

## Notes from Natural Capital & Infrastructure COP – 4<sup>th</sup> March 2026

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Meeting notes:

- **Emerging Policy and Regulatory Landscape for Natural Capital and Defence:** Will Masters and Philip Anderson led a comprehensive discussion with contributions from Chris North, Michael, Oliver, and others on recent and upcoming UK policy, regulatory, and reporting changes impacting natural capital, biodiversity, and sustainability in the defence sector, including the Planning and Infrastructure Bill, ONS Natural Capital Accounts, Environmental Improvement Plan, National Security Report, and National Planning Policy Framework reforms.
  - **Key Policy Updates:** Will Masters and Philip Anderson summarized several major policy and regulatory updates, including the Planning and Infrastructure Bill, the updated Environmental Improvement Plan, ONS Natural Capital Accounts, and the National Security Report on biodiversity loss and ecosystem collapse. These documents collectively signal a shift toward integrating nature, climate resilience, and resource efficiency into economic growth and national security, with direct implications for defence infrastructure and supply chains.
  - **Natural Capital Accounting in Defence:** Chris North explained that natural capital accounting can be integrated into defence business cases using established economic valuation techniques, referencing the ONS technical reports and DEFRA's INCA services data book. He described how these methods can be adapted for defence contexts, such as restricted access sites, and highlighted the importance of aligning assessments with operational risks and MOD priorities.
  - **Challenges in Valuation and Communication:** Philip Anderson and others discussed the challenges of communicating the value of natural capital to financial stakeholders, noting that while economic value is recognized in government assessments, it is often not reflected in financial statements or business case prioritization. The group emphasized the need for clarity in distinguishing between financial and economic value, and for improved messaging to ensure sustainability is seen as integral rather than a 'nice to have.'
  - **Reporting Standards and Compliance:** Michael provided an update on the new UKSRS S1 S2 reporting standards, which require organizations to

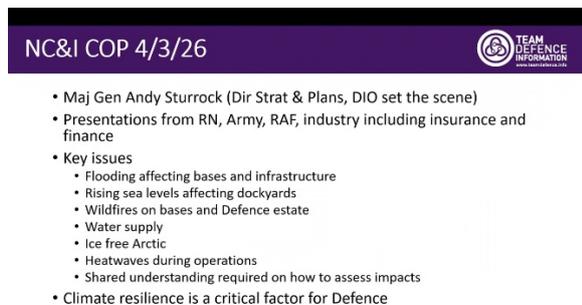
- report material risks to operations from biodiversity and natural capital loss. The group discussed the implications for defence, including voluntary and mandatory reporting, and the need to align with evolving international standards.
- **Strategic Opportunities and Risks:** Participants identified strategic opportunities such as habitat banking, integrating nature-based solutions, and leveraging defence landholdings for biodiversity net gain and carbon offsetting. Risks discussed included increased costs and complexity from new levies, the need for robust baselining, and the challenge of embedding these requirements into procurement and contractual obligations.
- **Integration of Nature, Climate, and Resilience into Defence Infrastructure:** Will Masters, Philip Anderson, and other participants explored how defence infrastructure projects must now integrate nature recovery, climate resilience, and resource efficiency, with a focus on measurable outcomes, supply chain engagement, and aligning with government and MOD ambitions.
  - **Holistic Infrastructure Planning:** Will Masters outlined the need for defence infrastructure to move beyond siloed approaches, integrating natural capital, biodiversity net gain, climate resilience, and economic growth into master planning, estate optimization, and decommissioning strategies. This includes considering whole-life value, measurable outcomes, and aligning with the Defence Industrial Strategy.
  - **Embedding Environmental Improvement Goals:** The group discussed the Environmental Improvement Plan's legally binding targets for 2030, which require infrastructure projects to contribute to biodiversity recovery, improve water and air quality, reduce waste, and enhance resource efficiency. Will highlighted the importance of co-benefits, such as reduced energy use and improved resilience, and the need to embed these goals into procurement and project requirements.
  - **Supply Chain and SME Engagement:** Will emphasized the importance of supporting SME capability development in the UK supply chain, aligning with government ambitions for sovereign capability and circular economy. The group discussed the need for industry to help MOD and defence clients deliver on these integrated objectives, including through better business case quantification and assurance of delivery.

- **Operationalizing Resilience and Sustainability:** Participants noted the shift from 'sustainability' to 'resilience' as a framing device, with resilience encompassing long-term operational capability, climate adaptation, and energy security. The group discussed the need for common language, metrics, and scenario planning tools to assess and manage risks across defence estates and operations.
- **Defence Sustainability Conference and Sector Feedback:** Eion Bailey and Mike Puckett provided a summary of the Defence Sustainability Conference, highlighting key issues such as climate impacts on operations, the need for shared risk assessment models, and the growing focus on energy resilience and asset management within MOD and DIO.
  - **Operational Impacts of Climate Change:** The conference, attended by senior MOD and industry representatives, focused on the operational impacts of climate change, including flooding, sea level rise, wildfires, water supply issues, and the implications for equipment and personnel. Presentations from the Army, Navy, RAF, and DIO emphasized the need to address these risks to sustain operations.
  - **Risk Assessment and Scenario Planning:** Insurance industry representatives introduced risk modelling approaches, such as actuarial analysis over long time horizons, and the need for defence to adopt shared models (e.g., CIRAMs) for quantifying and assessing risk. The group identified a gap in common language, metrics, and asset tracking across defence organizations.
  - **Energy Resilience and Asset Knowledge:** A major theme was energy resilience, with DIO challenges including the need for comprehensive site-level plans, understanding critical infrastructure, and future energy demand. The establishment of the Defence Energy and Capability Resilience Centre (Deck X) was noted, with a budget for early-stage development and a focus on operational capability.
  - **Knowledge Gaps and Industry Collaboration:** Participants highlighted ongoing concerns about MOD's asset knowledge, both for estates and operations, and the disaggregated nature of information. The group agreed that industry collaboration is essential to help MOD aggregate knowledge, develop solutions, and translate strategic requirements into practical projects.

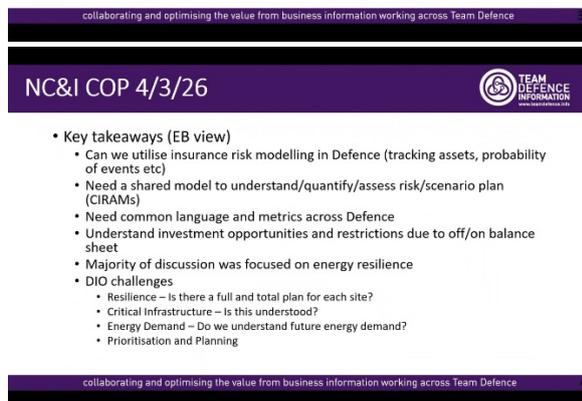
- **Defence Sustainability Conference 2/3 March 2026:** A brief of the event and key messages was given by Eion Bailey and Mike Puckett.



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- **Community Actions, Next Steps, and Collaboration:** Eion Bailey, Will Masters, and Philip Anderson closed the meeting by encouraging participation in a survey to identify key challenges, inviting members to present at future sessions, and emphasizing the importance of translating forum discussions into actionable toolkits and collaborative projects.

- **Survey link is here** [Natural Capital & Infrastructure - Key Challenges and Topics for 2026 - TD-Info Surveys - TD-Info Share](#)
  - **Survey and Agenda Setting:** The group is running a survey to gather input on key challenges and topics for the coming year, which will inform the agenda and programme of work for the Community of Practice. Members were encouraged to complete the survey to ensure the forum addresses relevant issues.
  - **Opportunities for Member Contributions:** Will Masters and Eion Bailey invited members to propose topics and present at future meetings, reinforcing the forum's purpose as a platform for sharing knowledge, experiences, and best practices.
  - **Translating Discussion into Action:** Philip Anderson suggested developing toolkits and information resources based on the meeting's takeaways, with the aim of supporting practical implementation and collaboration across the network.
- **Date of next meeting:** 10 June 2026