships to work across the catchment by articulating strategic environmental needs and to support links between potential investors, the general public and land-owners. However, to meet investor needs effectively, partnerships will require:

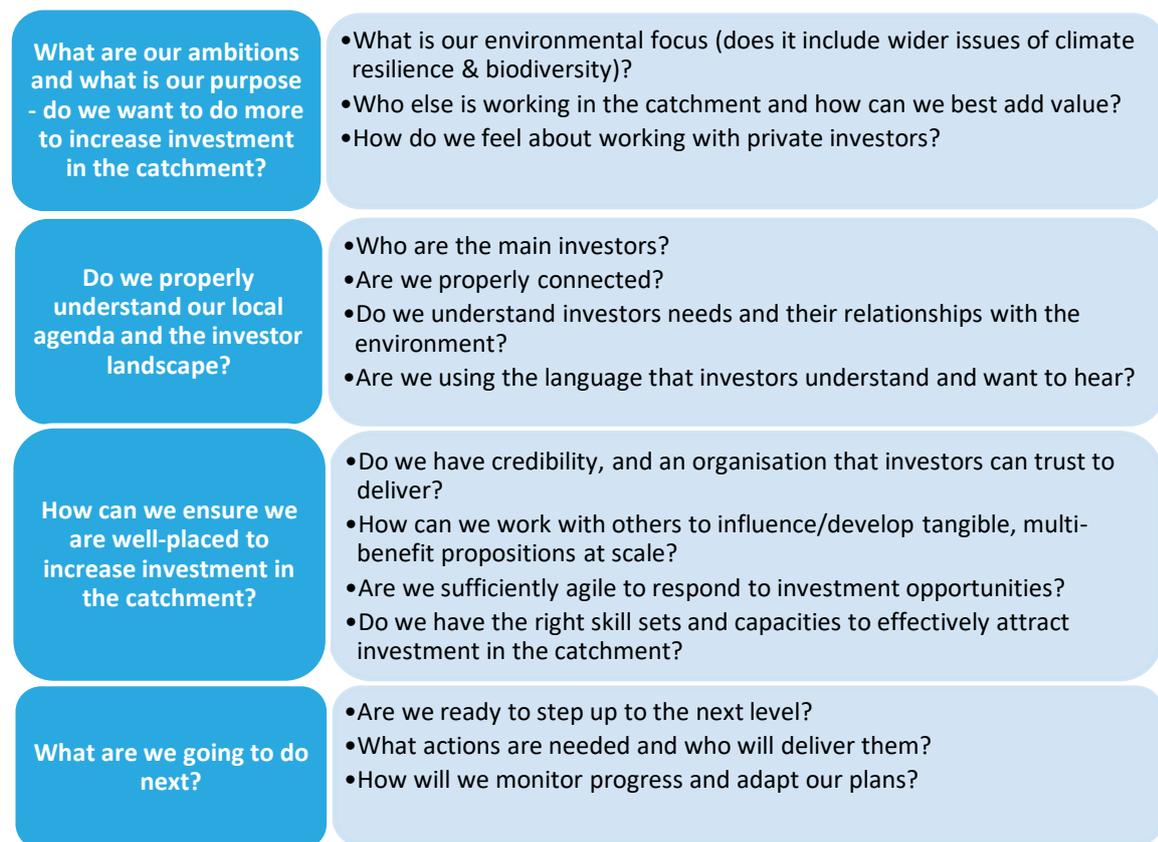
- Clear and positive mindsets/attitudes about the purpose of the partnership with regard to seeking funds, the level of ambition (for the partnership), and its attitude towards working with the private sector.
- Personal, technical, business development and financial skills to: develop networks and relationships and work with others to inspire and co-design cross-cutting propositions and get wide buy-in by understanding the wider impacts and how to present propositions in a way that appeals to investors (linked to revenue streams for financial investors).
- Sufficient and appropriate capacity and resources for example to: acquire and maintain an up-to-date knowledge on potential investors; gather evidence to demonstrate support, and rationale, for propositions; understand bidding rules

and how to present propositions to score highly; invest in developing a high degree of credibility; deliver propositions.

- Tools to support working with investors: a clear and agreed vision for what can be achieved; a track record of similar work, demonstrating commercial experience; and a governance structure set up for longevity with clear accountabilities and focus on financial control.

**Becoming effective at attracting investment:** Detailed questions that partnerships could ask themselves in determining their readiness to attract more investment are provided in Appendix 3 and summarized below.

### Figure E-1 Questions for partnerships to reflect on their readiness to attract more investment



Reflecting on these questions would help a partnership create outputs to map a path towards being able to gain more and/or more coordinated investment for the good of a catchment. These outputs could include:

- a document setting out **agreed ambitions** about the partnership's role in increasing catchment investment;
- an **initial investment opportunity map** which would provide a starting point for developing joint propositions with interested parties;
- a **capacity gap analysis**, i.e. a comparison of what capabilities and capacity is needed vs what the partnership has in place already to identify the key gaps needing improvement; and

- **an action plan** to enhance ability to increase catchment investment including an engagement plan outlining who to engage with/how (messaging) and when).

## E.3.0 Conclusions and Recommendations

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The process of securing funds for environmental projects from organisations with a more outcome focused and/or commercial set of success requirements is a challenge. Yet the policy landscape indicates that this approach is to be encouraged. Catchment partnerships are relatively new and still evolving to respond to this challenge, both in terms of their mindsets and capabilities. As such, it would appear many need more support, and that this needs to be relevant to their context.

Our research suggests that partnerships may find the step of reaching out to investors quite uncomfortable, particularly if new contacts are to be identified and spoken to. However, based on the experience from this short study, we have shown that with a well-planned approach, perseverance and help from others, conversations with investors (using language appealing to them) can identify valuable opportunities for sharing knowledge and enabling more coordinated investment.

The report provides a range of tools for partnerships to help them enable more, and more co-ordinated, investment in catchments particularly by bringing in investment from the private sector, specifically it outlines:

- a summary approach for researching investment opportunities (Figure 4.1) and tips for researching investment opportunities, getting a better understanding of the investor landscape, approaching investors, developing relationships and building credibility (Appendix 3.2);
- examples of opportunity mapping (Table 4.1 and Figure 4-2);
- a summary of capabilities and capacities to attract more investment in catchments (Figure 5.1); and
- questions to reflect on to assess readiness to attract more investment in catchments (Figure 6.1).

The report also provides recommendations for Defra, the Environment Agency and the National Catchment Support Group (NCSG) indicating how they could support partnerships to be investment ready.

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# 1.0 Introduction

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## 1.1 The environmental investment gap

We all rely on the natural environment to maintain our quality of life. It provides fresh water to drink, protects us from the impact of flooding events and mitigates climate change as well as providing many other benefits which boost our economy and wellbeing. Traditionally, environmental organisations have relied on public and philanthropic investment to fund projects that enhance the environment, and protect our ‘natural capital’, yet these funds are limited and subject to strong competition. Despite current levels of investment, we face environmental challenges of such magnitude, linked to climate change, biodiversity loss and population growth, that it is clear that approaches to funding must move beyond the status quo.

Many new projects to protect the natural environment at significant scale are required to deliver resilience for society and to deliver the goals of the government’s 25-year environment plan (25 YEP). This will require investment beyond a level that public and philanthropic sources can support alone.

To achieve this, environmental organisations urgently need to attract investment in environmental improvements to galvanise and influence a wider range of both public and private sector finance to:

- attract new potential funders/investors, many of who themselves will be facing budget pressures; and
- co-ordinate existing spending in order to achieve more for less by supporting projects with multiple benefits.

### 1.1.1 The catchment investment gap

The state of the water environment is a critical indicator of the state of natural capital. Despite billions of pounds of investment from water companies, the ecological health of the water environment in England is in a perilous state. Fewer than 15% of water bodies comply with all the standards required by the Water Framework Directive.

Investment in water industry assets, by water companies, will not be enough to increase compliance rates given the breadth of environmental pressures. Defra recognised this and introduced a Catchment-Based Approach (CaBA) policy framework to inspire action to tackle these wider pressures. Their 2013 policy statement indicated that the objectives for the Catchment-Based Approach were:

- to deliver positive and sustained outcomes for the water environment by promoting a better understanding of the environment at a local level; and
- to encourage local collaboration and more transparent decision-making when both planning and delivering activities to improve the water environment.

Under the CaBA policy, Defra has supported the hosting of catchment partnerships for each of the approximately 100 management catchments across England. One of the aims of these partnerships was to build coalitions of organisations to deliver projects to improve the quality of the water environment using a broader range of investment sources. Although partnerships have secured a range of additional non-government investment, this has largely come from grant-based sources and water companies<sup>1</sup>.

There has been limited evidence of investment being secured from private or public sector organisations that reap the wider benefits of catchment improvement projects. This is not surprising, as the process of securing investment is complex and the skills and capabilities required were not the focus of catchment partnerships.

So, despite the potential for projects to deliver private benefits that could attract investment from private sources, and the 25 YEP's aim to leverage public investment so that its environmental goals can be delivered, this approach to funding is rarely pursued.

In order to do this, catchment partnerships must develop the confidence to engage with private investors, ideally at project design stage, so that investors can value and shape the benefits that will be delivered.

## **1.2 Making environmental investment more attractive**

Businesses get a wide range of benefits from a healthy natural environment. These include maintaining access to raw material through their supply chains; having resilience against natural hazards and the wellbeing for their workforce. If these benefits of nature only occur from actions above the regulatory baseline, then there is a possibility that these organisations could be approached to help pay to enhance or protect natural capital assets. Indeed, increasingly, businesses are realising that a flourishing natural world is critical for their operations and communities in which they operate and are investing in the environment to reduce business risks. When factoring in the future risks of climate change and biodiversity loss, the argument for protecting and paying for nature only becomes more compelling.

If there is a value proposition in an enhanced natural environment, then there are opportunities to secure investment from a broad range of sources. The key is to make these opportunities more attractive by presenting them in terms that potential investors will engage with.

Catchment partnerships, like many environmental organisations, are unaware of the possibilities that lie with private investment or are at a loss on how to start on this path.

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<sup>1</sup> [https://catchmentbasedapproach.org/wp-content/uploads/2018/10/CaBA-Benefits-Assessment-Full-Report\\_Final-1.pdf](https://catchmentbasedapproach.org/wp-content/uploads/2018/10/CaBA-Benefits-Assessment-Full-Report_Final-1.pdf) accessed April 2019

Capacity building is required to support environmental organisations identify opportunities that could attract private investment.

### 1.2.1 Offering opportunities at scale

The focus of CaBA was local engagement and delivery at water body scale, but now, given the challenges faced, larger more strategic solutions are required that link land use with water and climate resilience. This issue of scale and scope was articulated, during the course of our research, by a representative of a Local Enterprise Partnership (LEP) who commented that *“to get the attention of LEPS we need the offer to be bigger, more coordinated and ambitious”*. This reinforced feedback from earlier research<sup>2</sup> where a LEP representative commented that he was *“disappointed that the environmental sector wasn’t able to come together and give him a big ask that he could fund”*. This despite the fact there were a number of catchment partnerships in his area.

The tag line of the 2019 CaBA Water Summit’s was *“joined up local level action to deliver enhanced catchment management”* suggesting that catchment partnerships potentially have a key role in addressing this issue of scale and are seeking to adapt and meet the challenges faced.

## 1.3 Building capacity to encourage investment in sustainable catchments

Whilst many partnerships have successfully gained grant-based funding for local projects, on the whole it is less common for partnerships to move into arrangements with private sector investors (for definitions see Section 3). This would require the knowledge and confidence to explore what the private sector is willing to pay for and to develop propositions that are attractive to the private sector whilst also enhancing natural capital. What is unclear is how comfortable partnerships are with a role that requires them to build relationships with private sector investors, and if they are, what skills and support they need to facilitate this.

To address this issue, the Environment Agency commissioned this report to assess the key challenges for catchment partnerships seeking to move into arrangements with private sector investors. In terms of scope, the project has adopted a broad interpretation of the terms ‘investors’ and ‘investment’ to encompass different ways in which a partnership might act to encourage more catchment investment (see Section 3).

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<sup>2</sup> <https://catchmentbasedapproach.org/wp-content/uploads/2018/09/Finding-funds-for-urban-projects-A-guide-for-catchment-partnerships.pdf>, accessed May 2019.

## 1.4 Structure and purpose of the report

The purpose of this report is to help catchment partnerships, and other local environmental groups, identify the opportunities for, and challenges of, attracting private sector investment for environmental gain, and to provide a set of questions to help partnerships determine their readiness to take on the challenges. The report provides:

- Section 2: A summary of aims for, and approach to, the research.
- Section 3: The definitions of investment and investor used in the report.
- Section 4: An outline of opportunities for wider investment.
- Section 5: An outline of the key challenges in attracting wider investment.
- Section 6: Key questions to ask to determine actions needed to becoming more effective at attracting investment.
- Section 7: Recommendations.

Appendices provide further information on the local case-study area, the research approaches and outcomes.

## 2.0 Aims and approach

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The overall aim of the research was to help catchment partnerships, and other local environmental organisations, better understand the opportunities for, and challenges of, attracting private sector investment for environmental gain.

The research sought to answer six questions:

- 1) Who are the potential investors in a catchment?
- 2) What opportunities are there for catchment investment (e.g. aligned to development/upgrading/new initiatives)?
- 3) What do investors need (from partnerships) to invest in catchments?
- 4) What key capabilities are required to meet investor needs?
- 5) To what extent do catchment partnerships (and other local environmental groups) have these capabilities already, where are the gaps and what action/support is needed to address the gaps?
- 6) What questions could a partnership ask themselves to assess their readiness to engage with investors to attract private investment?

The work focussed on a local case-study, the Hampshire Avon catchment partnership (see Appendix 1 for background information), and included the following elements:

- 1) Meeting with the partnership(s) to understand the local landscape context and capabilities.
- 2) Learning lessons from local organisations successfully engaging private investors in their own areas.
- 3) Identifying and engaging private sector investors to determine what would they want to see from a catchment partnership before investing.
- 4) Determining a set of key skills/capabilities required by catchment partnerships (to meet investor requirements).
- 5) Establishing key questions that catchment partnerships should ask themselves to determine actions needed to gain more private sector investment, including identifying skills shortages and challenges to their way of thinking.
- 6) Sharing the learning from the research with a wider group via a national webinar.

Further information on the approach is provided in Appendix 2.

Although this report is focussed on research carried out in the Hampshire Avon catchment, the findings presented are broadly applicable to other catchment partnerships, and indeed other local environmentally focussed partnerships, networks and organisations seeking investment to enhance their local environment.

## 3.0 Investment and investors

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### 3.1 What do we mean by investment?

The term investment, in the context of this report, means either a one-off provision of money to fund a project, or a commitment to make regular payments connected to a project for an agreed period of time. In either case, there is usually an expectation that some form of return, financial or non-financial (including wider societal benefits), on the investment will be made. The nature of the return varies depending on the type of investor and the ability to consider how projects can be formulated to potentially meet requirements of differing types, is an important part of understanding how to appeal to investors and to co-ordinate investment available.

Generally, local partnerships have focussed on grant funding from central Government departments or agencies to support environmental enhancements and many have been successful in securing these funds. This type of funding is not the focus of this report. Instead, the project focusses on the different ways in which a partnership might act to increase investment in a catchment by:

- 1) Attracting investment to deliver (or co-deliver) local projects that improve the catchment environment (typically smaller projects and numerous but small investment streams), likely to appeal to organisations with a local footprint.
- 2) Designing large scale, multi-benefit strategic propositions that deliver environmental benefits for the catchment, whilst also providing considerable benefits to investors (as returns for financial investors, for instance, in the form of carbon credits or resilience dividends that could be monetised).
- 3) Influencing the way existing investment in the catchment is spent (often larger schemes lead by others) to enhance environmental gain, for example by influencing the location, timing, or design of interventions. It is currently estimated that £13billion per year is invested in England on activities that could influence catchment and water quality<sup>3</sup>.

### 3.2 What do we mean by investors?

All investors are looking for a return on investment. For financial investors it could be a repayment of the amount invested (either in part, in total or enhanced with an interest

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<sup>3</sup> <http://independen.uk.com/case-studies/catchments-if-you-can>. Accessed May 2019.

payment<sup>4</sup>). For organisations with operational activities affected by or reliant on the natural environment, the return required could be an overall reduction in other financial outlays that would otherwise have to be made in the absence of the project.

In some cases, it is possible that the investments are made because the investor is motivated to enhance the environment. This motivation could still be directly commercial reasons, for instance to access markets that meet consumer demand for environmentally positive products or it could be for more indirect reasons such as to enhance their corporate and social responsibility (CSR) profile or for purely philanthropic reasons.

Investors can be defined in many ways and have overlapping interests, for example marketing is something that appeals to many investors. For simplification, in this report we have defined investors broadly into three groups, largely to reflect their predominant motivation for investing at the time, as it is likely that an individual organisation will have more than one motivation:

- **Financial investors** (see 3.3.1)– typically from banks or impact investment organisations seeking a repayment of an upfront provision of capital investment.
- **Operational investors** (see 3.3.2)- typically from organisations who have a vested ‘interest’ in the area and whose operational activities, costs or risks are impacted by the state of the environment. They could provide regular investment in return for:
  - increased resilience from floods, drought or poor air quality, which would otherwise have been more likely impact their operations in the absence of a project; or
  - increased revenues that their operations could enjoy as a consequence of a project (using the project’s outcomes as marketing or to create new services and products)<sup>5</sup>.
- **Green purpose investors** (see 3.3.3)– this group covers investors motivated purely by environmental gain with no expectation of financial return (in contrast to financial impact investors) such as charitable organisations, community groups and individuals driven by a desire to deliver wider good for society.

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<sup>4</sup> These three distinctions align broadly with three categories of capital investors: **philanthropic investors** are more likely to accept only part of the investment being repaid, **impact investors** seek to recoup their outlay but may tolerate a very low or zero rate of enhanced return, **commercial investors** will expect an enhanced return in proportion to the level of project risk and in line with their own investment targets, (often referred to as their hurdle rate).

<sup>5</sup> A significant source of operational investment comes from land-owners investing in their own land.

To date, catchment partnerships have been most successful in securing investment from “green purpose” investors<sup>6</sup>. The focus of this report has therefore been on the first two motivations for investment.

The research for this report covered examples of investors that act primarily in the first two groups, some of their views are reflected in the following sections.

### 3.2.1 Financial investors

Financial organisations such as banks and impact investment institutions are managing increasingly large “green” investment portfolios backed by investors wishing to generate financial returns from more ethical investments. These markets have grown predominantly from renewable and low-carbon energy generation projects. In parallel, there is also a wider network of social investors that have reaped returns, both societal and financial, from ethical investors in the social space.<sup>7</sup>

At present, these opportunities – which depend on reliable revenue streams backed by government policy mechanisms – may seem more limited for natural capital markets. However, the demand from investors to make green investments is high<sup>8</sup>, so there may be organisations of this type wishing to make initial investments to establish new markets. This could potentially come from investments in natural capital to generate tradeable biodiversity credits, to access markets for sustainably sourced food or to generate resilience dividends from climate adaptation, each of which is growing in policy importance.

Financial investors of this type have a much more rigorous approach to assessing the risks and returns associated with an investment before making a decision to invest. As such they provide an illustration of the highest bar that a partnership would need to reach in order to make the case for investments in its catchment projects.

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<sup>6</sup> In 2017/18, catchment partnerships gained £47.8million of direct investment (not including in-kind contributions). Just over £26 million came from government (roughly split in half between Local and Central government) and almost £23 million from non-government (EU Funds and Lottery Grants each contributing around £8 million, and private investment from Water Companies, waste/landfill funds, other businesses NGOs and community groups contributing around £5million).

[https://catchmentbasedapproach.org/wp-content/uploads/2018/10/CaBA-Benefits-Assessment-Full-Report\\_Final-1.pdf](https://catchmentbasedapproach.org/wp-content/uploads/2018/10/CaBA-Benefits-Assessment-Full-Report_Final-1.pdf) accessed April 2019.

<sup>7</sup> <https://www.bigsocietycapital.com/latest/type/blog/social-impact-investment-2019>

<sup>8</sup> <https://www.lseg.com/markets-products-and-services/our-markets/global-sustainable-investment-centre/sustainable-news-and-resources/annual-trends-report-tracking-transition-green-economy>

### 3.2.2 Operational investors

It is estimated that £13 billion is spent each year in England on catchment-related activities<sup>9</sup>. To identify opportunities to access and influence some of this investment, requires opportunity mapping, finding out who, in the relevant area, controls portions of this spend and how their activities link to the environment. These organisations are likely to be numerous and include:

- Water companies.
- Developers.
- Food production and retail businesses.
- Organisations exposed to risks that could be ameliorated by natural capital.
- Growth programmes (see case-study box below).
- Local authorities.
- Flood risk authorities.
- Public health and social care organisations.
- Road and rail network organisations.
- Landowners.

A list of operational investors approached for interview in the Hampshire Avon is included in Table 4-1.

To be effective at gaining or influencing investment from these organisations requires a focus on their goals (rather than personal perceptions of the importance of the environment, although this should not be deleted from the toolbox) and use of language that will be attractive to them which focusses on benefits such as:

- reducing business risks associated with environmental damage, for example, reducing the impact of increased flood risk, or securing continuity of supplies, by seeking to mitigate the impacts of climate change and loss of biodiversity);
- saving money;
- creating new markets or responding to changes in demand (for example around higher value products or not being left behind by changes in consumer demand);
- creating new jobs and skills;
- enabling growth and sustainable development;
- connecting to an audience;
- reducing carbon and resource use; or
- building a positive reputation (for example by being part of a movement which seeks solutions to climate and biodiversity crises).

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<sup>9</sup> [http://independen.uk.com/wp-content/uploads/2017/07/water-works\\_what-else-can-the-water-industry-model-deliver\\_22-june2016.pdf](http://independen.uk.com/wp-content/uploads/2017/07/water-works_what-else-can-the-water-industry-model-deliver_22-june2016.pdf)

### **Gaining investment by thinking big and connecting to your local growth agenda**

It is often said that the key to gaining financial success is to “follow the money”. The growth agenda is often accompanied by large investments which could cause environmental impacts or offer opportunities to integrate with the environment for multiple benefits.

Thinking big for your area inevitably means connecting to major areas of regeneration, infrastructure development and urban growth.

- Put growth on your partnership agenda, map out where growth is planned in your catchment and who is connected to it.
- Explore how big regional/catchment solutions could offset the impacts of growth.
- Use ‘dream project’ approaches to build a strategic project proposal that links to your local area’s economic growth plans.

Case studies: Bristol Avon Catchment Resilience Plan<sup>10</sup>; Natural Capital Trust<sup>11</sup>; Bath’s WaterSpace<sup>12</sup>

### **3.2.3 Green purpose investors**

Although not the focus of the investigation for this report, green purpose investors are traditional targets to secure investment in catchment projects and could potentially form part of a wider package of funding that brought in investment from other organisations. Green purpose investors are attracted to a range of project types, most typically with one or more of the following goals:

- Local community enhancements.
- Environmental heritage.
- Climate change and health.
- Energy efficiency/ decarbonisation.
- Terrestrial ecosystems and land use.
- Biodiversity.

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<sup>10</sup> [https://www.jointplanningwofe.org.uk/gf2.ti/af/756738/117016/PDF/-/Bristol\\_Avon\\_Catchment\\_Partnership\\_Emilie\\_Graille.pdf](https://www.jointplanningwofe.org.uk/gf2.ti/af/756738/117016/PDF/-/Bristol_Avon_Catchment_Partnership_Emilie_Graille.pdf)  
<https://www.adeptnet.org.uk/system/files/documents/Bristol%20Avon%20Catchment%20Partnership.pdf>, accessed June 2019

<sup>11</sup> <http://www.wenp.org.uk/wp-content/uploads/2018/07/NCT-Final-Report.pdf>, accessed June 2019

<sup>12</sup> [https://www.bathnes.gov.uk/sites/default/files/sitedocuments/Environment/ba303\\_waterspace\\_study\\_update\\_05\\_fi nal\\_for\\_web\\_part\\_1.pdf](https://www.bathnes.gov.uk/sites/default/files/sitedocuments/Environment/ba303_waterspace_study_update_05_fi nal_for_web_part_1.pdf), accessed June 2019

Each organisation will have its own charitable purpose or goal. Examples of the type of organisations that could be approached for funding, or used as a lead for finding other green purpose investors, include:

- Charitable foundations of companies e.g. Greggs.
- Postcode Lottery.
- Heritage Lottery Fund.
- Wellcome Trust.
- Environmental Funders Network ([www.greenfunders.org](http://www.greenfunders.org)).

# 4.0 Opportunities for wider investment

## 4.1 Researching the opportunities

In the Hampshire Avon, we adopted the approach summarised in Figure 4-1 to research opportunities for wider investment. This model could be followed by others seeking to map investment opportunities in their area (see also further details in Appendix 2).

**Figure 4-1 Summary approach for researching investment opportunities**

Step 1	<ul style="list-style-type: none"><li>• Identify who was actively investing, or would potentially be interested in investing, in the local environment through web-based research and discussion with partner organisations.</li><li>• Include national financial investors and local operational investors (for ideas see Section 3.2).</li><li>• For the Hampshire Avon, this created a list of almost 20 organisations with contact names for about half of these.</li></ul>
Step 2	<ul style="list-style-type: none"><li>• Undertake further research to further define organisational activities, key interests and contact names.</li></ul>
Step 3	<ul style="list-style-type: none"><li>• Prepare a list of questions you would like to ask potential investors.</li><li>• Set out how you can present yourselves, and your ideas, to encourage potential investors to engage with you by highlighting the benefits for their organisation of engaging.</li><li>• Appendix 2 provides examples of introductory emails used in the case-study.</li></ul>
Step 4	<ul style="list-style-type: none"><li>• Engage with contacts through email and phone (see Appendix 3.2 for tips) to answer questions.</li><li>• This will require patience and persistence to obtain the information needed.</li></ul>
Step 5	<ul style="list-style-type: none"><li>• Record the feedback on opportunities and analyse this to find commonality (see Figure 4.2).</li></ul>

## 4.2 Mapping the opportunities

During the short research period of 4 weeks, we were able to identify and engage with 50% of the targeted operational investors (11 were interviewed/11 did not respond or were unavailable during in the time slot) and 3 financial investors.

Table 4-1 summarises the opportunities mapped for the Hampshire Avon based on internet research and, where contacts were available, interviews with operational investors. By clustering the opportunities under themes, it was possible to produce an initial investment opportunity map for the Hampshire Avon (see Figure 4.2).

**Table 4-1 Summary of opportunities for enhanced catchment investment in the Hampshire Avon catchment<sup>1</sup> based internet research and personal interviews where contacts were available**

Organisation	Core business objective	Environmental impacts	Opportunities
1. LEP	To set economic priorities for development and to increase economic productivity. They fund place making and infrastructure developments. The natural capital benefits derived from the environment are recognised as fundamental.	Manage risks to avoid environmental damage from development and damage from the environment on development e.g. flood-risks. Positive impact of attractive landscapes encouraging inward investment to the area. Green/blue infrastructure enhancements in Salisbury.	<ul style="list-style-type: none"> <li>- Novel environmental projects/technologies as potential market leaders in environmentally positive political climate.</li> <li>- Reduced flood risk through NFM.</li> <li>- Reduced drought risk through catchment management.</li> <li>- Generating natural amenity (water meadows, riverside walks) to bolster tourism or make Salisbury a 'place to be' to attract inward investment.</li> <li>- Energy generation from river.</li> </ul>
2. <i>Muntons (Brewery business)</i>	<i>Malting barley is an important crop in the region, supplying major brewers such as Carlsberg.</i>	<i>Environmental standards are exceeded for phosphate – Muntons farmers add to this problem with phosphate fertiliser applications.</i>	<ul style="list-style-type: none"> <li>- <i>Phosphate (PO4) reduction in water courses.</i></li> <li>- <i>Potentially water resource issues.</i></li> <li>- <i>Branding opportunities associated with green sourcing.</i></li> </ul>
3. <i>Persimmon Homes</i>	<i>Making profit from development.</i>	<i>New developments would put pressures on effluent discharges.</i>	<ul style="list-style-type: none"> <li>- <i>Reduced flood risk through Natural Flood Management (NFM).</i></li> <li>- <i>PO4 reduction in water courses.</i></li> <li>- <i>Resilient supplies of clean water to meet demand from increased consumption.</i></li> <li>- <i>Positive impact of attractive landscapes.</i></li> </ul>
4. <b>Wessex Water</b>	Drinking water supply. Wastewater treatment. Effectually draining the catchment. Their own asset protection and climate risk management.	Environmental standards are exceeded for phosphate. Flood risk management. Water supply resilience.	<ul style="list-style-type: none"> <li>- Work more closely with LENS to reduce PO4.</li> <li>- Articulate strategic needs/ projects across the catchment.</li> <li>- Provide evidence of customer demand to enable water company investments to be channelled.</li> <li>- Increasing awareness of river restoration to increase water retention (chalk streams are fast</li> </ul>

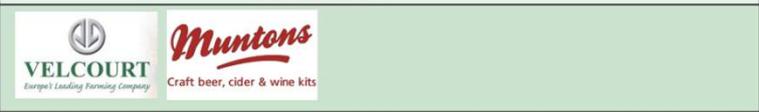
Organisation	Core business objective	Environmental impacts	Opportunities
			<p>draining with no water recycling) and maintain supply.</p> <ul style="list-style-type: none"> <li>- Advise water company on interventions reflecting links to land-owners and others that rely on rivers (e.g. watercress grower).</li> </ul>
5. Wiltshire Council (Planning dept)	<p>Building houses to meet Government targets and community need.</p> <p>Operate strategically to support business and development which bolsters the local economy.</p>	<p>Environmental standards are exceeded for phosphate, preventing development or only allowing high cost - PO4-neutral – development.</p>	<ul style="list-style-type: none"> <li>- Implement lower cost solutions to reduce PO4 e.g. wetlands, farmer advice, PO4 trading.</li> <li>- PO4 offsetting to appropriate timescales.</li> <li>- Projects enabling better public access to blue/green space.</li> </ul>
6. Wiltshire Council (Highways and drainage)	<p>Reduce flooding and ensure highways are safe (including preventing standing water).</p>	<p>Flooding and on water quality occurring from highway run-off.</p>	<ul style="list-style-type: none"> <li>- Reduced flood risk through NFM, slowing the flow.</li> <li>- Projects to reduce impacts of pollution from highways and improve water quality.</li> </ul>
7. Wiltshire Council (Maltings project) <sup>2</sup>	<p><i>Redevelopment of town centre, to reinvigorate the economy and tourism.</i></p>	<p><i>Flooding is the predominant environmental impact – effluent discharge needs to be improved to ensure overflow does not occur from flood events.</i></p>	<ul style="list-style-type: none"> <li>- <i>Reduced flood risk through NFM, slowing the flow.</i></li> <li>- <i>Positive impact of attractive landscapes.</i></li> </ul>
8. Tourism sector (Visit Wiltshire)	<p>Attracting tourists by marketing the Wiltshire/Hampshire area.</p>	<p>A large draw of Hampshire is its natural beauty and this amenity value draws in tourism.</p>	<ul style="list-style-type: none"> <li>- Projects which provide public access to nature.</li> </ul>
9. Business Improvement District (Salisbury BID)	<p>Salisbury BID funds £400,000 of projects and services which are beneficial to BID members and the local economy.</p>	<p>Created Visit Salisbury and are therefore responsible for the attraction of tourists, which benefit local businesses.</p>	<ul style="list-style-type: none"> <li>- Developing blue/green master plan for city generating natural amenity (water meadows, riverside walks) to access to blue/green space.</li> </ul>
10. Salisbury city council	<p><i>Redevelopment of Salisbury Centre, to reinvigorate the economy and tourism.</i></p>	<p><i>Wider responsibilities include the maintenance and improvement of infrastructure, which will increase run-off.</i></p>	<ul style="list-style-type: none"> <li>- <i>Developing blue/green master plan for city generating natural amenity (water meadows, riverside walks) to access to blue/green space.</i></li> <li>- <i>Reduced flood risk through NFM, slowing the flow.</i></li> </ul>

Organisation	Core business objective	Environmental impacts	Opportunities
		<i>Environmental standards are exceeded for phosphate, preventing development or only allowing high cost - PO4-neutral – development.</i>	- <i>Projects to enhance water quality flowing through the town centre</i>
<b>11. MoD</b>	10,000 new homes planned to rehouse services staff. Close liaison with Wiltshire Council Planning Department and NE to ensure the planning conditions around Salisbury plain meet the needs of the Habitats Directive.	Primary objectives concern phosphorus requirements for the HA, ensuring the new MoD housing developments do not cause deterioration in the nutrient Management Status of the river.	- PO4 offsetting to appropriate timescales, particularly on tributaries close to MoD sites. - Biodiversity offsetting projects (low priority to the organisation).
<b>12. AECOM/ A303</b>	<i>Sustainable construction of A303 by-pass around Stonehenge</i>	<i>Water quality and flood risk</i>	- <i>Advice on approaches to limit impact of construction on catchment.</i>
<b>13. Major estates e.g. Velcourt</b>	<i>Land management/farming and leading provider of farm business management and advisory services in the UK and overseas.</i>	<i>Water quality, flood risk, climate change, biodiversity.</i>	- <i>Potential interest in trialling approach to develop and market higher value natural capital branded goods.</i>
<b>14. Environment Agency (EA)<sup>3</sup></b>	<i>Ensure that development will meet environmental regulations and standards.</i>	<i>Water quality, flood risk, climate change, biodiversity.</i>	- <i>EA operational work – e.g. to meet with contractors managing locks and other infrastructure, to share best practice for catchment enhancement.</i>
<b>15. PUSH South Hampshire CA's</b>	Collaborative working to enable housing development, planning policies and developing shared approaches.	The implications of development, predominantly the quality and quantity of neighbouring water supplies, but also flooding and amenity values.	- Biodiversity offsetting projects (low priority to the organisation). - Impacts of flooding. - Security of supply and demand management.

- Notes: 1 Information was derived from web-based research and structured interviews. Contacts in all organizations were invited to interview, unless otherwise stated, but those in italics either did not respond or were unavailable to engage within the time period available.
- 2 Environment Agency lead was in close contact with the Maltings lead and provided some information on their behalf.
- 3 Only relevant EA core business objectives have been assessed.

Opportunities for investment were of interest to several potential investors creating the possibility for the partnership to help facilitate shared investment for shared gain. This opportunity map provides a starting point for developing joint propositions with interested parties.

**Figure 4-2 Initial investment opportunity map for the Hampshire Avon**

Opportunity	Relevant Investor
Reduce phosphate levels	
Reduce Flood Risk	
Reduce Drought Risk	
Create/Maintain an Attractive Landscape	
Provide Access to Nature	
Provide Biodiversity Offsetting	
Market Higher Value, Green Branded Goods	

**4.3 Linking to ongoing initiatives**

As contact was made with investors in the Hampshire Avon, we became aware of the ongoing initiatives that the partnership could potentially link in to, or at least maintain awareness of. These included:

- **The Landscape Enterprise Networks (LENS) initiative** which aims to convene catchment stakeholders around environmental projects which have mutual benefit to those involved. In the Hampshire Avon, LENS identified phosphorus pollution as the key problem to convene stakeholders; Wessex Water and Wiltshire District Council are leading an initiative to buy phosphorus offsets.
- **The River Avon Special Area of Conservation (SAC) working group** which, in 2015, created a nutrient management plan (NMP) for phosphorus, in accordance with international obligations, principally in the EU habitats, Wild Birds and

Water Framework Directives.<sup>13</sup> The targets of the NMP were not met and consequently SAC introduced a requirement for all development between 2018/19 – 2024/25 to be ‘phosphate neutral’.<sup>14</sup> The group includes the EA, NE, Wiltshire Council, the NFU, the New Forest District Council, Wessex Water and is chaired by Tim McCombe of Wiltshire District Council.

- **The green/blue master plan for Salisbury** which aims to both generate natural amenity, and ensure there is public access to it. Currently the plan is in its infancy and the LEP/councils are exploring options for delivery.
- **Wessex Regional Flood and Coastal Committee**, chaired by Vicky Farwing (EA), which has developed a 2017-2021 strategy to ensure regional stakeholders understand flood risks and how they may be managed now, and in the future. The committee facilitates cases for investment and ensures a strong pipeline of projects to reduce flood risk. The committee brings together representatives of each of the county and unitary bodies in the area, alongside members with special relevant experience, appointed by the EA.

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<sup>13</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/429214/River\\_Avon\\_Nutrient\\_Management\\_Plan\\_FINAL\\_30th\\_April\\_2015.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/429214/River_Avon_Nutrient_Management_Plan_FINAL_30th_April_2015.pdf)

<sup>14</sup> <http://www.newforestcouncil.gov.uk/CHttpHandler.ashx?id=38268&p=0>

## 5.0 Key challenges of attracting investment

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### 5.1 Reaching out to investors

The first challenge of attracting investment is taking the steps to identify potential investors and to engage with them in order to better understand their needs. These initial contacts provide the foundations for working together to co-direct/co-develop propositions that deliver multiple benefits including environmental gains. Although first this step can be quite uncomfortable, particularly if new contacts are to be identified and spoken to, a well-planned approach, perseverance and help from others, can enable conversations with investors (using language appealing to them) that yield valuable opportunities for sharing knowledge and enabling more coordinated investment.

Appendix 3.2 provides a series of tips about key tasks related to:

- getting a better understanding of the investor landscape;
- approaching investors;
- developing relationships; and
- building credibility.

### 5.2 What investors are looking for

Ultimately anyone investing in a proposition will be assessing the risks of their investment and the likely performance of the investment in terms of generating returns that matter to them (whether they be financial or operational). Some key factors that investors will be looking for are:

- investment at an appropriate scale;
- a sound proposition, that demonstrates a tangible, verifiable outcome; and
- a professional team to co-develop, manage and/or deliver that proposition.

#### 5.2.1 Investment at an appropriate scale

*One investor spoke about how “the environment doesn’t get the full attention it deserves in making decisions about the economy partly because of how the environment is perceived. Environmental organisations can come across as lobby groups and the EA can be seen as people to appease in terms of meeting regulations. Often private investors view the environment as something preventing them achieve their business goals (e.g. blocking development). To be attractive, the environment needs to be presented in a positive way, as something to enhance their aims (e.g. to enhance the economy).”*

Investors are looking for something at a scale that they want to invest in. This is demonstrated from the local LEP who commented “At present too many propositions come from individual groups and tend to have a small impact. To get the attention of LEPs we need the offer to be bigger, more co-ordinated and ambitious”.

## 5.2.2 A sound proposition

Characteristics investors will typically look for in a proposition are:

- a clear, desirable (e.g. enhanced natural capital) and sizeable impact, something to get noticed;
- a proposition with tangible outcomes/benefits which is deliverable;
- a proposition which has been meaningfully discussed with, and is supported by, major players in the catchment, (e.g. the water company) and the target audience (e.g. communities, land-owners); and
- for financial investors, well-developed consideration of potential revenue streams, revenue generation models and the source and likelihood of getting a return (impact investors, are typically looking for 10% financial returns).

Some investors can only invest where propositions meet specific criteria for example flood risk management authorities have to follow strict rules when allocating grants<sup>15</sup>.

## 5.2.3 A professional team

Any organization presenting a proposition, whether it be to gain investment, or to influence the way others invest, will need a high degree of credibility. Tips to build credibility are summarized in Appendix 3.2.

The requirements investors will typically look for in an organization, presenting or managing a proposition, will vary depending on the organisation making the investment. Commercial investors (such as banks) are likely to have a more onerous risk assessment than operational investors (such as Local Authorities). Typically, investors will consider:

- Whether they are confident the organisation can deliver the project, for example:
  - Does the organisation have personnel with the right experience and capabilities?
  - Are there sufficient resources available to deliver the work?
  - Does the organisation have a track record of similar work demonstrating commercial experience (e.g. delivering to standards expected in a 'contract' environment rather than for a grant investor)?
- Whether the organisation has a Governance/Structures (set up for longevity with strong governance/commercial focus)<sup>16</sup>.

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<sup>15</sup> <https://www.gov.uk/government/publications/flood-and-coastal-resilience-partnership-funding>, accessed May 2019.

<sup>16</sup> Many charitable organisations, and indeed the catchment partnership in the River Nene, use formal legal structures such as Community Interest Companies, to demonstrate how governance occurs and is formalised. The work carried out by Eunomia and the West of England Nature Partnership for Defra, on structures to run a Natural Capital Trust<sup>16</sup>, give a thorough exposition of some of the options available to use (<http://www.wenp.org.uk/wp-content/uploads/2018/07/NCT-Final-Report.pdf>)

- Whether the proposal show a good understanding of the policy drivers, business needs and relevant regulations (Understanding of Water Regulation (Habitats regs and WFD).
- Whether the proposition supported by others who are either impacted by and/or involved in implementation. For example, have the following been consulted:
  - regulatory authorities;
  - key players such as the water company or if relevant; or
  - local communities.
- The extent to which these groups support the proposals, as evidenced by material presented in support of the proposition?

For financial investors the focus on ability to deliver in a commercial world is particularly strong. One investor seeking to invest in natural capital propositions summarised his requirements into two questions:

- *“Do I trust the management team to deliver what they say they will?”*
- *“Can they manage the risks and expectations of performance in a commercial world?”*

## **5.3 What partnerships need to help facilitate catchment investment**

### **5.3.1 Capability needs**

Facilitating more investment in a catchment requires an enormous range of skills and capabilities encompassing the roles of visionary, facilitator, and small business. There also needs to be sufficient commitment and capacity to invest in building an organization with the knowledge, ideas, relationships and tools that is well-positioned to facilitate increased catchment investment. Figure 5-1 summarises characteristics that would help a partnership be well placed to facilitate increased investment in catchments, based on investor requirements, and lessons learned from others successful in gaining investment for their areas.

**Figure 5-1 Key partnership characteristics to help increase catchment investment**



### 5.3.2 Typical capability gaps

Local partnership leaders and teams come from varied backgrounds and have a wide range of skillsets. Our research, suggests that local partnerships tend to have a good level of expertise across many of the technical aspects of catchment management (although individual partnerships are unlikely to have expertise across the whole technical area<sup>17</sup>) and that most partnerships have developed capabilities in networking, relationship building and partnership working. Generally, however skills to secure investment have been acquired and executed as secondary elements to these core areas. Since exercising these skills often falls to the role of partnership co-ordinator, a role which typically has a high turnover, the extent to which individual partnerships are comfortable in delivering these skills levels, reflects the type person in the role and how long they have been in that role. But, overall, it seems partnerships are less comfortable with engaging investors in the private sector and are less familiar with the commercial, business development and financial aspects of investment. These are specialist skills which generally attract far higher salaries than roles based on environmental skills making it difficult to fill this skill gap through recruitment. Specific support that could usefully be provided is summarised in Figure 5-2.

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<sup>17</sup> Although this project focussed on one catchment partnership, the findings were in line with those from previous work looking across all partnerships. Defra Catchment Base Approach (CaBA): Monitoring and evaluation (Phase 2) and wider adoption of CaBA for the period 2013-15 - WT1559  
<http://sciencesearch.defra.gov.uk/Default.aspx?Menu=Menu&Module=More&Location=None&Completed=0&ProjectID=19337> accessed June 2019

**Figure 5-2 Support that could usefully be provided to help local partnerships facilitate increased investment**



Generally, these skills gaps could be provided through a combination of training/mentoring, a support function across partnerships, or working with intermediaries. Others could be helped through provision of guidance, for example as provided as ‘top tips’ in Appendix 3.

### 5.3.3 Defining specific capability gaps

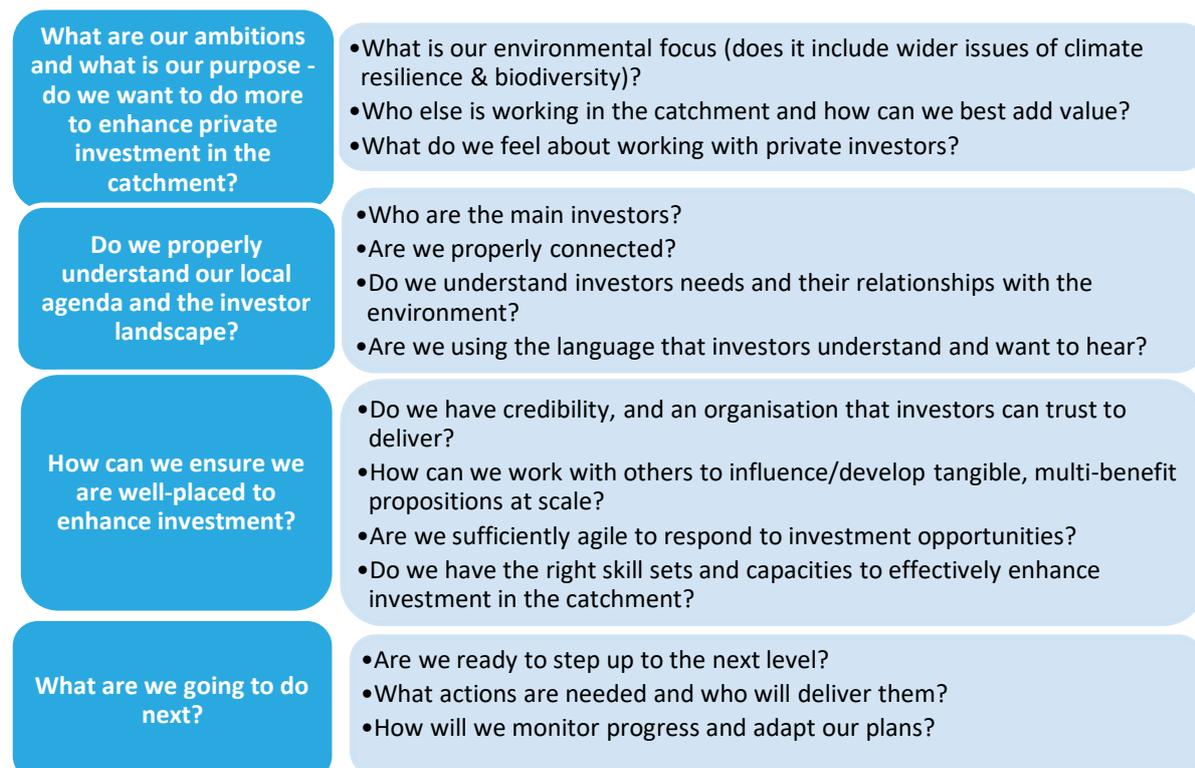
The general capability gaps provide a view on where development might be needed. But the gaps will be specific to each partnership depending on what their ambitions are and what skill sets are available to them. To identify these, will require partnerships to reflect on their own position. The following section poses questions that partnerships could ask themselves to:

- map their current position against the key characteristics needed to identify areas of strength and weakness;
- identify gaps in terms of the capabilities needed to meet the partnership goals and ambitions; and
- define an action plan to build on strengths and address weaknesses.

## 6.0 Readiness to attract more investment

If the opportunities for attracting wider investment seem attractive, and the challenges within reach, then a partnership could usefully reflect on where it is now, where it would like to be and what action is needed. Broadly, this is about evaluating yourself as a partnership and what can be achieved in full knowledge of the investment landscape. Figure 6-1 sets out broad questions to help partnerships undertake this self-evaluation and define a way forward. The questions expanded upon in the text that follows with further details in Appendix 3.

**Figure 6-1 Broad questions a partnership should ask itself in assessing its readiness to attract more investment**



Using these questions would enable a partnership to create several outputs to help map a path towards being able to enhance investment for the good of a catchment. These outputs could include:

- a document setting out **agreed ambitions** about the partnership's role in increasing catchment investment;
- an **initial investment opportunity map** which would provide a starting point for developing joint propositions with interested parties;
- a **capacity gap analysis**, i.e. a comparison of what is needed vs what the partnership has in place already to identify the key gaps needing improvement; and

- **an action plan** to enhance ability to increase catchment investment including an engagement plan outlining who to engage with, how (messaging) and when.

## 6.1 What are our ambitions and what is our purpose?

An important first step is to reflect on where the partnership is currently; and where the partnership wants to be. This is about determining the extent to which the partnership is ready to adopt a role to add value to the work already being done in the catchment to improve water and land environment and to encompass pressing issues around climate change, resilience and biodiversity. In considering the answer to this question it is worth reflecting on the opportunities for wider investment (see Figure 4.2) which for the Hampshire Avon were linked not only with water and land (i.e. reduction of phosphate and reduced flood risk) but also with wider environmental aspects (i.e. linked to an attractive landscape, access to nature, biodiversity offsetting, and natural capital goods).

The types of questions to be asked are:

- What is our environmental focus and to what extent does it include wider issues of climate resilience & biodiversity?
- Who else is working in the catchment and how can we best add value?
- How do we feel about working with private investors?

Further detail is provided in Appendix 3.

Reflecting on these questions could lead to the creation of a document setting out **agreed ambitions** about the partnership's role in increasing catchment investment.

### Case-study feedback from the Hampshire Avon

- **Current position:** The partnership is comfortable that partners are able to engage with investors, primarily as individual organisations, to obtain investment to deliver smaller projects.
- **Goals and ambitions:** The partnership has an ambition to be in a better position to influence the wider investments being made in the catchment. The partnership would like to be seen as the organisation to consult about environmental/catchment matters for investment activities in the catchment, e.g. development.

The partnership host commented that *"We have a lot of key organisations and players in the partnership and people do appreciate the benefits. It is time now for the next steps to engage investors beyond the water companies"*.

## 6.2 Do we properly understand our local agenda and the investor landscape?

The types of questions to be asked are:

- Who are the main investors?
- Are we properly connected?
- Do we understand investors needs and their relationships with the environment?
- Are we using the language that investors understand and want to hear?

The output from this exercise could be used to create an **initial investment opportunity map** as a starting point for developing joint propositions with interested parties.

#### Case-study feedback from the Hampshire Avon

Operational investors in the Hampshire Avon highlighted six key areas of interest which gave rise to opportunities for investment:

- Reduction of phosphate.
- Reduced flood risk.
- Attractive landscape.
- Access to nature.
- Biodiversity off-setting.
- Marketing higher value branded goods.

Each opportunity was of interest to several potential investors creating the possibility of shared investment for shared gain (see Figure 4-2).

### 6.3 How can we ensure we are well-placed to enhance investment?

Once the partnership has an agreed position about the purpose and ambition for the partnership, and awareness of the investment landscape and investor needs, the next step is to undertake a gap analysis. The gap analysis assesses the extent to which the partnership already demonstrates the characteristics needed to increase catchment investment and what further action is needed. Questions to ask to determine how well the catchment is positioned include:

- Do we have sufficient credibility, and an organisation that investors can trust to deliver?
- How can we work with others to influence/develop tangible, multi-benefit propositions at scale?
- Are we sufficiently agile to respond to investment opportunities?
- Do we have the right skill sets and capacities to effectively enhance investment in the catchment?

The output from these reflections will be a **capacity gap analysis**, i.e. a comparison of what is needed vs what the partnership has in place already in terms of ways of working and skill sets to identify the key gaps in capacity that need addressing.

### Case study feedback from the Hampshire Avon

An initial assessment of capacity gaps (i.e. gaps in knowledge, skills and resourcing, based on conversations with the partnership host in the Hampshire Avon) were:

- specialist technical skills, for example, hydrological modelling and hydro-geomorphology;
- skills in making initial approaches to investors, talking the language of investors/investors to identify benefits;
- commercial and business development skills around how to listen to your target audience, marketing and how to present attractive propositions;
- knowledge around the language of economics and particularly investment, debt/equity and sources;
- a greater understanding of natural capital and natural capital accounting for linking private investment to public investment; and
- knowledge of new financing tools, e.g. Social Impact Bonds, Environmental Impact Bonds.

## 6.4 What are we going to do next?

Once the partnership has a view on actions needed to develop characteristics to enhance catchment investment, it should examine resource levels and priority actions and set out a realistic plan of action. It should consider the resources across the partnership and make the most of capabilities that can be contributed by all partners, and also consider other support that can be gained externally. The actions should be captured in an action plan that for each action sets a clear timescale and responsibility for taking key actions forward.

Questions to ask are:

- Are we ready to step up to the next level?
- What actions are needed and who will deliver them?
- How will we monitor progress and adapt our plans?

The output from this process is an **action plan** to increase catchment investment. This should include an engagement plan outlining who to engage with, how (messaging) and when).

## 7.0 Recommendations

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### 7.1 Recommendations for partnerships

- 1) Partnerships are at a good stage of maturity to reflect and agree on ambitions, mindsets and ways of working. Working together with all partners, partnerships should use the questions in Appendix 3 to:
  - a. develop/ refresh their ways of working;
  - b. identify actions needed to deliver ambitions and create an action plan including:
    - i. actions to address gaps in knowledge, skills, capacities and connections;
    - ii. an engagement plan outlining who to engage with, how to engage with them (messaging) and when.
- 2) Where there are significant skills and capacity gaps, partnerships could identify how the action plan will be resourced using best available skills across the partnership and seek support from the NSG, the Environment Agency and Defra.
- 3) Partnerships should work with EA Co-ordinators to map their investor landscape to show:
  - a. who is investing in the catchment currently, or could do in the future;
  - b. the connections between operational investors and the local environment and the extent to which there is a shared understanding about these connections;
  - c. the nature of the relationship between the partnership and investors and how these can be developed, snowballing from initial contacts;
  - d. actions needed to develop a fuller, shared picture of the investment opportunities and how to make the most of these; and
  - e. actions needed to deliver greater investment either through direct action (actions partnerships can take themselves, or in partnership with investors or others) or influencing actions by others. This will include and actions where the partnership may need specialist support (e.g. through the LENS initiative).

### 7.2 Recommendations for Defra

- 4) Partnerships sit in an uncertain/insecure space with year to year funding. Defra should create a more stable working environment by securing funding for 3-5 years, this would:
  - a. enable partnerships to retain staff (to avoid losing skills but also critical social capital from developing relationships);
  - b. send a message to people working in partnerships that the work is valuable and having a long-term vision and measuring progress important; and

- c. give a clear signal to investors that partnerships are ‘here to stay’ and therefore worthwhile engaging with.
- 5) There are a number of actions that Defra could consider to help increase investment in catchments, for example:
  - a. make the requirement for net gain (in either or both Biodiversity and natural capital) a consistent, national legal requirement (currently an issue being consulted on);
  - b. direct Water Companies to consider the sustainability of their catchments in the broadest sense and to properly assess the costs, risks and benefits of catchment solutions against standard asset solutions;
  - c. ensure that tests and trials of approaches to the new Environmental Land Management payment incentive system incorporate assessments of how to incorporate and evaluate the wider benefits (including natural flood management) of catchment-based solutions delivered with catchment partnerships; and
  - d. support partnerships in building capabilities so that they may continue on their investment readiness journey.

### 7.3 Recommendations for the Environment Agency

- 6) The Environment Agency should work in partnership with Defra and NSG to develop new business models for catchment partnership that support their investment readiness.
- 7) The Environment Agency should consider approaches to assessing and incentivising the success of partnerships that include aspects of their capability to engage with private sector funders and either influence their spending or secure additional spending for the benefit of catchment outcomes.

### 7.4 Recommendations for the CaBA National Support Group

- 8) The CaBA National Support Group (NSG), should map the key skills listed in Section 5.3 for all partnerships across the CaBA network to identify areas of strength, weakness and gaps and use this map to guide the support given, or requested, from each partnership to ensure all partnerships have access to the necessary skills to increase investment.
- 9) Although a wide range of skills is needed to successfully gain investment, these don’t have to reside in each partnership. The NSG should encourage liaison across the partnerships to share skills for example, this could be achieved by:
  - a. creating regional hubs (ideally, core skills should reside in partnerships within a region, to make it easier to share/trade time);
  - b. setting up a series of mentoring arrangements to ensure that every partnership has access to the wider skills needed to increase investment;
  - c. creating a network of advisers (from within partnerships across the country and if necessary external advisors) to provide additional advice and support with respect to specialist technical areas, for example,

hydrological modelling and hydro-geomorphology, but also skills in strategic engagement and investment (see below).

- 10) To enhance the ability of partnerships to engage with strategic investors in the catchment, CSG should:
  - a. Provide training or mentoring to support partnerships in making initial approaches (see Appendix 3);
  - b. Help partnerships develop skills in how to talk the language of investors/investors;
  - c. Share knowledge about potential cost savings resulting from a range of interventions and who benefits from these.
- 11) To enhance a partnership's understanding of financial aspects, CSG should:
  - a. Provide training to support greater understanding of natural capital economics would be hugely beneficial. Economics requires a different language. When allied to natural capital accounting this makes it even more challenging for staff not traditionally conversant with the language of economics.
  - b. Identify external advisers who can provide additional advice and support with respect to specialist areas, specifically:
    - i. Economists familiar with natural capital accounting
    - ii. Financiers/investors conversant with new financing tools, e.g. Social Impact Bonds, Environmental Impact bonds etc.?

## 7.5 Recommendations for further research

The process of securing funds for environmental projects from organisations with a more outcome focused and/or commercial set of success requirements is a challenge. Yet the policy landscape indicates that this approach is to be encouraged. Catchment partnerships are relatively new arrangements that are still evolving to ensure that they have the right mindset and capabilities to be able to respond to this challenge. As such, it would appear that they need more support, and that this needs to be relevant to their context. Further research in the following areas could help:

- 12) Explore how Wildlife Trusts and River Trusts have used trading bodies – such as consultancies –in order to provide income streams and greater contacts with the private sector.
- 13) Explore with Green Investment Banks how a large-scale collaboration of partnerships could build an investable “impact” portfolio for a large number of projects with similar risk and return profiles, following the learning from energy efficiency schemes.



# APPENDICES

## A.1.0 The Hampshire Avon Catchment

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### A.1.1 Context

The Hampshire Avon Catchment is the easternmost management catchment of the South West River Basin District. The land use in the area is predominantly rural (98%), comprising of arable, improved pasture grasslands and woodland.<sup>18</sup> Agriculture, spray irrigation, fish farming and mineral activities take place in the catchment and are thought to be factors in rising phosphate and nitrate levels in groundwater; a cause for concern for the catchment.

The river is mostly chalk, supporting habitats and species of national and international importance such as salmon and trout; 205 kilometres of the river is designated as SSSI and large areas of the catchment are designated Areas of Outstanding Natural Beauty (AONBs) in the form of Cranborne Chase and West Wiltshire Downs.

Water resources in the area are mostly used for public and private water supply. The southern tip of the catchment coastal, with Christchurch Harbour and three nearby beaches attracting large numbers of visitors each year. Tourists also come to the catchment to visit cultural and heritage sites such as Salisbury Cathedral and Stonehenge or to participate in fishing activities such as angling.

### A.1.2 Structure and management

The Hampshire Avon Catchment Partnership was formed early 2014 and is currently hosted by the Wessex Chalk Stream & Rivers Trust (WCSRT).<sup>19</sup> The core group, which meets quarterly, consists of:

- Environment Agency
- Natural England
- National Farmers Union (NFU)
- Wiltshire Wildlife Trust
- Wiltshire Council
- Hampshire & Isle of Wight Wildlife Trust

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<sup>18</sup> The Hampshire Avon Management Catchment: A summary of information about the water environment in the Hampshire Avon management catchment, Environment Agency, 2014

<sup>19</sup> The Hampshire Avon Management Catchment: A summary of information about the water environment in the Hampshire Avon management catchment, Environment Agency, 2014

- Game & Wildlife Conservation Trust
- Wiltshire Fishery Association (WFA)
- Bournemouth Water
- Hampshire County Council
- Wessex Water

The WCSRT employs four full-time officers, and is also responsible for co-hosting the Test and Itchen Catchment Partnership (TICP) alongside the Isle of Wight Wildlife Trust. The director of WCSRT, Martijn Antheunisse, is the Hampshire Avon Catchment Partnership Chair and has held this position for one year.

The Catchment Officer role is currently split between facilitating the Hampshire Avon Catchment Partnership and project delivery. In future it has been decided to employ a specialist partnership officer across the two catchments, so that partnership working has a greater focus without the distractions of project delivery.

### A.1.3 Current strategy

There are a considerable amount of strategies and plans outlined in the Draft Catchment Management Plan, published in October 2014. These encompass projects aimed at general river/habitat management, water quality, ecosystems services, research, flooding, water management, climate change, Areas of Outstanding Natural Beauty (AONBs) as well as two specific plans for Christchurch Harbour, aimed at the town itself and coastal portion of the catchment.

After a stakeholder consultation in 2014, the Partnership identified four major issues confronting the catchment area as a whole<sup>20</sup>:

- Water Quality
  - Nutrient input from diffuse water pollution, particularly from agriculture and nutrient inputs from point sources.
- Water Quantity
  - Ground water abstraction and threats of over-abstraction during “low flow events”
- Soil Management & Siltation
- Habitat Management
  - Including impoverished/fragmented habitats, barriers to fish migration, historical dredging, urbanisation and flood prevention structures.

These issues will help to drive future strategies for the partnership.

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<sup>20</sup> Draft Catchment Management Plan, Hampshire Avon Catchment Partnership, October 2014

### A.1.4 Strengths and challenges

A particular strength of the catchment partnership is the relationships they have been able to build with landowners and organisations associated with anglers.

The WCSRT are working towards making the Hampshire Avon Catchment Partnership more effective and are keen to self-reflect and take the next steps. WCSRT are helping members bid for investment, although it is unsure whether there will be sufficient staff resources for the charity to maintain this with the current setup. Between partners, there has been collaboration on joint projects so far (e.g. a joint bid for a Water Environment Grant), but it was felt that collaboration could be better orchestrated.

Using the Catchment Based Approach (CaBA) website's Self Evaluation Tool, the partnership looks to be somewhere between "Initial" and "Repeatable" (stages 1 and 2) on the Maturity Model presented.<sup>21</sup>

During an interview with the partnership chairman, it was established that the partnership had a willingness to progress and wished to work together more to win investment and also deliver projects. However, the host organisation is cautious about coming across as interfering rather than helpful when it comes to talking to those members delivering projects in the catchment.

The partnership finds it difficult to engage with developers and the public as much as it would like. Public engagement may be hampered by the fact that only 5% of the river is considered accessible to the public.

Another challenge is that the catchment has been without an Environment Agency Catchment Co-Ordinator for a while, and the partnership had missed the knowledge of the area and good contacts that had been provided earlier.

### A.1.5 Desired next steps

Martijn would like to see an improved level of knowledge and network sharing amongst the key members of the partnership. He also believes that a chair of the partnership who is more independent or impartial than himself would help to prevent the reluctance to share information, as the chair would not be in direct competition with the other members and therefore could provide neutral mediation between members and their information.

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<sup>21</sup> Framework for the monitoring and evaluation of catchment partnership working: Self-evaluation tool, Catchment Based Approach and Eunomia Research and Consulting Ltd., April 2019 (<https://catchmentbasedapproach.org/wp-content/uploads/2019/04/CaBA-Catchment-Partnership-self-evaluation-tool.pdf>), Accessed April 2019

In addition, there is a desire to begin engaging investors outside of the water companies; Wessex Water is a key contributor for project investment in the catchment.

Finally, there is currently the possibility of the catchment being designated a Water Protection Zone (WPZ), which would hopefully increase engagement with the agricultural sector due to the possible effect on their business. Whilst being a possible solution to the water quality issues outlined in A.1.1, it will hopefully increase interest of those businesses to become more sustainable and conduct their business in an environmentally friendly manner.

## A.2.0 Approaching investors in the Hampshire Avon

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Eunomia interviewed 50% of the targeted contacts (11 interviewed/11 not). Where possible, network contacts were used to ascertain contacts within target organisations. This was the most successful method for arranging interviews. Public sector contacts (EA/NE) working in the area were able to provide useful contact information reflecting their roles as regional advisors/regulators and their contacts with staff in a wide range of organisations. The processes used to contact potential investors are summarised in the figures below.

We used the following email introduction when a contact was

*“Your name was passed onto us by xxxx from Natural England (for example) who suggested you would be a good person for us to talk to “*

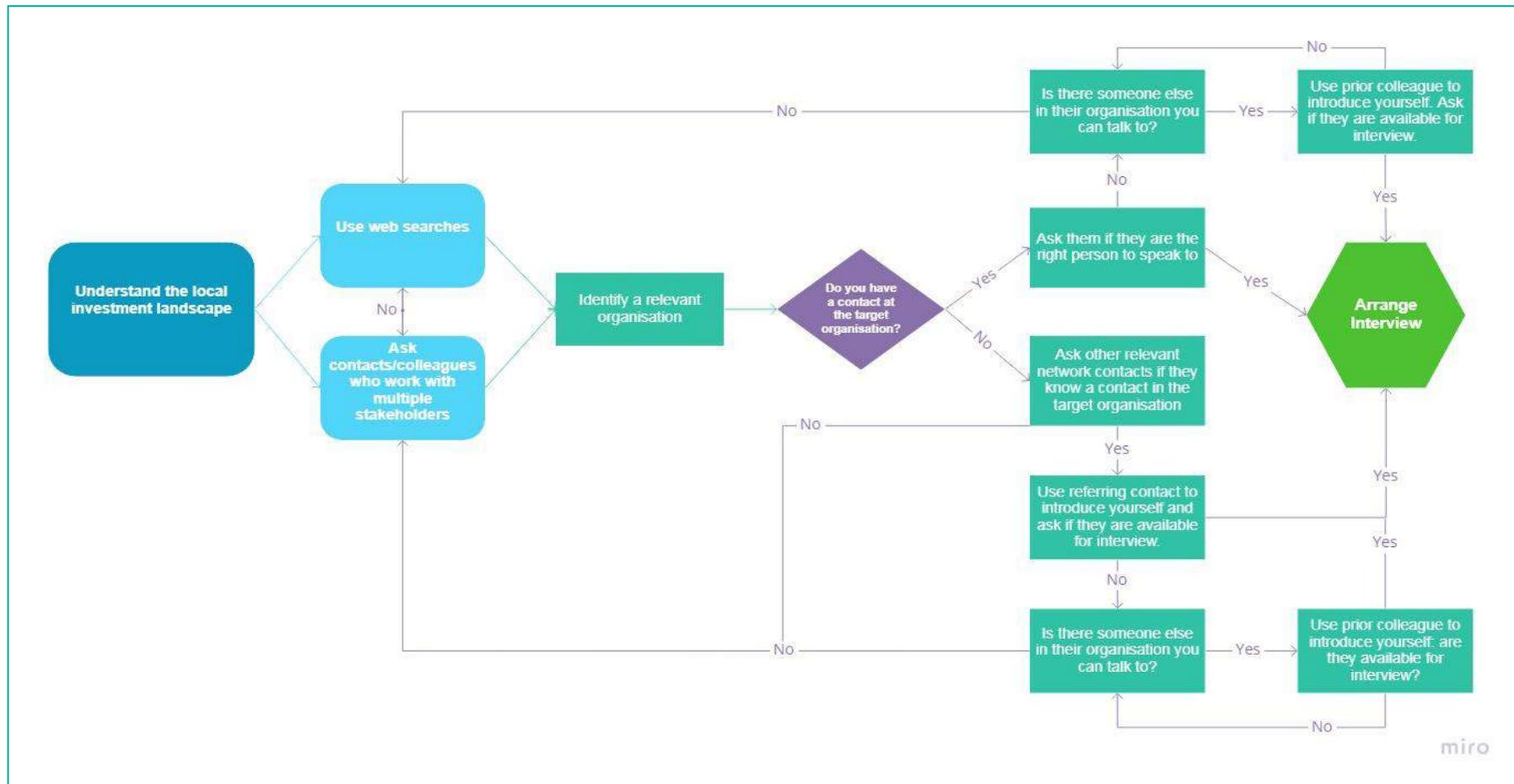
The email was structured:

- Introduction as above (preferably with contact referral).
- Summary of the Project and the questions we were seeking answers to
- Details of the contact request, in our case a short interview.
- Detail the benefits their organisation might gain from the contact (i.e. local environmental projects could be tailored to meet their company’s targets)
- Clarity on next steps and timescales.

Initial emails were followed up with an additional email and then, where we had phone numbers, with a phone call. The second email was structured to include:

- An apology for the additional email chasing the contact.
- An outline how important the views from the contact were to the project. Reference to the organisations that had participated to evidence the importance of the work.
- Comments reiterating the potential for the contact to benefit their organisation.

Figure A2-7-1 Outline process for approaching investors where initial contact names had been provided by existing contacts



**Table A2-1 Investors and other contacts approached as part of this research**

Sector	Organisation	Contact	Position	Date Interviewed	Business interest & reasons for interview
<b>Financial investors</b>					
Financial investor	Triodos	Dan Hird	Head of Corporate Banking	13 <sup>th</sup> March	Triodos have a track record of social and environmental impact investments that aim to benefit the environment and generate a healthy financial return.
Financial investor	*Green investment group (GIG)	Adrian Barnes	Manager – Green Investment Ratings	18 <sup>th</sup> March	GIG is a specialist in green infrastructure investments. The group have environmental parameters that need to be fulfilled when they make investments.
Financial investor	*InvestAg	Henry Wilkes	CEO	20 <sup>th</sup> March	InvestAg invest solely in the farmland and agricultural sectors - they require different parameters for investment.
<b>Operational investors</b>					
LEP/Growth Deal Organisation	PUSH / Eastleigh Council	Jason Light	Strategy Lead	29 <sup>th</sup> March	PUSH (Partnership for South Gloucestershire) is a public sector partnership which focuses on housing development and developing shared approaches.
Water Company	Wessex Water	Ruth Barden	Environment and Catchment Strategy Manager	20 <sup>th</sup> March	Wessex Water is responsible for supplying water and managing sewage in the region. They are interested in the availability, efficiency and quality of raw water. Environmental projects can significantly bolster these three attributes.
Local Authority Highways, Drainage and Flooding	Wiltshire Council	Danny Everett	Principal Drainage Engineer	2 <sup>nd</sup> April	Flood risk management is a key element of business.
Developer	Salisbury city council	David Milton		Unable to schedule in timescales	The Malting's Development is a multi-million-pound regeneration in the centre of Salisbury next to the river.
Developer	MoD	Oliver Howells	Senior Ecologist	Unable to schedule in timescales	The MoD have significant operational and development interests in the Salisbury area.

Sector	Organisation	Contact	Position	Date Interviewed	Business interest & reasons for interview
Planner	Wiltshire Council	Tim McCombe	Senior Spatial Planning Manager	20 <sup>th</sup> March	The core business is development
<b>Learning lessons from others successfully engaging investors</b>					
CIC approach	River Nene Regional Park CIC	Kathryn Hardcastle		18 <sup>th</sup> March	This contact provided perspective about alternative partnership approaches. They have established a GI network of environmental projects in the River Nene region.
Wildlife Trust	Hampshire and Isle of White Wildlife Trust	Debbie Tann	Chief Executive	3 <sup>rd</sup> April	This contact provided perspective about alternative partnership approaches. They have established a GI network of environmental projects in the River Nene region.
LENS Approach	3Keele and Natural England	Tom Keele and David Burton		Multiple	Currently developing conversations with suppliers and investors in the Hampshire Avon using the Landscape Enterprise Network (LENs) framework programme

## A.3.0 Tools to help partnerships increase catchment investment

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### A.3.1 Investment readiness

The aim of the questions listed here is to help partnerships to assess their readiness to increase investment in their catchments (particularly from the private sector). As previously described (see Section 3) the term investment has been interpreted broadly to include activities that the partnership might undertake to seek investment from financial and operational investors, and/or to influence the way others spend investment in the catchment. The questions below, which are often relevant to many activities, are clustered under 4 themes:

**What are our ambitions and what is our purpose - do we want to do more to enhance private investment in the catchment?**

- What is our environmental focus (does it include wider issues of climate resilience & biodiversity)?
- Who else is working in the catchment and how can we best add value?
- What do we feel about working with private investors?

**Do we properly understand our local agenda and the investor landscape?**

- Who are the main investors?
- Are we properly connected?
- Do we understand investors needs and their relationships with the environment?
- Are we using the language that investors understand and want to hear?

**How can we ensure we are well-placed to enhance investment?**

- Do we have credibility, and an organisation that investors can trust to deliver?
- How can we work with others to influence/develop tangible, multi-benefit propositions at scale?
- Are we sufficiently agile to respond to investment opportunities?
- Do we have the right skill sets and capacities to effectively enhance investment in the catchment?

**What are we going to do next?**

- Are we ready to step up to the next level?
- What actions are needed and who will deliver them?
- How will we monitor progress and adapt our plans?

Specific questions to reflect on	Points to consider & possible steps to strengthen position
<p><b>1. What are our ambitions and what is our purpose – do we want to do more to enhance private investment in the catchment?</b></p>	
<p>1) Do we (all members of the partnership) have a shared vision for the environmental quality in our catchment?</p> <ol style="list-style-type: none"> <li>a. Is our vision up-to-date with environmental priorities (e.g. the main themes in the 25 Year Environment Plan, local Green Infrastructure Strategies)?</li> <li>b. How do we keep abreast of changes in policy and review our aspirations accordingly?</li> <li>c. Do we want to maintain focus on land and water or do we want to think more widely about how the catchment will become resilient and adapt to climate change, taking advantage of opportunities to provide carbon sequestration and biodiversity benefit?</li> </ol> <p>2) What do we want to achieve as a partnership?</p> <ol style="list-style-type: none"> <li>a. Do we understand what others are doing in the catchment (e.g. the Environment Agency, Natural England, water companies, flood risk authorities, planning departments, environmental organisations)?</li> <li>b. What role should we play to achieve our ambitions and add best value?</li> <li>c. Do we want to influence and lobby to direct strategic level investment, or work with others to co-design large scale projects, or are we a delivery organisation?</li> <li>d. How do we create change in a catchment, and what steps do we need to take to get to where we want to?</li> <li>e. What is our attitude towards expanding the partnership’s capacity (either within host or with partners) to win more investment for projects that would deliver the catchment action plan?</li> </ol> <p>3) What is our attitude towards receiving investment from commercial businesses in return for specific services (is it appropriate for the projects)?</p>	<p>Next steps: Partnership planning and inclusion of wider stakeholders to input into social, cultural and economic goals</p> <p>Resource needs:</p> <ul style="list-style-type: none"> <li>• Research to gain an up-to-date knowledge of changes in policy and investment opportunities (nationally and locally)</li> <li>• Research to gain up to date knowledge of social cultural and economic goals for the catchment</li> <li>• Skills in developing an agreed vision (see CaBA <a href="https://catchmentbasedapproach.org/learn/catchment-planning-creating-a-vision/">https://catchmentbasedapproach.org/learn/catchment-planning-creating-a-vision/</a>)</li> </ul> <p>Activities: Discuss and agree attitudes, opportunities, and barriers with partners to reach shared position</p>

Specific questions to reflect on	Points to consider & possible steps to strengthen position
<p><b>2. Do we properly understand our local agenda and the investor landscape?</b></p>	
<p>4) To what extent do we really understand who the key investors are (both as investment for propositions we might help design and deliver, but also the larger investments being made by others that we might want to influence)?</p> <ol style="list-style-type: none"> <li>To what extent are we aware of and understand financial investors?</li> <li>To what extent does the partnership really know who the operational investors are, who controls the spend, and how that spend can be influenced?</li> <li>How do we currently keep track of what is happening in the catchment (particularly around big development opportunities), what else could we do to improve this?</li> <li>What web resources do partners have access to that provide knowledge and alerts about issues and grant funding opportunities?</li> <li>How are we keeping up-to-date with what is going on in the catchment and national policy direction and adapting our propositions accordingly?</li> </ol> <p>5) Are we collaborating as widely as possible and building strong, trustworthy and multi-layer relationships with these investors?</p> <ol style="list-style-type: none"> <li>How do we ensure that we make and maintain relationships with partners?</li> <li>at day-to-day, operational level?</li> <li>at a strategic, decision-making level?</li> </ol> <p>6) Do we understand investor's needs?</p> <ol style="list-style-type: none"> <li>Do we understand what potential investors are dealing with so that we can empathise with their needs (both in terms of link our projects to these sources of investment and influencing wider spend)?</li> <li>Are we helping potential investors to understand the benefits their businesses gain from the environment e.g. through reduced business risks and costs and enhanced security and attractiveness?</li> </ol> <p>7) Are we using the language that investors understand and want to hear?</p>	<p>Overall, there is over £13 billion (2014/15 analysis) spent each year in England on catchment-related activities, (some from research grants and grant-giving charities which are outside the scope of this report) but much comes from operational investors such as:</p> <ul style="list-style-type: none"> <li>Water companies;</li> <li>Businesses;</li> <li>Local growth programmes;</li> <li>Local authorities;</li> <li>Flood risk authorities;</li> <li>Public health and social care organisations;</li> <li>Road and rail network organisations.</li> </ul> <p>Research to understand activities and needs of investors in the catchment</p> <p>Stakeholder mapping - Map existing contacts jointly with partners to identify gaps and levels and plan action to address</p> <p>Needs for operational investors uncovered in this project were:</p> <ul style="list-style-type: none"> <li>create supply of secure financial returns/revenue (from financial investors)</li> <li>save money (reduce carbon and resource use),</li> <li>create new jobs and skills,</li> <li>enable development,</li> <li>create an attractive place,</li> <li>meet regulations,</li> <li>build stakeholder support,</li> <li>secure supplies,</li> </ul>

Specific questions to reflect on	Points to consider & possible steps to strengthen position
<ul style="list-style-type: none"> <li>a. Each investor will have specific needs which need to be uncovered in discussion by listening).</li> <li>b. Have we translated the vision into a description of the benefits that investors are looking for i.e. how it will create as a better place for communities, businesses, growth and biodiversity?</li> <li>c. Are we focussing our propositions on the goals of potential investors rather than dwelling on the importance of the environment in its own right?</li> <li>d. Are we demonstrating how we can help investors achieve what they need?</li> </ul>	<ul style="list-style-type: none"> <li>• reduce flood risk.</li> </ul> <p>Invest time in web-based research to map opportunities and follow this up with conversations with key contacts, if possible, reaching them through existing contacts (see initial example of opportunity mapping in Section 4 and process diagrams used in developing it in Appendix 2)</p> <p>Mindset: Set partnership objective to build relationships</p> <p>Set partnership objective to keep track of what is happening through a regular agenda item</p> <p>Build and maintain relationships through existing networks, demonstrate credibility</p> <p>Make time to regularly engage with potential investors, listening to their concerns</p> <p>In discussions, and documents, particularly bids, refer to investor needs widely, specifically relating action to their objectives</p> <p>QA bids to check they focus on investor needs</p>
<p><b>3. How can we ensure we are well-placed to enhance investment</b></p>	
<p><b>8) Do we have credibility, and an organisation that investors can trust to deliver?</b></p> <ul style="list-style-type: none"> <li>a. How do others in the catchment consider us/ what is our current profile as a delivery organisation, do we have a good reputation and strong credibility?</li> <li>b. Are we doing all we can to help others (even without investment) to build our reputation and credibility? What more can we do?</li> <li>c. Can we demonstrate good governance and evidence that we can manage money effectively?</li> <li>d. Would a more formal organisational model to manage and receive investment on behalf of the partnership increase the flow of resources to catchment projects?</li> <li>e. Is there a constitution and, if not, should there be?</li> <li>f. Do we have a library of case studies demonstrating the successful application of an idea and the benefits that can be delivered, if not from this catchment, then elsewhere?</li> </ul>	<p>Brainstorming/planning session to develop initial ideas for discussion with range of investors. Co-design big ideas with investors incorporating their needs and ideas.</p> <p>Regular agenda item to discuss big solutions</p> <hr/> <p>See above – understanding investment needs</p> <p>Create a list of broadly costed projects linked to the strategic vision</p> <p>Consider as a partnership, current position, causes, and opportunities to improve.</p> <p>Consider whether the partnership is the most appropriate organisation in terms of governance to host investment bids – there may be existing partners with stronger financial credibility that would be considered more</p>

Specific questions to reflect on	Points to consider & possible steps to strengthen position
<p>g. Can we demonstrate a solid track record through comparable case studies which show our ability (or strong working relationships with organisations we partner with) to:</p> <ul style="list-style-type: none"> <li>i. Deliver the range of projects that could be encountered (e.g. major developments, health &amp; wellbeing, capital projects, SuDS)?</li> <li>ii. Deliver to meet time, cost and quality requirements</li> <li>iii. Manage risk and are resilient to delivery difficulties</li> </ul> <p>h. When we submit ideas/bids do we demonstrate their strength by showing we have:</p> <ul style="list-style-type: none"> <li>i. An understanding of catchment issues and regulation underlying them</li> <li>ii. People with the right skill set and capacity to deliver</li> <li>iii. Sufficient resource levels</li> <li>iv. Assessed the risks and what we will do to manage these</li> <li>v. The support and confidence of regulatory authorities and others such as community groups who may be impacted</li> <li>vi. A well-developed consideration of potential revenue streams &amp; revenue generation models (for financial investors).</li> </ul> <p>9) How can we work with others to, build demand for and, develop tangible, multi benefit propositions that support the development of strategic project proposals that link to the needs of operational investors, e.g. to contribute to the local area's economic growth plans?</p> <ul style="list-style-type: none"> <li>a. How could we ensure these ideas will be attractive to a wide range of private investors, as well as public sector departments?</li> <li>b. Are we able to formulate projects which are revenue raising/ sufficiently ambitious?</li> <li>c. Do we have ideas that could contribute to a tangible, specific headline grabbing opportunity at scale that would help investors meet their needs?</li> <li>d. Thinking big for your urban catchment inevitably means connecting to major areas of change - regeneration, infrastructure development and urban growth.</li> <li>e. Are we aware of where growth is planned in the catchment and who is leading work to design and implement works connected to it?</li> <li>f. What big catchment solutions could help offset the impacts of growth?</li> </ul> <p>10) Are we sufficiently agile to respond to investment opportunities?</p>	<p>positively and could lead on behalf of the partnership. Or a separate company could be created?</p> <p>Build up written case-studies</p> <p>Publicise success stories, in particular looking for big-impact projects.</p> <p>See also tips for building credibility in Appendix 3.2 (see below)</p> <p>Set up a system of QAing bids against the check-list of delivery criteria in the question.</p> <p>In addition to technical skills aligned to bids and propositions, increasing catchment investment will require:</p> <ul style="list-style-type: none"> <li>• Skills and capacity for bid writing</li> <li>• Financial skills of project management, identifying financial costs and benefits to others and investment streams</li> <li>• Commercial, legal, business development, marketing etc skills sets that take us from the grant world to the commercial and investment world</li> <li>• People skills related to networking, influencing, and winning others over, e.g. an open personality that listens, empathises to build relationships and find common grounds; bravery to work outside of comfort zones to initiate new contacts and develop new understanding to find common grounds and build relationships; tenacity to continue to develop knowledge and relationships despite knock-backs.</li> <li>• Sufficient capacity to invest in networking and keep track of what is happening in the catchment (particularly around big development opportunities) and develop an understanding of what else could be done to improve this</li> </ul> <p>Map skills needed (see Section 5.3) to those available across partners. Undertake a SWOT analysis. Be realistic, identify gaps and how to fill these, either by recruitment or working with others.</p>

Specific questions to reflect on	Points to consider & possible steps to strengthen position
<p>a. Do we understand the key investment opportunities and have good relationships with the investors (see also above understanding investor's needs)?</p> <p>b. Do we understand the bidding processes, is there a bidding process?</p> <p>c. Do we have the skills and capacity in bid/proposal writing to respond to opportunities?</p> <p>d. Do we have a list of broadly costed projects linked to our strategic vision?</p> <p><b>11) Do we have the right skill sets and capacities to effectively enhance investment in the catchment?</b></p> <p>a. Do we know our strengths - who in the partnership has the right skills and how can we share tasks to make the most the skills we have?</p> <p>b. What can each partner can offer in these areas—and what restricts what they can offer?</p> <p>c. What skills gaps do we have and how can we fill/overcome them?</p> <p>d. Are we making best use of the support available externally?</p> <p>e. Are we making full use of the support provided by the National Support Group?</p> <p>f. Are we making time to learn from others tackling similar issues?</p> <p>g. What can we learn from the Charities Aid Foundation, Social Investment Organisations etc.?</p> <p>h. What additional support (other than investment) is needed and who from?</p>	<p>Consider mindsets, particularly of partnership chair and officer, and other partners tasked to develop networks. How open and determined is the partnership to work with others.</p> <p>See tips for approaching investors</p> <p>Map tools available to the partnership that might help, e.g. access to web resources available across the partners that provide knowledge and alerts about issues and grant funding opportunities</p> <p>Research to understand where growth is planned in the catchment and who is leading work to design and implement works connected to it</p> <p>Develop a joint understanding of big catchment solutions that could help offset the impacts of growth</p> <p>Review support available via NSG website.</p> <p>Check out websites such as the Charities Aid Foundation, Social Investment Organisations etc. (see <a href="https://www.cafonline.org/">https://www.cafonline.org/</a>, <a href="https://esmefairbairn.org.uk/social-investment">https://esmefairbairn.org.uk/social-investment</a>, <a href="https://www.goodfinance.org.uk/investors-advisors">https://www.goodfinance.org.uk/investors-advisors</a>)</p> <p>Approach NSG secretariat about resource needs to ask for advice on where to access help</p>
<p><b>4.What are we going to do next?</b></p>	
<p><b>12)</b> Are we ready to step up to the next level, if yes, what should our objectives be for next year -?</p> <p>a. Have we got the knowledge, skills and capacity to meet these objectives?</p> <p>b. What are the key gaps in our knowledge, skills and resources?</p> <p><b>13)</b> What specific actions are needed (what, who, when)?</p> <p>a. Where could we go for additional support (e.g. the Environment Agency, the Catchment Based Approach National Support Group (CaBA NSG), other partnerships, others within the partner organisations or other organisations in the catchment)?</p> <p><b>14)</b> How will we monitor progress and adapt our plans?</p>	<p>Create an action plan with the partnership refer back to mapping activities (skills, knowledge, networks) to list priority gaps and decide how to fill them. This should include an engagement plan outlining who are you going to engage with/how are you going to engage with them (messaging) and when).</p> <p>Monitor progress at regular meetings</p> <p>Create list of additional support and discuss with the partnership, EA co-ordinator, NSG to seek advice on best ways to gain support needed.</p>

Specific questions to reflect on	Points to consider & possible steps to strengthen position
<p>a. do we gauge/measure success</p>	<p>Check out websites such as the Charities Aid Foundation, Social Investment Organisations etc (see <a href="https://www.cafonline.org/">https://www.cafonline.org/</a>, <a href="https://esmefairbairn.org.uk/social-investment">https://esmefairbairn.org.uk/social-investment</a>, <a href="https://www.goodfinance.org.uk/investors-advisors">https://www.goodfinance.org.uk/investors-advisors</a>)</p>

## A.3.2 Tips for partnerships seeking to enhance catchment investment

This section outlines tips for partnerships in terms of:

- getting a better understanding of the investor landscape;
- approaching investors;
- developing relationships; and
- building credibility.

### A.3.2.1 Getting a better understanding of the investor landscape

Gaining more investment means developing a thorough understanding of who is investing, or might invest, in the area whose activities either rely, or impact, on the environment? What they are trying to achieve and how is the environment linked to this? Tips for getting a better understanding of the investor landscape are:

- 1) Do your research to identify opportunities and who you want to speak to (see example in main text Table 4.1):
- 2) Find out who the potentially investors are –by understanding what is going on in the catchment; what are the big changes in the area; what are the environmental problems; who is affected and how
- 3) Which businesses and organisations are pursuing change or have ongoing operations which rely on or impact on the environment?
- 4) What are their operational requirements (i.e. what are they trying to achieve and how) and how are these requirements connected to the environment?

Depending on the investor targeted, their business may:

- a. Rely on the environment (to supply water, provide healthy soils or clean air, etc.). Understand what they would lose or gain if they could rely more or less on these environmental services.
  - b. Benefit from the environment (providing, an amenity value for attracting a workforce or tourists, reduced costs by providing better quality raw water, or improved public health and well-being). Understand what they would lose or gain by a change in these environmental benefits.
  - c. Be restrained or at risk due to the state of the environment ( ) (for example because of flood risk for assets or their employees, climate change, biodiversity loss, pollution). Understand what more they do if current constraints were removed or risks reduced?
- 5) What about their supply chains? Do they have strong environmental connections/reliance so could they be made more resilient by addressing the issues described above?
  - 6) Look for co investment opportunities - align beneficiaries with opportunities, are there overlapping needs?

### A.3.2.2 Approaching investors

Approaching investors to understand their needs is a vital but quite often difficult task, often outside the comfort zone. The key is don't give up, "it always takes 10 times longer than you think it's going to" be resilient, work out how to address obstacles rather than complaining about them, and try again. Tips for approaching investors are:

- 1) Work in partnership and use all existing contacts to introduce you to others
- 2) Snowball your contacts - use new contacts to recommend you to the next person
- 3) Prepare ahead
- 4) think what questions to ask, what will make them bite? Have a prepared opening and back up emails giving broader context
- 5) think about the tangible benefits to each person you talk to
- 6) Use indirect routes to contact people if direct routes don't work– think again about who might be able to introduce you, who are they working with, what for a they meet and work in. Be open to your partners and contacts and ask for their help in identifying alternative routes these
- 7) Build from those that want to work with you but don't write anyone off
- 8) Don't
  - a. cold call – unless all other routes have been exhausted Don't dwell on what you want to achieve or the philanthropic viewpoint – unless that is the driving force for the person you are talking to
  - b. present a ready-formed idea (but have one ready in case they are looking for ideas)
  - c. push contacts so hard that they view you negatively – try alternative routes by finding out who you may know that can facilitate an opening.
  - d. force trying to work with people who don't want to work with you - build from those that do.

### A.3.2.3 Developing relationships

Building good relationships is fundamental to success. "Partnerships need to look for opportunities to help others realise their ambition. This builds good will, and creates opportunities to influence". Tips for developing relationships are:

- 1) Engage the 'unusual suspects' as well as the usual suspects (see tips below).
- 2) Give and take, listen and encourage, you might not agree with what everyone says, but focus on common ground.
- 3) Invest in relationships. Whilst it initially doesn't seem to make good business sense (you do a lot of work that you don't receive credit or investment for), it's important to keep the faith, the benefits and opportunities will come. In the Nene, investors now want to get the partnership involved in what they are doing because they have built a reputation for delivering. This hasn't happened by setting targets, or forcing investment, but by capitalising on opportunities and relationships.

- 4) Create a spirit of transparency in building relationships and be tenacious, as this will take longer than expected

#### A.3.2.4 Building credibility

Each partnership needs to create its own credibility, either through the actions of the partnership or through an active, charismatic leader who can demonstrate personal and professional credibility. Credibility and legitimacy are ultimately key. Tips for building credibility are:

- 1) Demonstrate a good understanding of what is going on in the catchment, and understand what potential investors are dealing with so that you can empathise with their needs
- 2) Collaborate widely and build multi-layer relationships.
- 3) Build your profile with trustworthy connections, good governance and evidence that you can manage money effectively.
- 4) Accept invitations to help contribute both to larger influential groups (e.g. Regional Flood Risk Ops meetings) or smaller activities (e.g. meeting with EA contractors undertaking operational work to share best practice for catchment enhancement).
- 5) Demonstrate organisational leadership and resilience. Don't fall down when challenges emerge, but address them appropriately to build a reputation of being able overcome difficulties.
- 6) Show the partnership can help deliver, is professional and can provide reliable governance to deliver on promises. Make sure you do what you say; get things done and demonstrate a good track record.
- 7) Take on one or two things and do them well. It is far more powerful to deliver a major good project to inspire and give confidence, than many smaller things. (The IoW&HWT has 1 project on the Itchen which has been so successful that even 8 years on they still take people to see the benefits that can be achieved.)
- 8) Frame your offering around a clear benefit with a strong business link (not just a risk that can be avoided in other cheaper ways, e.g. through insurance) - any project needs to be tailored with the client.
- 9) Be clear about what you are offering and how is it going to benefit their business. To engage commercial organisations, you have to offer something they think they want, (this might mean helping them understand how what they want relates to the environment).
- 10) Help investors understand their relationship with the environment. Some investors will already be aware of how their activities impact and rely on the environment, but for other this relationship will need to be explained. You can invariably build the natural environment into every investment stream available providing you understand the investment landscape.
- 11) Have a vision supported with evidence – People are more likely to buy-into a concept if they like it, particularly 'high net worth individuals', but... remain open to all opportunities. Presenting dry evidence doesn't always work but have

evidence to back up to what you are saying, illustrating the potential business benefits e.g. these approaches will save money.

### **A.3.2.5 Speaking the language of private investors**

The key is to talk about what the environment will do to deliver tangible benefits which depending on the investor may include:

#### **Reducing the cost of operations:**

- Health and social care organisations could see reduced demand on their services if more people could take part in nature-based activities created by investment in the environment.
- Businesses could reduce the cost of disruption to their supply chain, and insurers reduce their potential loss liabilities, if natural flood management measures (such as woodland planting) were created to reduce run off rates in areas where the investment case for “hard” defences do not meet government funding thresholds.
- Water companies reduce the costs of treating water if land management processes to restore environmental status also remove colour and pesticide residues.
- Infrastructure construction projects, highways and flood risk authorities can reduce the operating costs of their assets, and potentially reduce the scale and cost of hard engineering features by investing in environmental enhancements that protect against extreme weather events.

#### **Creating more economic activity:**

- Environmental improvements can increase the attractiveness of an area to visitors, generating more potential sales for a variety of businesses in the visitor economy.
- Environmental features can create new jobs in the rural economy from new businesses, such as cafes or bike hire, associated with the feature

#### **Fulfilling or extending delivery of Corporate and Social Responsibility obligations:**

- Environmental investments can provide carbon storage credits or biodiversity net gain.
- Creating environmental features which are accessible to office-based workers can improve employee wellbeing and productivity as well as creating a positive brand image.
- Food sector companies who work with farmers to enhance the environment can support more a resilient farm business model that improves productivity and creates more marketable food products.

#### **Protecting and restoring biodiversity:**

- Investments can create or protect habitats for threatened species.

- Environmental improvements can provide improved nutrient cycling measures which will reduce eutrophication in surface water, allowing healthy ecological systems to thrive, as required by the Water Framework Directive.