



LITTLE BLUE RESEARCH LTD



A LITTLE BLUE RESEARCH CASE STUDY

# Valuing the impact of nature restoration in the Isles of Scilly

**Client:** The Isles of Scilly Nature Company

**Client size:** micro company

**Summary:** Little Blue Research supported The Isles of Scilly Nature Company to build the business case for nature regeneration by applying natural capital accounts aligned with ISO 14054:2025 Natural Capital Accounting for Organizations.

**Service:** Business resilience & impact analysis

**Capitals:** NATURAL

**Assessment location:** the Isles of Scilly, UK

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# Case Study details

## The client

The Isles of Scilly Nature Company, a micro company established by the Duchy of Cornwall to help manage and run landscape recovery projects in partnership with farmers working to protect and restore nature across the Isles of Scilly archipelago.

## Client need

The client has set out a landscape recovery plan for the next 20 years, called the 'Small is Beautiful' project. The team wanted support to develop the business case for investment in conservation-based actions, to help restore and protect the unique environment of the Isles of Scilly Nature landscape in the UK, using natural capital accounting.

**The Location:** The Isles of Scilly may be fragmented and individually small in scale with 145 islands covering 1,637ha; however, the diversity of habitats and species are disproportionate to the land area

## The underpinning concepts for this work are<sup>1</sup>:

Natural Capital Balance Sheet (NCBS) 'a statement showing natural capital values and costs related to (interventions) within the (project) scope during the natural capital accounting period – in this case the length of the land management plan'.

Natural Capital Income Statement (NCIS) 'a statement showing the increases and decreases in natural capital related to the activities within the chosen scope (e.g. own operations) during the natural capital accounting period (usually aligned with financial profit & loss accounting period of one year)'

1. ISO 14054:2025 Natural capital accounting for organizations — principles, requirements and guidelines



## How we helped

Little Blue Research worked with the client to develop the business case for investment in conservation-based interventions by:

- Building a natural capital register - Little Blue Research worked with the client to establish the extent and condition of the terrestrial ecosystems included within a land management plan. The team worked with ecologists to identify relevant ecosystem services currently provided in the project area.
- Building scenarios - Little Blue Research worked with the ecology team to set out two scenarios to show changes in ecosystem extent and condition and the impact of these on ecosystem service provision for two future looking scenarios.
- Valuations - Little Blue Research developed a series of bespoke valuations to capture the difference between the ecosystem service provision seen under the BAU and intervention scenarios. The resulting Natural Capital Balance Sheet(s) will allowed the client to compare the ROI for each intervention for both relevant businesses and society.
- The outputs of the project align with the latest ISO standard released in this area, ISO 14054:2025 Natural Capital Accounting for Organizations.

## Challenges

- Working with the ecology team to articulate predicted ecological changes expected as a result of conservation actions.
- Data collection both ecological and economic, working with the client and using realtime data from ecological surveys to feed into the natural capital register.
- Applying the BNG tool to show the potential change in biodiversity as a result of land management actions.
- Developing a bespoke valuation of the risk based on different grazing rates from wildfire that accounted for emergence service use, lost tourism, carbon cost and health impacts.



## Outputs and impacts



Developing a natural capital register showing the extent and condition of the project area (1465 Ha) covering five types of ecosystem.

Developing a physical flow account, i.e., the ecological changes expected overtime

Developing a monetary flow account, i.e., the present value of each ecosystem service to the business and society alongside

Production and maintenance cost schedules to show relevant costs of each intervention.



Bespoke valuations for

- Wildfire risk
- Tourism
- Fertiliser pollution
- Changes in biodiversity, using a novel application of the BNG methodology, among others



A Natural Capital Income Statement for (2025)

A baseline Natural Capital Balance Sheet (NCBS) estimating the net present value of ecosystem services across five habitat types 20 years into the future based on the extrapolation of current ecological data and the expected/predicted changes in habitat condition under BAU.

A second NCBS that estimated the net present value of ecosystem services following the implementation of conservation and rehabilitation interventions.



A report summarising the methodology behind the development of the natural capital accounts.

Charts comparing the ROI of the two future looking scenarios.

The key findings from the project including areas driving highest values for business and society.



## What happened next

The Small is Beautiful Project used the natural capital accounts as part of their bid for funding from Defra as the valuation highlighted significant value for money could be achieved for the public by investing in nature based outcomes. For every £1 invested, £2.45 in additional value would be achieved.



*The natural capital valuation completed by Little Blue Research provided a unique insight into our project. Valuing the benefits of a healthy and functioning environment, and comparing the current baseline to a future nature rich ambition in such a unique place like the Isles of Scilly was a challenge, but the team developed a set of natural capital accounts that worked well for us and our project partners."*

Heather Webb - Head of Future Farming, The Duchy of Cornwall



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