Hampshire & Isle of Wight Wildlife Trust

The case for a nature-positive economy for Hampshire, Isle of Wight & the Solent

Why striving for nature-positive is important to achieve economic prosperity for all

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Wild Garlic in Shorwell, Isle of Wight © Ellen Williams, Arup

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1. Executive summary

This report presents the evidence for embedding a nature-positive economy at the heart of regional economic planning for Hampshire, the Isle of Wight, and the Solent. It summarises findings from a review of literature, review of case studies and stakeholder engagement to demonstrate why investing in natural capital – the stocks of natural resources (habitats, living organisms and all the services ecosystems provide) – is foundational to achieving long-term prosperity, resilience, and wellbeing for the Region. It also states why, because of Devolution, the opportunity to do so is now.

Nature is the critical foundation to the region's economy. The key economic sectors identified for the Hampshire, Isle of Wight and Solent Region are (1) marine and maritime, (2) aerospace, space and defence, (3) farming and the rural economy, and (4) tourism and the visitor economy. These sectors contribute significantly to regional GVA (the total value of the goods and services produced in the region) and employment. These sectors are all highly dependent on healthy ecosystems and natural capital in the region. Stakeholder opinion aligned with our research findings; **94% of stakeholders stated nature as important for the long-term success of the region**. Stakeholders agree that nature provided many benefits to society and the region's economy and strongly agreed on most of these benefits. Of note is the **very strong agreement on the importance of nature for: people's mental and physical health**, dealing with the impacts of climate change, the region's tourism and the prosperity and vitality ('health') of the region.

Risks of inaction are substantial and of concern to stakeholders. Continued degradation of natural capital threatens supply chains, infrastructure, and productivity within each of the key economic sectors. Physical risks identified through our research include flooding, erosion, water pollution, air pollution, food insecurity, biodiversity loss, habitat degradation and water scarcity. **Stakeholders perceived physical risks to be the greatest risks, particularly decline in natural resource quality and damage to sites of direct operations**, which were voted as the biggest two risks from a set of seven. Transitional risks identified include increase compliance costs to meet tightening regulation, shifting market expectations, and consumer and investor scrutiny. Risks are anticipated to be greatest for the marine and maritime, farming and rural economy, and tourism and the visitor economy because these sectors have the highest dependencies on nature for direct and indirection operations. Stakeholder research aligned with these findings; **94% of stakeholders thought nature was important to the region's tourism (no stakeholders thought it was not) and 77% believe our food security depends upon nature's recovery**.

Opportunities from a nature-positive economy are significant. A nature-positive economy is the only way to truly unlock sustainable economic growth. Investing in natural capital enables access to new and emerging nature markets. **90% of stakeholders believe nature restoration provides opportunities for skills and employment,** and no one believed nature does not have an impact on economic success of their sector. Investing in natural capital and nature-based solutions is evidenced to offer cost-effective systems-based ways to reduce and mitigate the identified risks by enhancing ecosystem services. Investing in natural capital to protect and promote local supply chains **offers opportunity for local wealth creation and retention** as demonstrated elsewhere in the country. A nature-positive approach can also attract private investment and green finance.

Stakeholders support change and want to collaborate on a nature-positive strategy. Stakeholders want to adopt or invest in a nature-positive approach, **with 47% of respondents stating they'd be keen to invest, 38% stating they'd like to be able to invest** and only 4% stating

they'd be unlikely to invest. Stakeholders want to collaborate on a nature-positive strategy for the region, with 59% saying they would actively participate and only 4% saying they would not.

Devolution presents a unique opportunity for nature recovery. The creation of a Mayoral Combined Authority offers a timely chance to build nature and climate into the foundations of the region's governance, planning, and investment devolution frameworks. Devolution enables the region to enact key actions the region's stakeholders are calling for locally at scale independent from Central Government. Actions identified through this project's engagement included those that support a nature-positive economic strategy such as creating tax incentives, financial subsidies, clearer policy and access to funding or investment partnerships. Devolution is expected to bring more funding from central government into the region, particularly in areas such as economic growth, skills and education, transport and infrastructure, and strategic planning. Integrating nature and environmental priorities into these areas is imperative. **89% of stakeholders believe nature should be at the heart of the region's vision for the future**. No stakeholders believe that nature is not essential to the economy, nor does it get in the way of development and economic growth.

Further detailed assessments are needed to develop specifics within a nature-positive strategy to effectively mitigate risks and maximise opportunities. Three key further pieces of research are immediately needed. To quantify the dependency, impacts and risks of the key sectors (or key organisations within the sectors) a detailed assessment like that in the Taskforce on Nature-related Financial Disclosures (TNFD) framework is needed. To quantify Gross Domestic Product (GDP) dependencies and opportunities from enhancing regional natural resources a detailed natural capital assessment is needed. To ensure actions fully benefit all communities and stakeholders, an enhanced engagement programme could be undertaken.

2. Key Terms

Devolution	The statutory delegation of powers from central government to govern at a subnational level, such as a regional or local level.
Ecosystem services	The various benefits humans derive from ecosystems, including clean air and water, food, flood protection, and recreation.
Environmental, Social & Governance (ESG)	A framework to understand how an organization manages risks and opportunities around sustainability issues.
Green infrastructure	Networks of nature-based features in and between communities, including open green spaces, watercourses, and other vegetative systems.
Local Nature Recovery Strategy (LNRS)	A locally led, evidence-based plan required by law in England to map and prioritise actions for nature recovery and biodiversity enhancement.
Nature-based Solutions	Actions that protect, sustainably manage, or restore natural ecosystems to address societal challenges such as climate change, disaster risk, and health.
Natural capital	Stocks of the elements of nature that have value to society, such as forests, fisheries, rivers, biodiversity, land and minerals.
Natural Capital Market	A system where private investment is directed into nature restoration or conservation projects, often through mechanisms like biodiversity or carbon credits.
Nature-positive economy	An economy that no longer incentivises the overexploitation of nature and instead results in increasing levels of nature over time, operating within planetary boundaries.
Nature-positive growth	Growth in positive parts of the economy, e.g., green energy, green infrastructure, public and active transport, health, nature.
Six Capitals Framework	A framework to assess the different capitals underpinning the economy.
Sustainable economic growth	Economic growth that occurs to meet the needs of current generations without compromising the needs of future generations.
Taskforce on Nature-related Financial Disclosures (TNFD)	A framework to understand how an organisation's value chain interacts with nature to identify nature-related impacts, risks and dependencies to the organisation.

3. Introduction

3.1 The case for nature

As one of several million species on this planet, human existence is completely dependent on nature. Nature provides us with resources like food, water, clean air, housing, energy and medicine. Nature provides services that regulate our climate, manage flooding, purify water, control diseases and pests, pollinate our crops and sink our waste. Nature holds cultural significance, shapes our identity and spiritual connections, and improves our mental and physical health.

The value of this dependency is increasingly being evidenced through quantifying nature's stocks and services – our natural capital – in monetary values. Over half of the world's GDP is highly or moderately dependent on nature (PwC, 2023), which means $44 – 58 trillion is potentially threatened by nature loss (World Economic Forum, 2020). In the UK, the current value of nature is estimated to be over £1.8 trillion (Natural England, 2025). The deterioration of the UK's natural environment could lead to a 12% loss to national GDP (Green Finance Institute, 2024). For comparison, the 2008 financial crisis led to a 5% loss to UK GDP and at its peak in 2020, the Covid-19 pandemic led to a 11% loss (University of Oxford, 2024).

A healthy natural environment is therefore essential for a sustained and resilient economy, and one with opportunities for growth. Not only is there no future for business, thriving economies or healthy societies without nature (Natural England, 2025), there is a huge potential opportunity lost as well as costs and risks from not investing in nature. Investing in nature could unlock $10.1 trillion in economic opportunities annually and create nearly 400 million jobs by 2030 (World Economic Forum, 2020). The UK Government recognises this and wants to continue securing the UK's place at the forefront of this growing global market (HM Government, 2023).

To make the best decisions for our economy and society, we need to invest in natural capital and optimise opportunities from upcoming national and local government reorganisation. As set out in the Dasgupta review, we need to halt and reverse trends of biodiversity loss. We need to accurately and reliably measure and value our natural capital stocks. We need to manifest sustainable natural resource consumption and production patterns. And we need to coordinate public-private investment into our natural resources. Devolution provides the opportunity to transform our institutions and systems to enable these changes and sustain them for future generations (Dasgupta, 2021) (Ministry of Housing, Communities & Local Government, 2025b).

3.2 Natural capital in Hampshire, Isle of Wight & the Solent

The Hampshire, Isle of Wight and Solent region has an exceptional range of natural capital assets, although they are under pressure and undervalued. As shown in Figure 1, assets include ancient woodland, heathland, farmland, grassland, wildflower meadows, chalk stream valleys such as the rivers Test and Itchen, wetlands, and seagrass in the coastal and marine habitats of the Solent. The New Forest and South Downs National Park are sites of international importance, providing some of the richest habitats for biodiversity in Europe (Sommers, 2022). The Isle of Wight is a UNESCO biosphere reserve, being home to several unique species such as red squirrels, Glanville Fritillary butterflies, Dormice, Field Cow Wheat, and Early Gentian (Sommers, 2022). Yet, in common with the rest of the UK, across the region biodiversity and the natural environment are declining in quality, variety and quantity (Sommers, 2022). Natural capital studies e.g., Solent

marine sites or New Forest, could be built upon to create a more complete view of the whole region's natural capital.

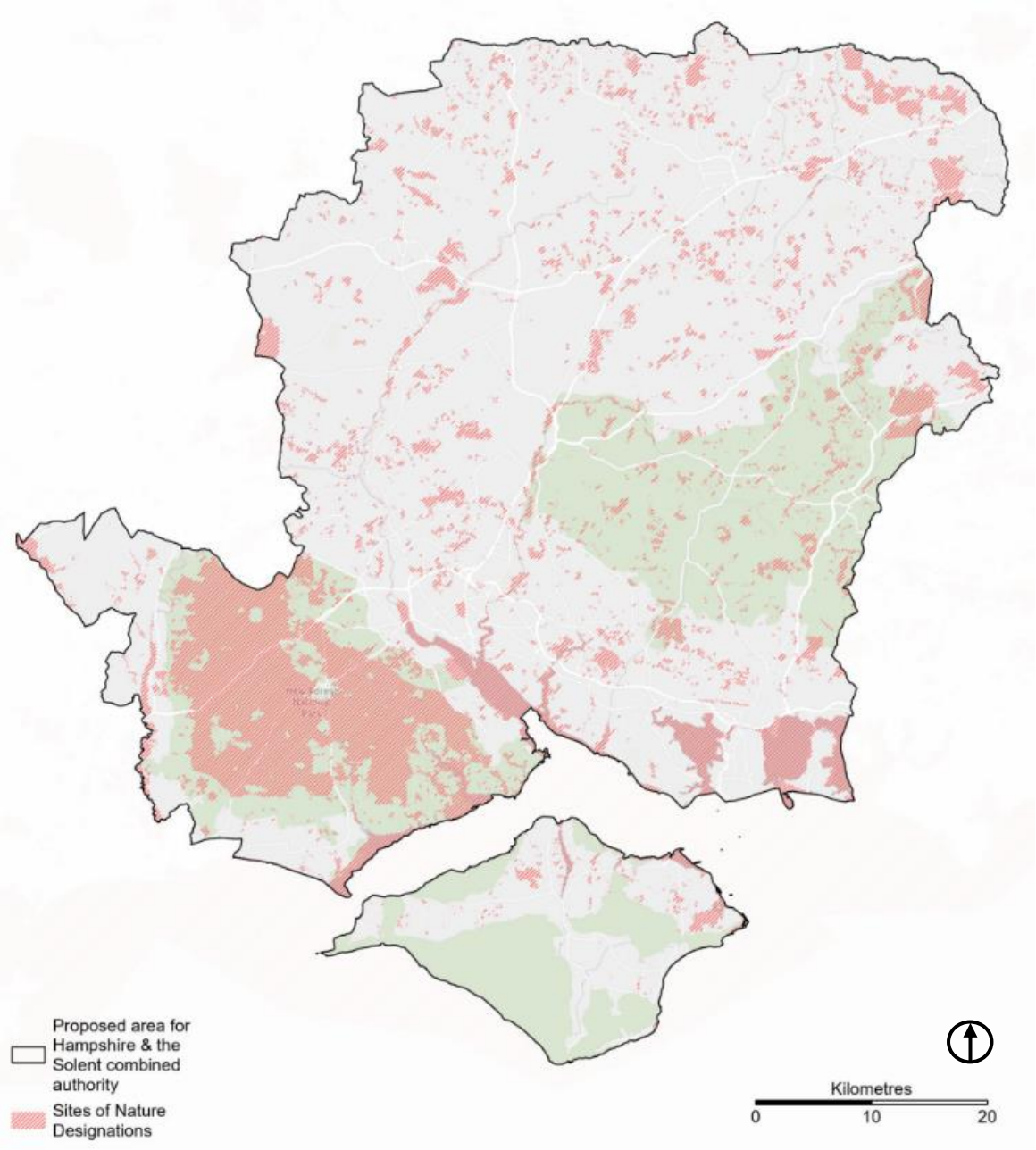


Figure 1: Sites of nature designation in the Hampshire, Isle of Wight and Solent region.

Avoiding risks to the local economy from natural capital degradation and understanding dependencies of the regional economy on nature will enable better decision making around how to protect the assets underpinning the entire economy. Natural capital accounting considers the full value of the benefits economies derive from nature, and the impact human activity has on the natural environment (Defra, 2025). This could prevent unintentional consequences of degrading natural ecosystems and creating significant social and economic costs through chasing short-term

financial gains. Meeting the needs of current generations without compromising the needs of future generations is the goal of sustainable growth (Natural England, 2025).

Sustainable economic growth innately requires a nature-positive economy. The South-East of England is widely recognised as the economic powerhouse of the UK economy (Office for National Statistics, 2024). Key to ensuring its sustainable growth, is investing in the region's natural capital so that the natural environment can continue providing and delivering the ecosystem services the economy and society are dependent on (Sommers, 2022). Natural capital accounting can highlight key impacts, dependencies and risks from economic activity on nature, which is essential information for developing truly sustainable growth plans.

3.3 Nature-positive economy

Sustainable economic growth cannot occur without nature-positive growth. A nature-positive economy is one that "no longer incentivises the overexploitation of nature and instead results in increasing levels of nature over time, operating within planetary boundaries" (WWF, 2024). Economic activity that protects and enhances natural capital over time would allow both current and future generations to prosper, in line with sustainable growth (Sommers, 2022). A nature-positive economy would create an inclusive and prosperous future for all.

The key components of a nature-positive economy agreed in theory include (World Economic Forum, 2021) (University of Cambridge, 2025)**:**

- Nature and economic activity cannot be competing priorities;
- Nature must be embedded in economic and financial decision making, through integrating nature at the heart of policymaking and regulation, integrating nature as a core component of business models and strategy setting, and redirecting financial flows in support of nature;
- Natural assets like land and water should be managed to protect and restore thriving ecosystems and communities;
- Natural assets should be considered and invested upfront in spatial and economic planning to unblock development and growth; and
- Value chains, industries and supply chains should shift to address the drivers of nature destruction.

A nature-positive economy is important for the Hampshire, Solent and Isle of Wight region. This report is a critical first step in setting out the case to explaining why.

3.4 Project scope

Hampshire & Isle of Wight Wildlife Trusts (HIWWT) commissioned Arup to carry out a nature-positive growth study to summarise the evidence for a nature-positive economy for Hampshire, Isle of Wight & the Solent region (hereon called the 'region'). This includes a:

- Summary of the economic strategies for the region (Section 4);
- Summary of the risks of inaction to adopt nature-positive, based on literature and case studies (Section 5);
- Summary of the benefits of nature-positive, based on literature and case studies (Section 6);

- Summary of stakeholder awareness, challenges, incentives, and willingness to support and engage in a nature-positive economic strategy for the region, based on a questionnaire (Section 7); and
- Conclusions on the case for a nature-positive economy for the region (Section 8).

3.5 Project method

To complete this nature-positive growth study, a three-stage process was followed:

1. A literature review to revise the region's economic strategy and sectors for growth, and examples of nature-positive economic models, associated benefits and risks of inaction that could be relevant for the region;
2. A quick study on case studies and policy to identify examples of where nature restoration and devolution have driven economic prosperity that could be relevant for the region, and the role current policies might have in shaping the region's economic decisions on nature-positive; and
3. A questionnaire to assess stakeholder's understanding and awareness of nature-positive links to their organisation's operations, perceived challenges of adopting and integrating nature-positive strategies into their organisation, incentives to encourage support of nature-positive growth and willingness to engage and collaborate in shaping a nature-positive strategy for the region.

To assess what benefits and risks of inaction could be relevant to the region, findings were evaluated considering the top sectors in the region. The top sectors in the region were prioritised based on whether they were listed as key, above national average, or important in economic reports of Hampshire, Isle of Wight and the Solent.

Results of the policy specific review are in the

Summary of the economic strategy section. Results of the literature review and quick study are incorporated in the Risks and Benefits sections as examples that could be relevant for the key sectors in the region.

Results from the questionnaire are summarised in the stakeholder engagement section. A copy of the questionnaire asked can be found in Appendix A: Stakeholder engagement questionnaire.

4. Summary of the economic strategy for the Region

To identify how a nature-positive approach could benefit the region's economy, the policy and strategies influencing the economy of the region were reviewed. Policy and strategies affecting the region's economy are set at the national and regional level. Regional review highlighted the key economic sectors for which to assess benefits and risks.

3.6 National

The key national policy that will affect the economy of the region is the English Devolution White Paper. Devolution aims to transfer power and money from central government to local regional leaders and Mayors, so that these leaders can make the right decisions for their communities to result in inclusive economic growth, reforming public services and securing better outcomes (Ministry of Housing, Communities & Local Government, 2024b). It is proposed that a Mayoral Combined County Authority is established to cover Hampshire, Isle of Wight, Portsmouth and Southampton councils (Ministry of Housing, Communities & Local Government, 2025b). Whilst specifics of the region's devolution plans are still under development, recent meetings suggest delivering environmental improvement including nature recovery are important for climate change adaptation, economic regeneration and improving social wellbeing (Ministry of Housing, Communities & Local Government, 2025) (Hampshire County Council, 2025a) (Fielker, Tann, Kurn, McNally, & Lloyd, 2025). Case Study 1 gives an example of how devolution has provided an opportunity for delivering environmental improvement. The proposed area of the new combined authority is shown in Figure 2.

There are several pieces of national policy that promote sustainable development across the economy of the region. The National Planning Policy Framework and Planning Reform Working Paper both set out how development plans particularly housing and infrastructure can meet environmental objectives and should contribute to net zero and nature recovery, the two core environmental considerations of sustainable development (Ministry of Housing, Communities & Local Government, 2024a) (Ministry of Housing, Communities & Local Government, 2025a). The UK National Biodiversity Strategy and Action Plan sets a range of targets related to protecting and restoring

Case Study 1: UK's implementation of Global Biodiversity Framework

In 2022 through agreeing to the Kunming-Montreal Global Biodiversity Framework (GBF), the UK committed to goals and targets to halt and reverse biodiversity loss by 2030. The UK Biodiversity Strategy and Action Plan provides a blueprint on how the UK Government will implement the GBF. Devolution allows the countries of the UK to tailor GBF implementation to their unique circumstances.

Each country has set out biodiversity and wider environmental plans and actions that they are able to deliver. England and Northern Ireland in line with the Environment Act 2021 have written country specific Environmental Improvement Plans. Scotland has written a Biodiversity Strategy to 2045. Wales has written a Nature Recovery Action Plan. Whilst these broadly cover areas such as agriculture, pollution, climate change, food waste and the circular economy, the targets are more specific for each country and as such meeting them will have a greater positive impact for biodiversity.

Source: (Department of Agriculture, Environment and Rural Affairs, 2025)

nature and promoting sustainable economic growth through responsible use and management of resources and mainstreaming nature finance (Department of Agriculture, Environment and Rural Affairs, 2025). Legislation such as Biodiversity Net Gain and Nutrient Neutrality (driven by the Habitats Regulations) require developments to mitigate impacts on the environment (biodiversity loss and nutrient pollution respectively) to leave the environment in neutral or even better state than before (Department for Levelling Up, Housing and Communities, 2023) (Wentworth, 2024). These policies all influence the economy of the region to embed nature recovery and environmental considerations within its functioning.

Government also published a Natural Capital approach to rebuilding the UK economy. The aim of such an approach is to nurture and enhance nature and result in substantial financial inflows into ecosystem services (Environmental Audit Committee, 2024). This includes supporting establishing of nature credit markets to accelerate private investment into nature recovery. It is anticipated that the development of natural capital policies through this approach will influence the economy to enhance natural capital.

Figure 2: The proposed Hampshire and the Solent Combined Authority area.

3.7 Regional

Under the 2021 Environment Act, Local Authorities have a legal duty to act for Biodiversity. The 'biodiversity duty' within this Act ensures that biodiversity is embedded in local decision-making and planning processes, supporting national goals to protect and restore nature. Under the Biodiversity Duty, local authorities must:

- Regularly review their functions and policies to identify opportunities to conserve and enhance biodiversity;
- Set specific objectives and policies based on this review;
- Take action to deliver these objectives, such as updating internal policies, managing land for biodiversity, and raising awareness; and
- Have completed their first review by January 2024 and then reconsider their actions at least every five years.

The Economic Strategy for Hampshire aims to deliver sustainable economic growth in line with national guidance, jobs and prosperity for all the region's communities using the Six Capitals Framework. The strategy uses the six capitals framework because Hampshire County Council recognise that to be truly sustainable, outcomes of development should be assess in terms of value added to and impacts on the six categories of capital that help an economy create value: physical, natural, human, knowledge, social and institutional (Hampshire Prosperity Partnership, 2025). The six capitals are interrelated. Implementing this approach will require measuring and reporting on the region's economy using qualitative and quantitative indicators to explain the use of, or impact on, the various capitals. Measuring and reporting only on GDP will not achieve this (Jackson, 2021).

Hampshire's Economic Strategy aligns with other strategies including Hampshire 2050 vision, Solent 2050, Isle of Wight Regeneration Strategy, and Public Health Strategy for the regions on its 5 aims (Isle of Wight Council, 2019) (Hampshire 2050 Partnership, 2023) (Hampshire County Council, 2023) (Solent LEP, 2025):

1. Sustainable economic growth: balance economic development with environmental sustainability, ensuring that growth does not come at the expense of the environment and contributes to climate change (Hampshire County Council, 2020a);
2. Skills and employment: invest in education, training, skills for developing a workforce to ensure the local labour market can adapt to current and future economic changes, new market trends and technology (Walker & Robinson, 2020);
3. Innovation and technology: creation can drive growth and competitiveness;
4. Infrastructure development: efficient, carbon neutral, infrastructure is essential for reducing travel times, improving infrastructure resilience, connecting businesses and improving access to markets, which all support business growth and attract investment (Hampshire County Council, 2024); and
5. Collaboration and partnerships: cohesion supports the economy and leverages strengths and resources of each area.

3.8 The region's key economic sectors

The key economic sectors in the region include: (1) Marine and maritime, (2) Aerospace, space and defence, (3) Farming & rural economy, and (4) Tourism & visitor economy (Research & Intelligence, 2016) (Isle of Wight Council, 2019) (Hampshire Prosperity Partnership, 2024) (Economy Intelligence, 2024) (Hampshire Prosperity Partnership, 2024). These sectors are listed as key within these reports because they have businesses and employment concentrations above national average and generate significant value for the region's economy.

3.8.1 Marine and maritime

Marine and maritime is the first main sector for the region, adding significant value to the local, national and global economy. This sector contributes £5.8 billion (or 25%) of the region's GVA and supports approximately 150,000 jobs across more than 3,000 businesses, encompassing shipping, marine engineering, and leisure industries (Solent LEP, 2025) (Hampshire County Council, 2025b). The Port of Southampton, a major international gateway, supports 45,600 jobs and contributes £2.5 billion annually to the UK economy (Associated British Ports, 2023). The Solent strait is heavily trafficked by commercial, naval and public transport vessels, providing the largest export docks in the UK, the home port to the Royal Navy home port, and multiple national and international ferry services (Lichfields, 2023). As the global 'blue economy' is projected to reach £3.2 trillion by 2030, the Hampshire, Isle of Wight, and Solent region is strategically positioned to maximise opportunities from this growth (Hampshire County Council, 2025b). The blue economy includes economic activities that are directly or indirectly linked to marine and maritime.

3.8.2 Aerospace, space and defence

Aerospace, space and defence (ASD) is the other main sector for the region. The region hosts major employers such as BAE Systems, Airbus, Lockheed Martin, Boeing, GE Aviation, Britten-Norman and Gulfstream and is one of the UK's leading ASD locations with an annual turnover of £35 billion (Hampshire County Council, 2025c). Portsmouth Naval Base alone contributes £1.6 billion of the region's GVA and supports 20,000 jobs (Solent Growth Partnership, 2025a). The Hampshire, Isle of Wight and Solent region accounts for over 20% of the UK's global market share (globally, the UK's aerospace industry is the second largest) with a concentration of employment that is double the national average (ADS, 2024) (Solent Growth Partnership, 2025b).

3.8.3 Farming and rural economy

Farming and the rural economy are important for the region. At 70%, the farming sector uses the most land of any sector in the region (Sommers, 2022) and employs 16,000 employees (Research & Intelligence, 2016). However, despite using more land than the other sectors and employing similar numbers of people, the land-based sector in Hampshire is only estimated to be worth 2.4% of Hampshire's overall output (Research & Intelligence, 2016).

3.8.4 Tourism & the visitor economy

The region is home to unique natural assets including the New Forest, North Wessex Downs, South Downs, the Isle of Wight UNESCO Biosphere Reserve and coastal regions that support a successful visitor economy (Ministry of Housing, Communities & Local Government, 2025b). In 2023, the visitor economy in the region was estimated to contribute £3.3 billion and employ over 87,000 people (Office for National Statistics, 2024). For the Isle of Wight alone the visitor economy is worth £470.4 million, contributing to 18.1% of Isle of Wight GVA (Isle of Wight Council, 2019) (Ministry of Housing, Communities & Local Government, 2025b).

4. Potential impacts and dependencies of nature for the region's key economic sectors

Economic functioning is reliant on natural capital in several ways. Natural capital creates benefits for people in the form ecosystem services (see Figure 3). The Millennium Ecosystem Assessment defines ecosystem services as "benefits people obtain from ecosystems". This section introduces some sector specific potential dependencies and impacts on nature according to the ENCORE tool and Taskforce on Nature-Related Financial Disclosure (TNFD) sector-specific guidance (TNFD, 2025) (UN Environment Programme, 2025).

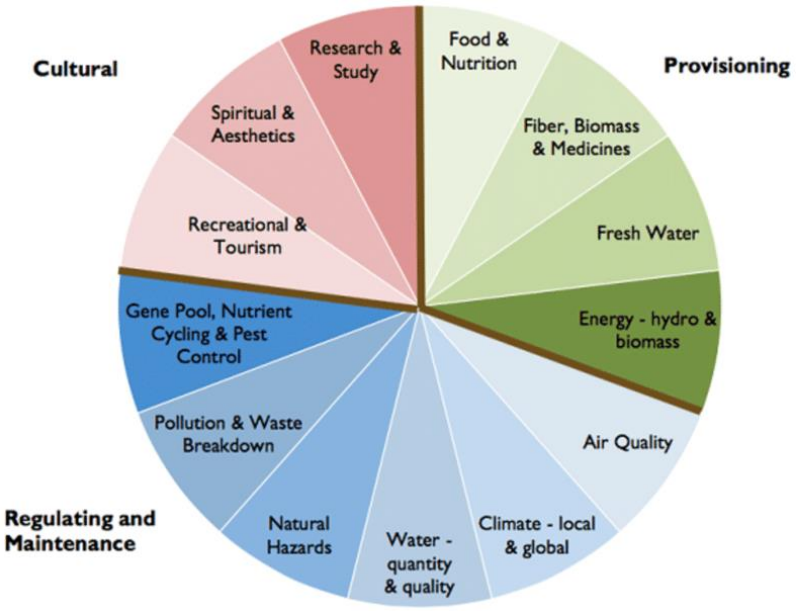


Figure 3: The Common International Classification of Ecosystem Services (Source: CICES, 2013).

4.1 Marine and maritime

Marine and maritime is dependent on nature to operate effectively and sustainably. This sector relies on a range of ecosystem services, including healthy marine water quality, coastal protection, and the provision of habitat and nursery grounds for commercially important species. Port operations, shipping, commercial fishing, and recreation all depend on clean and navigable waters, stable coastlines, and biodiverse marine ecosystems to maintain safety, resource availability, and economic viability. Natural infrastructure such as saltmarshes, seagrass beds, and oyster reefs provide vital services – absorbing wave energy, buffering against erosion and storm surges, sequestering carbon and filtering pollutants. These nature-related dependencies highlight the sector's exposure to risks from environmental degradation and the opportunities from conserving and restoring marine ecosystems to support resilient, long-term economic activity.

4.2 Aerospace, space and defence

ASD has several dependencies on nature that underpin both manufacturing processes and operational resilience. ASD relies heavily on the availability and stability of natural capital inputs such as water for cooling and processing, and mined metals and minerals used in precision components, electronics, and advanced materials. Many of these raw materials depend on stable ecosystems for extraction and transport, making the sector vulnerable to climate-related and nature-related disruptions across global supply chains. Infrastructure (such as manufacturing plants, R&D facilities, and military installations) is often located in low-lying or coastal areas, making it reliant on natural assets like wetlands and floodplains for protection from coastal erosion and extreme weather events. The resilience of these natural systems directly affects the sector's ability to operate smoothly and mitigate environmental, regulatory, and reputational risks. Maximising opportunities for maintaining ecosystem integrity and reducing nature-related risks is vital for the sector's long-term performance and security.

4.3 Farming and rural economy

Farming and the rural economy are fundamentally dependent on nature, with productivity and long-term viability tied to the health of ecosystems and natural capital. Key dependencies of this sector on nature include fertile soil, clean water, pollination, natural pest control, and climate regulation; all of which are essential for crop and livestock production. In the region, chalk streams, grasslands, hedgerows, and woodland habitats also play vital roles in supporting biodiversity, maintaining soil structure, regulating water cycles and mitigating impacts of weather-related climate events such as flooding. Maximising opportunities to sustain and restore natural capital not only safeguards productivity but also enhances resilience to climate change, offering economic benefits and contributing to regional food security and rural prosperity.

4.4 Tourism and the visitor economy

Tourism and the visitor economy is highly dependent on the quality and integrity of nature. Key ecosystem services underpinning this sector include landscape aesthetics, clean coastal and inland waters, biodiversity, and climate regulation. Visitors are drawn to the region's natural assets for activities like hiking, sailing, cycling, wildlife watching, and wellness retreats. Natural infrastructure like saltmarshes and wetlands plays a crucial role in protecting tourism infrastructure from flooding and storm damage. Taking opportunities to maintain and invest in healthy natural capital is not only essential for preserving the region's appeal but also for sustaining its economic contribution and resilience to climate-related risks.

5. Potential risks of not and opportunities of implementing a nature-positive economy for Hampshire, Isle of Wight & the Solent

Risks of 'inaction' are those risks arising from a situation where there is no credible, sufficiently stringent or relevant policy in place to address natural capital degradation (OECD, 2008). In this report, risks of inaction are those that occur from not implementing a nature-positive plan. This section introduces risks of inaction identified in the literature review that could be relevant for the key sectors in the region. The risks listed below are based on the literature review and quick study on case studies; a full risk assessment should be conducted for a comprehensive review that includes understanding the scale of impacts, risks and dependencies.

Risks of inaction manifest as continued natural capital degradation, which create costs to people and businesses through: (1) physical risks from changes to the flow of ecosystem services, and (2) transitional risks from changes to regulation/policy, market demand/supply, consumer or investor perceptions, and technology requirements (TNFD, 2023). Opportunities are created through avoiding and mitigating risks.

5.1 Physical risks and opportunities

Physical risks occur when there are changes to the flow of ecosystem services that economic functioning depend upon. Ecosystem services flow from healthy natural capital, so when natural capital is physically damaged or deteriorated there will be changes to the flow of services available for economic functioning. The damage and deterioration of natural assets is already changing the flow of ecosystem services, causing mass disruption to supply chains worldwide (PwC and WWF, 2020).

Changes to ecosystem service flows is a risk for the region because many of the economic 'inputs' across the region are locally sourced. Inputs include goods and labour. Local inputs from Hampshire represent 40% of inputs for all

Case Study 2: The 'Preston model' (Lancashire)

Completed between 2012 and 2019, Preston's Community Wealth Building programme, known as the "Preston Model," represents a pioneering local economic strategy in the UK. It involved reorienting spending by local "anchor institutions" - like hospitals, universities, and the council - to support more local and regional suppliers, cooperative businesses, and fair employment practices.

A key outcome is greater local economic resilience. Local public procurement spending in Preston rose from £38m in 2013 to £111m by 2017, helping to retain wealth within the community rather than leaking out to external shareholders.

Other outcomes include increased support for worker-owned cooperatives, efforts to establish a regional community bank, higher Living Wage adoption rates, and enhanced social value creation through public contracts. Preston's model has inspired similar movements across the UK and internationally, promoting inclusive growth, fairer labour markets, and stronger local ownership structures.

Source: (CLES and Preston City Council, 2019)

sectors, and 50% of inputs for the key sector inputs (Hampshire Prosperity Partnership, 2024). This is above national average and ranks Hampshire 5th out of 33 local economies in the country (Hampshire Prosperity Partnership, 2024). Some likely risks to the key economic sectors in the region from changes to ecosystem service flows are summarised below.

Having a supply chain based on local inputs presents the region with a significant opportunity. Local inputs are highly effective in retaining wealth locally and critically give a region greater control to manage any risks because the local authorities are better able to coordinate decisions around shared assets (CLES and Preston City Council, 2019). This was demonstrated in Preston by their wealth creation model as described in Case Study 2. This includes assets that provide ecosystem services to the local economy.

5.1.1 Marine and maritime

Changes to the flow of ecosystem services supporting the marine and maritime sector from deteriorating natural capital could occur from (1) declining water quality, (2) degraded marine habitats, and (3) increasing coastal erosion and flood risk.

(1) Declining water quality in the region impacts fisheries and aquaculture, port operations and marine tourism. Excessive nutrient inputs from agriculture and wastewater discharge have led to eutrophication across Solent marine sites, killing the aquatic life (via suffocation and photodeprivation) that local fishery and aquaculture activities rely on (Watson, Watson, & Preston, 2020). Port operations in the Solent could be disrupted by faecal contamination and wastewater discharge from boating events and cruise ships. A 2023 study found sewage discharge from recreational boats in surface waters in the Solent (Xiong, Williams, Hudson, Osborne, & Zapata-Restrepo, 2023). It is possible a similar impact could be occurring from cruise ships given the scale of cruise ship operations in the Solent (Southampton alone welcomes almost 500 cruise ships a year (Smith, 2023)), and that a single large cruise ship can produce greywater volumes comparable to a small town (Solent Marine Sites, 2021). To clean and protect water quality, stricter regulations and upgrades to wastewater management systems should occur, although this could disrupt normal port operations through planning, permitting, throughput and/or logistics.

(2) Degradation of vital marine habitats and biodiversity loss weakens the ecological foundation of local fisheries,

Case Study 3: Medmerry Managed Realignment Scheme (West Sussex)

Completed in 2013, Medmerry represents the largest open-coast managed realignment project in Europe. The initiative involved breaching existing sea defences to allow the sea to inundate 184 hectares of previously reclaimed farmland, creating new intertidal habitats such as saltmarshes and mudflats.

Flood risk reduction is a key outcome. The newly established intertidal habitats act as natural buffers, dissipating wave energy and reducing the impact of storm surges. This natural defence mechanism has lowered the annual risk of flooding from 100% to 0.1% and is predicted to save ~£78m over the coming 100 years. Flood protection is being provided for 348 properties, the B2145 road, and critical infrastructure in the nearby town of Selsey.

Other outcomes include enhanced biodiversity especially of birds**, improved water quality, and provided new opportunities for recreation and tourism** due to a new large network of footpaths, cycle paths and car parks, contributing to the local economy.

Source: Nature-based Solutions Knowledge Hub

blue carbon markets and coastal infrastructure. The complete loss of native oyster reefs in the Solent since 2007 led to the collapse of local oyster fisheries, which were once among the largest in Europe (Hutchins, 2025). Oyster bed loss and the degradation of seagrass meadows and saltmarshes (critical nursey habitats for various commercial fish species) is resulting in decreasing fish population (Solent Seascape Project, 2025). Reduced fish and the complete loss of oyster natural capital is disrupting fishery supply chains, leading to supply shortages and increased reliance on imports, affecting local economies. The Solent is recognised as one of Europe's largest blue carbon sites, particularly due to the presence of seagrass meadows and saltmarshes (University of Portsmouth, 2022) (Solent Seascape Project, 2025). Degradation of this habitat not only hinders its ability to critically sequester carbon and mitigate climate change but results in releasing stored carbon directly contributing to climate change (Solent Seascape Project, 2025). Marine habitats are key coastal infrastructure for improving water quality through filtration, and reducing risks of climate-related events such as coastal erosion and flood risk as described below.

(3) Climate-related events such as coastal erosion and flood risk are more likely due to a lack of nature-based buffers, threatening port infrastructure and low-lying coastal assets. Saltmarshes, wetlands and oyster beds are effective in sea defence, absorbing and dissipating wave energy (Solent Seascape Project, 2025). Seagrass beds and oyster beds stabilise sediment on the sea floor, preventing coastal erosion (Solent Seascape Project, 2025). Case Study 3 evidences how marine habitat restoration along the South Coast can provide effective mitigation to climate-related events and protect coastal and low-lying assets and infrastructure. This is especially important for the Hampshire, Isle of Wight and Solent region where rates of coastal erosion and risks of flooding are predicted to increase (The Solent Forum, 2024).

Investing in protecting and enhancing Solent natural capital could provide opportunities to uplift the marine and maritime sector's economic functioning, locally and globally. The marine and maritime sector in the region is likely to be heavily dependent on the Solent natural capital; sector activities – shipping, ports, transport, leisure, fishing, engineering and science, and business services – occur right by or in the Solent (Lichfields, 2023). The Solent provides the foundation for the region's marine and maritime economic activity, which as described in Section 5.1 is significant for the national and international sector. Investing in this capital in line with a nature-positive action presents opportunities for long-term sector operational sustainability and financial viability.

5.1.2 Aerospace, space and defence

Changes to the flow of ecosystem services supporting the ASD sector could occur from (1) vulnerability of infrastructure to climate-related events and (2) global parts shortages and delays.

(1) The strategic placement of key ASD assets along the south coast means a significant proportion of this sector's infrastructure is vulnerable to climate-related events such as coastal erosion and flood risk due to a lack of nature-based buffers. Portsmouth is home to Royal Navy's surface warships and serves as the UK's principal naval stores distribution centre. Portsmouth also hosts key players in the space industry such as Airbus who develop, assemble and test satellite equipment. Southampton is home to Marchwood Military Port, a key site for military logistics. Lee-on-the-Solent is home to Solent Airport at Daedalus, a hub for aviation, aerospace engineering and advanced manufacturing businesses. These assets are at risk from sea-level rise, storm surges and tidal flooding due to their strategic placement in low-lying coastal areas (Environment Agency, 2025). 5.1.1(3) and Case Study 3 show how healthy natural capital provides effective buffers to the increasing coastal erosion and flood risks predicted to affect the region.

(2) Natural capital degradation could cause global parts shortages and delays because these parts are sourced from natural capital assets and require stable natural capital to be transported. ASD stakeholders in the region are likely to be dependent on global supply chains of metals and minerals (e.g. rare earth elements, titanium, aluminium) for aircraft and satellite components. Ports, railways, and roads used to ship parts depend on stable coastlines, non-eroded land, and weather-resilient infrastructure so reduced natural buffers make disruption from weather more frequent. Delays or discontinuation of supply due to environmental degradation, geopolitical tensions or climate instability presents risks to the region.

Investing in protecting and enhancing natural capital in the region presents opportunities to the ASD sector. Principally opportunities could come from minimising risks of flooding of assets and disruption to the transport of parts. A nature-positive economy could also address the risk from disruption to global supply of rare earth metals and minerals by investing in local resources to find alternative supply or investing in nature overseas to support provisioning of these materials.

5.1.3 Farming & rural economy

Farming and rural economic functioning are completely interlinked with ecosystem functioning. Changes to the flow of ecosystem services supporting the farming and rural economy could occur from (1) soil degradation, (2) water scarcity, (3) pollution of water and air, (4) biodiversity loss, and (5) weather and climate-related events.

(1) Farming is completely dependent on healthy soils for crop growth, pasture productivity, and water filtration – without it yields decline, fertiliser needs rise, and resilience to drought or erosion drops. Soil health across England and Wales is at threat; 4 million hectares of soil are at risk of compaction, 2 million hectares of soil are at risk of erosion and intensive agriculture has caused arable soils to lose 40-60% of their organic carbon (Environment Agency, 2019). This degradation to soil is estimated to cost England and Wales between £0.9 and £1.4 billion annually (Climate Change Committee, 2019). Case Study 4 shows one of many farms in the region that demonstrate how adopting nature-positive activities can improve productivity and profitability.

(2) Farming relies on consistent water cycles and natural filtration for practices including irrigation, livestock, and

Case Study 4: Newhouse Farm (Hampshire)

Newhouse uses regenerative agricultural practices to reduce carbon emissions and enhance biodiversity whilst maintaining profitability. Adopted practices include agroforestry, diversified crop rotations, cover cropping, no-till, wildflower strips, and pasture-only fed livestock.

Soil health has improved (structure and organic matter) leading to **better water retention and nutrient cycling, improving resilience to climate-related events like droughts and heavy rainfall**. Improved soil health decreases the need for synthetic inputs (fertilisers have decreased by 18% and fuel consumption by 40%).

Biodiversity (pollinators and biological pest controls) has been enhanced leading to improved productivity and decreased use of pesticides.

Carbon emissions have reduced from tree planting and regenerative farming practices.

Farm profitability and economic resilience has increased from the outcomes above and selling produce directly to local communities and engaging in agri-environment schemes to diversify income streams.

Sources: Forestry Commission, Newhouse Farm Partnership, Farmers Weekly

dairy operations. Water supply in the region relies heavily on local chalk streams the Test and Itchen – Southern Water sources 23% of Hampshire's public water supply from rivers and 70% from groundwater (Southern Water, 2024). Rivers in the region supply water for agriculture, public supply and industry (Island Rivers, 2025). When these natural capital sources are polluted or over-abstracted, this not only raises costs and risks for farming but stakeholders across society.

(3) Clean water and air are critical for farming productivity. Irrigation with polluted water can damage plant tissues and kill crops. Polluted air can block sunlight or damage plant tissue; reductions in air pollution between 1999 and 2019 contributed to a 20% increase in US corn and soyabean yields (worth $5 billion per year) (Lobell & Burney, 2021).

(4) Biodiversity provides a wealth of ecosystem services that are essential for productivity and profitability across the farming and the rural economy. As shown in Case Study 4, biodiverse habitats are needed to support populations of pollinators and natural predators. Pollinators such as bees, butterflies and hoverflies are vital for the fruit, seed, and oilseed crops that many of the farms in the region grow (Department for Environment, Food and Rural Affairs, 2024). Pest control by natural predators including birds and insects reduces reliance on chemical inputs, reducing costs and environmental impacts (Mayne, King, Andersen, & Elkinton, 2023).

(5) Extreme weather like drought, heatwaves, or flooding pose risks to yields and infrastructure. Farming relies on consistent climate patterns to reliably produce crops; extremes can inhibit ability of crop growth and can result crop death (Das & Ansari, 2021). As illustrated by Case Study 4, natural capital assets including trees, healthy soils, and wetlands mitigate and buffer the effects of extreme weather events because they enhance the farm's ability to absorb and hold water, which is what is disturbed during and by extreme weather events.

Investing in protecting and enhancing natural capital in the region will likely enhance the flow of ecosystem services that the farming and rural economy sector relies upon. Investing in regional nature-positive economic growth enables resilient and diverse local supply chains to be established, which not only is important for food security but is also essential for better retaining locally created wealth; every £10 spent in a local food outlet generates approximately £25 in local economic activity, compared to just £2.40 from supermarkets (Jaccarini, 2021) (Local Food Plan, 2025). Costs of inputs would likely decrease; investing in plants and microbes provides the most cost-effective method for bioremediation and mitigating air and water pollution (Bala, 2022). As demonstrated by nature-friendly farms like Case Study 4, productivity and profitability will likely increase. Investing in local natural capital delivers win-wins for nature and farming businesses.

5.1.4 Tourism & visitor economy

Changes to the flow of ecosystem services supporting the tourism and visitor economy could occur from: (1) loss of natural attractions, (2) reduced visitor satisfaction, and (3) seasonal volatility.

(1) The region's top tourism hotspots are natural attractions – New Forest National Park, South Downs National Park, Isle of Wight UNESCO Biosphere reserve, Test and Itchen chalk stream valleys, the Solent shoreline (Sommers, 2022). Tourists often come to the region to seek nature-linked experiences, from walking, cycling, angling, wild swimming, sailing and wildlife watching to wellness retreats, family holidays and beach-going (Visit Isle of Wight, 2025). Tourists seek souvenirs from farm shops, vineyards, local produce markets, and local crafts. These activities all rely on productive, healthy natural landscapes; in 2019, the natural environment's contribution to tourism and outdoor leisure in Great Britian was valued at £12 billion (Office for National Statistics, 2021).

(2) Tourists value the tranquil, natural feel of rural areas being drawn to clean, healthy and attractive areas. When these are compromised, visitor satisfaction and likeliness to visit decrease; in one study 85% of both tourists and resident stated they would not visit a beach if it had litter (Social Research, 2018). Water quality is already impacting leisure activities in the region; in summer 2024 Tourists and locals were advised not to swim in Southsea due to poor water quality (Paine & Gudge, 2024), which likely contributed to a lower number visitors to the area than usual. The acoustic environment plays a key role in shaping a positive visitor experience, with anthropogenic noises degrade the soundscapes of natural attractions (Merchan, Diaz-Balteiro, & Solino, 2014). This could be a risk given several areas within the region have been identified to experience elevated noise levels (Tsimpida & Tsakiridi, 2025). Degradation of one landscape is likely to result in overcrowding of another, also decreasing satisfaction (Papadopoulou, Ribeiro, & Prayag, 2022). Reduced visitor satisfaction leads to lower return and recommendation rates (Papadopoulou, Ribeiro, & Prayag, 2022), negatively impacting the local economy.

(3) Seasonal volatility from climate change related weather events can also affect tourism and visitor economy. Research has found that sunshine hours and temperature have a significant and positive impact on tourists choosing to have overnight stays and average precipitation has a significantly negative effect, especially to areas visited for outdoor activities (Falk, 2014). Flooding, storms, unpredictable weather makes areas less likely to be visited. Investing in natural buffers can help mitigate impacts of these events.

Investing in protecting and enhancing natural attractions could increase the appeal of the region as a visitor destination. A nature-positive economy for the region could prevent degradation, pollution and loss of existing natural attractions whilst working with stakeholders to create more. Attracting more visitors through higher return and recommendation rates to the region will bring in more money to the local economy.

5.2 Transitional risks and opportunities

Transitional risks occur when there are changes to regulation/policy, market demand/supply, consumer or investor perceptions, and/or technology requirements that economic functioning is influenced by. These changes could occur because of a society's shift towards a nature-positive economy and only become risks when organisations within sectors fail to adapt to them.

Changes to regulation/policy, market demand/supply, consumer or investor perceptions, and/or technology requirements could present risks for the region because the UK is generally shifting towards a nature-positive future. This shift is being driven by policy reform (e.g., the Environment Act 2021, the Environmental Improvement Plan 2023, Nature Recovery Networks), investment strategies (e.g., Nature for Climate Fund, Green Finance Strategy 2023) and international commitments (e.g., UK signing the Kunming-Montreal GBF 2022) (Department of Agriculture, Environment and Rural Affairs, 2025)**.** Also many UK businesses are beginning to factor nature into risk and strategy, particularly in food, agriculture, finance and construction and there is a growing uptake of voluntary TNFD-aligned reporting and natural capital accounting (TNFD, 2024) (Loxton, 2024).

Adapting to the emerging UK nature-positive landscape presents the region with a strategic opportunity. Being an early mover in an emerging market can help attract investment and access new funding streams, whilst later enabling the early mover to position themselves as a leader who meet global and national expectations (Sunstova, 2024). Mitigating pre-empted risks also reduces costs of adapting to them if they materialise later (Hong, Wang, & Yang, 2023).

5.2.1 Marine and maritime

Transitional risks and opportunities to the marine and maritime sector could occur from: (1) tighter environmental regulations, (2) market demand and supply shifts, (3) investor perceptions, and (4) technology and infrastructure requirements.

(1) Tighter environmental regulations could limit operations or increase compliance costs for ports, shipping, fishing, and dredging. The Marine Strategy Regulations, UK Marine Policy Statement, and emerging Marine Net Gain and nature-related reporting requirements may require businesses to mitigate or offset ecological impacts, which could delay permits or require additional investment (Defra, 2020) (Defra, 2023) (Defra, 2025). The International Maritime Organisation (IMO) is already pressuring the maritime industries to curb GHG emissions and decarbonise quickly to align with the Paris Agreement; the maritime industry accounts for 2–3% of global GHG emissions and is projected to grow on average at 2.1% annually for the next four years (Pramithodha, Adams, & Walker, 2025). Non-compliance with regulation can result in fees, penalties and fines; in early 2025 Eurobulk (a Greek fishing company) was fined $1.125 million and ordered to pay an additional $375,000 to the National Fish and Wildlife Foundation after failing to adhere to the International Convention for the Prevention of Pollution from Ships, which covers prevention of pollution from ships (The Maritime Executive, 2025).

(2) A global shift towards nature-positive, sustainable marine and maritime functioning could impact competitiveness if stakeholders in the region do not follow market trends. Demand for nature-positive and sustainable practices is on the increase; spending on MSC certified sustainable seafood hit a record-breaking £1.5 billion in the UK and Ireland 2023/24, despite the cost-of-living crisis (Marine Stewardship Council, 2024). Sustainability certifications like ISO 14001 for environmental management are increasingly being adopted by UK marine and maritime stakeholders (ABP, 2021) (Haines, 2025). Regional stakeholders including Wightlink, Brittany Ferries and ABP are actively participating in The Government's Clean Maritime Demonstration Competition, which has in total over 5 years invested £160 million in reducing the sector's environmental impacts through hybrid and electric ferry retrofit, shore power and nature-positive port innovations (Department for Transport, 2025).

(3) Stakeholders perceived to cause environmental degradation may face reputation risks, affecting revenue, financing and operational freedom. There is growing scrutiny from consumers, investors and insurers over nature and climate impacts (Newlands, 2024). Public concern over water quality in the Solent has already triggered scrutiny of shipping and tourism-related discharges negatively affecting water quality (Xiong, Williams, Hudson, Osborne, & Zapata-Restrepo, 2023) (Solent Protection Society, 2023). Investors are increasingly integrating environmental, social and governance (ESG) criteria into decision-making so may exclude companies that cannot demonstrate how they manage nature-related dependencies and impacts from their portfolios (OECD, 2020). A poor public image can reduce tourism, lose customers, and lead to pressure campaigns for organisations to lose their social licence to operate. This is what happened to Formosa Steel in 2016 upon discharging toxic waste into the sea causing widespread fish deaths across four central provinces in Vietnam. Despite paying $500 million in compensation and issuing a public apology, the disaster caused the multi-billion dollar organisation to be out of action for 13 months and lose the trust of millions of people (Nguyen, 2017) (Fan, Chiu, & Mabon, 2020).

(4) If stakeholders in the region fail to adapt to emerging technology and infrastructure demands, the region could lose its competitive edge, experience disruption to supply chains and increase risks from regulation and reputation. Global and UK maritime policies are driving

a shift to low-emission vessels, such as those powered by hydrogen, ammonia, electric or hybrid systems (Department for Transport, 2019) (Pramithodha, Adams, & Walker, 2025). In response to Government's urges, UK Chamber of Shipping has called for mandatory targets for UK ports to upgrade infrastructure to support shore power ("cold ironing"), green bunkering facilities and digital emissions monitoring (UK Chamber of Shipping, 2022). Stakeholders in the region that fail to invest in clean vessel technologies or fuel infrastructure may find themselves non-compliant with future emissions standards.

A nature-positive economy can support investment in technology, infrastructure, skills and resources critical to underpin sustainable activity within the marine and maritime sector and unlock access to exclusive markets. Potential solutions for ports to achieve net-zero targets are known – improving infrastructure, reducing vessel emissions, adopting low-emission fuels and renewable energy, implementing green shipping corridors (Pramithodha, Adams, & Walker, 2025). As investor preferences shift towards ESG, there is opportunity for the marine and maritime sector to access new green financing streams to deliver solutions and become nature positive. Following market trends like this also provides opportunities for business and economic growth, e.g., via access to green shipping corridors or certain green ports and developing a good ethical reputation with local communities, consumers and investors.

5.2.2 Aerospace, space and defence

Transitional risks and opportunities to the ASD sector could occur from: (1) tighter environmental regulations, (2) market demand and supply shifts, (3) investor perceptions, and (4) technology and infrastructure requirements.

(1) Tighter environmental regulations could limit operations or increase compliance costs. The cap on emissions set by the UK Emissions Trading Scheme will be reduced by ~30-35% from 2026 to align with UK carbon budgets, meaning energy-intensive sectors including ASD must decrease their emissions or face increased compliance costs (Department for Energy Security and Net Zero, 2025). The UK and EU are moving to restrict the use of per- and polyfluoroalkyl substances (PFAS) and other persistent, bioaccumulative chemicals, which are widely used in aerospace lubricants, coatings, and electronics (Health and Safety Executive, 2025). Regulation around water abstraction from sensitive water bodies and pollution discharge is also being tightened driven by the Water Framework Directive and UK targets to improve water quality, affecting ASD sites using water for processes including cooling and surface treatments (Environment Agency, 2021). Any future launchpad development or test sites in the region are required to assess impacts on biodiversity, emissions, and local habitats according to the Space Industry Regulation Act 2018 (Department for Science, Innovation and Technology, 2024).

(2) Supply chain volatility and demand for sustainability-driven procurement could disrupt the sector's supply chains. ASD manufacturing depends on rare earth elements and metals many of which are extracted from nature and imported. Increasing regulation on extraction (due to environmental degradation or geopolitical tension) can lead to supply constraints, input scarcity and price volatility (Li, Meng, Zhang, Lobont, & Shen). Major ASD employers in the region are part of global supply chains vulnerable to such disruption. UK MOD, international governments, and commercial airlines are increasingly embedding sustainability metrics in procurement decisions and there is a growing shift in market preference toward cleaner propulsion technologies (e.g., electric aircraft, sustainable aviation fuel) (Ministry of Defence, 2023) (The Australian, 2024).

(3) Changes in investor perceptions shift procurement decisions, access to finance and public support to affect the ASD operational and strategic landscape. Investors are increasingly reluctant to be associated with ASD industries perceived as misaligned with ESG principles; many small and medium-sized defence companies have struggled to secure banking and loans due to ESG concerns, leading to fall back on government financing and concerns around the financial viability of UK and European's defence industry (ASD, 2021) (The Times, 2024). The UK MOD's Climate Change and Sustainability Strategic Approach outlines guiding principles to meet strategic sustainability ambitions by 2025, emphasizing the importance of embedding sustainability into procurement and acquisition (Ministry of Defence, 2023).

(4) The rapid pace of technological and infrastructure innovation requires ASD companies to continuously update their systems and facilities. The UK's Defence and Security Industrial Strategy emphasizes the importance of embracing innovation in science and technology to boost national prosperity and strategic advantage, including innovation that integrates environmental performance, resilience and energy efficiency (Ministry of Defence, 2021). The UK's Defence Supply Chain Strategy highlights the need for a radical redesign of the defence supply chain to enhance resilience that includes infrastructure considerations (Ministry of Defence, 2022). These include upgrades to nature-positive and more sustainable assets to meet requirements like the UK Net Zero Strategy and the MOD Commercial Environmental Policy (Ministry of Defence, 2018).

A nature-positive economy can align the ASD sector with the increasing number of sustainability-focused priorities to remain competitive in global markets. Transitional risks to the ASD sector could be greater than physical risks identified in Section 6.1.2. ASD suppliers demonstrating alignment with nature-positive or net-zero standards may win more contracts or secure more investment than those that don't. Adapting to these changes is crucial for organisations to maintain competitive and ensure their long-term viability and thereby enable the ASD sector to continue supporting regional economic sustainability and growth.

5.2.3 Farming and rural economy

Transitional risks and opportunities to the farming and rural economy sector could occur from: (1) tighter environmental regulations, (2) market demand and supply shifts in line with consumer perceptions, and (3) technology and infrastructure requirements.

(1) In response to the increasing understanding of the link between farming and accelerating biodiversity loss and climate change, environmental regulations are continually tightening. To address declining water and soil quality in the Solent, farmers are encouraged to farm in line with 'Catchment Sensitive Farming', which includes implementing measures that reduce nitrate runoff and changing land management practices (Natural England, 2014). The shift from the EU's Common Agricultural Policy to the UK's ELMS represents a significant change in how farmers receive subsidies. Under ELMS, payments are linked to the delivery of environmental benefits, such as improved soil health and biodiversity (Baker, 2024). There is uncertainty about how these schemes will continue in the future, creating risks for industry.

(2) Demand for sustainable products is increasing, which may require changes to farming practices and operations. Consumers are increasingly prioritizing products labelled as natural, locally produced, eco-friendly and organic, leading to heightened demand for environmentally friendly and ethically produced food (OECD Food, Agriculture and Fisheries Papers, 2025). Supplying has become more challenging; since 2019 the farming and rural economy sector has faced inflation costs of 30% in costs of fertilizers, energy, and feed, and shortages to labour, which

exacerbates operational challenges (AHDB, 2024). To keep producing food and meet an ever-increasing demand (food demand is projected to increase by 50% by 2050) the sector needs to find ways to more cost-effectively produce food and that is sustainable long-term (Inbusch, 2024).

(3) Evolving environmental standards and consumer expectations is pressuring farming technology and infrastructure to become more efficient and less environmentally demanding. Better environmental practices can be achieved through using better technology and infrastructure. Precision agriculture uses GPS, sensors, drones, and AI to monitor soil, crop health, and water needs in real time to reduce overuse of inputs and has been found to reduce nitrogen use by 30% without yield loss (Dillen, et al., 2023). Smart irrigation uses weather data, soil sensors, and automated systems to optimize irrigation and has been found to cut water usages by 25-30% (Bwambale, Abagale, & Anornu, 2022). Wearables and data platforms to monitor livestock health and reduce overgrazing have been found to cut livestock methane by 20-30% through optimising diets and health (McNicol, et al., 2024). Technology and infrastructure can place substantial costs on stakeholders creating often prohibitive financial barriers to 'green' market entry, introducing financial risk to business if this capital cannot be self-funded or accessed via public subsidies (Green Finance Institute, 2023).

A nature-positive economy can support farming and rural economy sector stakeholders to enhance biodiversity, access green markets and funding and financing to deliver greener interventions and improve food provisioning. Meeting regulation prevents stakeholders facing fees, penalties and fines for non-compliance as well as being able to receive certain types of funding such as via ELMs. As described in 7.1.3(4) shifting from degrading natural capital to enhancing it provides a cost-effective way to address financial risks from increasingly costly inputs. Enhanced natural capital is also essential for the sustainable provisioning of food and meet consumer demand for more environmentally friendly products.

5.2.4 Tourism and visitor economy

Transitional risks and opportunities to the tourism and visitor economy sector could occur from: (1) tighter environmental regulations, (2) market demand and supply shifts, (3) investor perceptions, and (4) technology and infrastructure requirements.

(1) Tighter environmental regulations emerge with the aim to protect the region's unique natural assets. Enhanced environmental protections may lead to restricted access to ecologically sensitive sites, such as areas within the North Solent National Nature Reserve that act as a crucial sanctuary for diverse bird species (Solent Seascapes, 2024). Regulations aimed at preserving marine ecosystems might impose limitations on boating, fishing, and other coastal activities popular among tourists. For example, efforts to protect seagrass beds and saltmarshes could restrict anchoring or certain water sports in designated areas (The Green Blue, 2024). Major ports like Venice, Amsterdam and Barcelona have implemented bans or restrictions on cruise ships to mitigate environmental damage (Coldwell, 2017).

(2) Tourists are increasingly prioritizing sustainable travel, opting for low-impact, eco-friendly destinations and activities. A 2023 Booking.com sustainability report showed 76% of travellers want to travel more sustainably, which puts pressure on local businesses to upgrade or lose out (Booking.com, 2023). Rising awareness of coastal ecosystem damage and emissions from cruise tourism could reduce demand for some Solent-based attractions (The Guardian, 2024). Ecotourism has provided a lifeline for communities through replacing the closure of previously

non-nature friendly businesses like peat production in Ireland and coalmines in Belgium (Mehta, 2025).

(3) Investors priorities are evolving in response to ESG expectations and financial frameworks like TNFD. This is a particular challenge for the cruise sector which is under increasing scrutiny globally for its emissions and port impacts. Shares in TUI have declined over 70% in 5 years as investors have pulled out following legal scrutiny on TUI's false claims of various environmental and social performance (Gordon, 2024).

(4) Upgrades to infrastructure are needed to meet environmental standards and improve sustainable connectivity across the region. Hotels, accommodation and transport links may need to upgrade to meet low-carbon and net-zero standards, such as adding in EV charging points (Simpson, 2024). Ports and cruise terminals in Southampton and Portsmouth face regulatory mandates to reduce emissions (e.g., EU FuelEU Maritime, UK Clean Maritime Plan). The region is under pressure to move away from heavy reliance on car tourism and towards public, active or electric transport which requires EV infrastructure, cycle-friendly routes, and low-emission public transport to ensure destinations across the region are not left behind as visitors favour greener alternatives (Solent Transport Partnership, 2024).

A nature-positive economy can support the development of eco-infrastructure to attract visitors to the region and creates opportunities for new types of eco- and nature-based-tourism. Tourism businesses that proactively adopt sustainable practices can appeal to environmentally conscious travellers. Installing eco-tourism infrastructure enables the tourism sector to attract a wider range of visitors (e.g., EV only users) and access new markets include ecotourism, nature-based tourism and green tourism. This could increase profitability; businesses that achieve certifications like Green Tourism or Green Globe appeal to travellers willing to pay a premium for eco-friendly options (Dixon, 2019). Through also contributing to the region's ecological preservation, taking these economic opportunities can deliver win-win benefits for businesses and nature.

6. Benefits of a nature-positive economy for Hampshire, Isle of Wight & the Solent

Benefits of a nature-positive economy principally come from protecting and enhancing natural capital that results in protecting and enhancing ecosystem services.

This section introduces benefits identified in the literature review that could be relevant for region. For the key sectors, benefits include risk avoidance and taking the opportunities identified in Section 6. The benefits listed below are illustrative only; a full assessment should be conducted for a comprehensive review.

In line with the Common International Classification of Ecosystem Services (Figure 3), economic benefits obtained from ecosystems are classified into: (1) provisioning, (2) regulating, and (3) cultural.

6.1 Provisioning ecosystem services

Provisioning services produce tangible goods that people can harvest from the environment such as food, medicines, wood, materials, fibre, water and fuel (NatureScot, 2025). A nature-positive economy that protects and enhances natural capital would protect and enhance the tangible goods economies can sustainably harvest from the environment without leading to their degradation and decline. With 70% of the region's land used for farming and agriculture, the region relies heavily on its natural capital to sustain food production, rural livelihoods and long-term economic resilience.

Enhancing the region's ability to deliver provisioning services ensures the material stock supplying the current economy and its key sectors still exists. Marine and maritime depends on wild fisheries, aquaculture, and clean water supplies for seafood production, transport efficiency, and tourism appeal (Natural Capitals Coalition, 2020) (NatureScot, 2025). ASD depends on local clean water and energy inputs for operations as well as global ecosystem-derived materials for advanced manufacturing (Alami, et al., 2023). Farming and rural economy fundamentally consists of and depends on material stock produced by natural capital – crops, livestock, timber, water, biomass, fibre. Maintaining provisioning services improves economic resilience by ensuring sustainable production, reducing dependence on imports, and protecting jobs in farming, forestry, and fisheries (Natural Capital Coalition, 2018). Tourism and visitor economy depends on local food, clean freshwater, and natural materials to enhance visitor experiences, support hospitality supply chains, and sustain the region's appeal (NatureScot, 2024).

Protecting and enhancing the material stock supplying the economy is important for meeting local government's targets and commitments. The first aim of Hampshire's Economic Strategy is sustainable economic growth (Hampshire 2050 Partnership, 2023). Ensuring supply for future generations is not compromised by the activity of the current generation is a fundamental principle for sustainable economic growth. Other local government targets supported include: being Carbon Neutral by 2050; enhancing the regional natural environment; increasing habitats, landscapes and biodiversity; improving flood and water management; and building community capacity for renewable energy (Hampshire County Council, 2020a) (Hampshire County Council, 2020b). As described in the risks and opportunities section, protecting and enhancing natural capital enables the

material stocks to sequester carbon, provide habitat, hold water and provide energy sources needed to support local government in meeting these targets.

6.2 Regulating ecosystem services

Regulating services occur in the ecosystem to lead to benefits such as carbon storage and climate regulation, flood management, storm protection, erosion control, clean air, waste breakdown, disease and natural pest control, pollination and water filtration (NatureScot, 2025). A nature-positive economy that results in protecting and enhancing natural capital will protect and enhance the services fundamental to building resilient economies.

Enhancing the region's ability to deliver regulating services helps mitigate climate-related weather events. As discussed in Risks and Opportunities and illustrated by Case Study 3 natural assets provide cost-effective solutions to a variety of social challenges – flooding, storms, erosion, climate change, droughts. This benefits all key economic sectors by improving their resilience to climate-related weather events and avoiding risks of costs associated with impact on operational sites and logistics. The economic value of the services provided by nature is collated in a report described in Case Study 5.

Enhancing the region's ability to deliver regulating services helps mitigate pollution and waste incidents. Healthy ecosystems possess the ability to breakdown moderate amounts of pollution and non-synthetic waste (Gore, Ozdemiroglu, Eadson, Glanferrara, & Phang, 2013). All key economic sectors in the region depend on the natural environment to some extent to clean wastewater and polluted air. Ships can release greywater 200m from the shore in depths of at least 200m, and blackwater (sewage) at distances of more than 12 nautical miles from land (Associated British Ports, 2025). Whilst there are restrictions on polluted air such as through the Environment Act 2021, these are not absolute so pollution up to the allowance must be mitigated by the environment. Healthy environments require less public spending on cleaning up environmental pollution (Gore, Ozdemiroglu, Eadson, Glanferrara, & Phang, 2013).

Enhancing the region's ability to deliver regulating services helps support pollinators and biological pest controls. Sustaining populations of pollinators and biological pest controls including insects and birds requires healthy habitat for foraging and nesting (Sommers, 2022). The service these species provide as essential for cost-effective

Case Study 5: Microeconomic Evidence for the Benefits of Investment in the Environment 2, UK

This 2014 Natural England report collates evidence of economic values of services provided by nature.

The services provided by nature (and priced where possible) include air quality, flood risk management (coastal, and freshwater), food and water provisioning, climate regulation, mental health, noise, pest control, physical activity, pollination, social cohesion, temperature regulation, water quality.

The benefits of these services are summarised around three significant themes: (1) social welfare, (2) economic growth and (3) climate change adaptation and mitigation.

The report also highlights how the natural environment can enhance economic competitiveness of a region through increasing employee productivity, increasing consumer spending, increasing tourism and attracting more regional investment.

Source: (Rolls & Sunderland, 2014)

and sustainable food production; the costs of pollinating UK crops without the services of insects are in the order of hundreds of £millions (Defra, 2013). Pollinators are particularly important for the agricultural and rural economy sector (although food security is essential for all key economic sectors). Pest and disease control is important for both the marine and maritime and agriculture sectors, reducing reliance on inputs like pesticides and antibiotics.

Healthy regulating services benefiting the economy directly support local government's targets and commitments, set to build a resilient economy. As shown in Case Study 2, flood management, storm protection and erosion control reduce physical risks to key infrastructure like roads and coastal towns, cutting future public and private repair costs and maintaining uninterrupted economic activity (key to attracting long-term investment), aligning with Economic Growth ambitions (Hampshire Prosperity Partnership, 2025). Carbon storage and climate regulation through woodland, wetland and marine habitats help the region meet its net-zero goals (Hampshire County Council, 2020a). Clean air, water filtration, and disease regulation reduce health burdens such as asthma or waterborne illnesses, improving wellbeing, reducing NHS strain, and ensuring a healthier, more productive workforce (Donovan, Gatziolis, Longley, & Douwes, 2018). Waste breakdown and water filtration reduce reliance on expensive engineered infrastructure (e.g. sewage treatment, storm drains), offering cost-effective solutions aligned with sustainability and environmental compliance targets under the Environment Act 2021.

6.3 Cultural ecosystem services

Cultural services are the ways in which nature impacts people's health and wellbeing through recreational and tourism as well as improve mental health and build spiritual connections (NatureScot, 2025). A nature-positive that results in protecting and enhancing natural capital will protect and enhance the services integral to a healthy and connected economy.

Enhancing the region's natural capital improves societal health and wellbeing. There is overwhelming evidence demonstrating the importance of nature for improving health and wellbeing. Nature exposure improves cognitive function, brain activity, blood pressure, mental health, asthma and allergies rates, physical activity (decreasing risks of cardiovascular disease) and sleep (Jimenez, et al., 2021). Improved immune functioning including anti-cancer occurs through exposure to substances emitted by plants to protect themselves from harmful insects and germs (Li, et al., 2007). Mental health and stress reduction benefits can be observed from exposure as simple as seeing nature, going for short walks or listening to nature sounds like bird song (Jimenez, et al., 2021). The value of these services is significant; if nature connection programmes like Wild at Heart could reach the 1.2 million people living with poor mental health nationally this would achieve cost savings to the NHS of £635.6 million (The Wildlife Trusts, 2023). Improving social health and wellbeing benefits all the key economic sectors; healthier and happier people work more productively and take fewer sick days (Gore, Ozdemiroglu, Eadson, Glanferrara, & Phang, 2013).

Enhancing the region's natural capital creates opportunities for economic growth through nature-based tourism and green job creation. Natural assets and landscapes attract tourists seeking nature-based experiences, whom by spending locally boost the regional economy. Nature-based tourism has developed rapidly over the last few years, especially following the Covid-10 pandemic when the demand for visits to nature dramatically increased (Haukeland, Fredman, Tryvainen, Siegrist, & Lindberg, 2023). The skills required for delivering natural capital enhancement is already seeing an increase in jobs; there's been a 9.2% rise in green job adverts across the UK despite a 22.5% contraction in the overall job market (PwC, 2024). Whilst the agriculture, maritime and tourism sector are likely to benefit most from nature-based tourism, all

key sectors will benefit from creating green jobs as sustainability concerns only continue to increase (University of Leeds, 2025).

Enhancing the region's natural landscapes can strengthen identity and connection. Nature attracts people to an area (to work, visit or live) (Gore, Ozdemiroglu, Eadson, Glanferrara, & Phang, 2013). Nature provides the catalyst for formation of social groups and clubs, including walking groups, sports clubs, art, music, drama, volunteering, natural history, etc. that strengthen social ties and reduces isolation (Sachs, et al., 2024). Natural landscapes can hold shared memories, traditions and meanings to reinforce a community's sense of place. Not only does this improve mental health through increasing a sense of belonging, but when people identify culturally with landscapes, they're more likely to engage in protecting, restoring, and advocating for them (O'Donnell, 2023). This benefits the key economic sectors; cleaner, beautiful natural areas attract and retain people, talent and business (Gore, Ozdemiroglu, Eadson, Glanferrara, & Phang, 2013).

Cultural services are directly support local government's targets and commitments, set to build a resilient economy. Natural and cultural attractions are key tourism assets that enhancing aligns with goals to develop a "world-class visitor economy with sustainability as its core" (Solent Growth Partnership, 2025c). The Hampshire 2050 Commission of Inquiry stresses green infrastructure and access to nature as key to reducing health inequalities and building resilient communities (Hampshire Prosperity Partnership, 2025). This is likely to significantly reduce burden on local health and emergency services. Cultural services underpin jobs in outdoor leisure, eco-based and heritage tourism, arts, crafts, and nature-based education to contribute to inclusive rural employment priorities (Hampshire Prosperity Partnership, 2025) (Solent Growth Partnership, 2025c). Unique landscapes and cultural heritage foster community identity, which helps attract investment and retain local talent (Hampshire Prosperity Partnership, 2025).

7. Stakeholder engagement

Stakeholder engagement ground truths findings from literature and case study review to ensure findings are locally relevant and actionable. To understand the thoughts of regional businesses, NGOs and local government on the importance of nature and the environment in relation to opportunities from devolution, a questionnaire was sent out to HIWWT and Arup stakeholder networks in the region. The questionnaire was informed by the literature review and quick study on case studies. See Appendix A: Stakeholder engagement questionnaire.

118 stakeholders completed the questionnaire, representing a range of sectors although the majority came from local authority (58%) (see Figure 4). The second largest sector was responding as an individual at 20% followed by charity/not-for-profit at 8%.

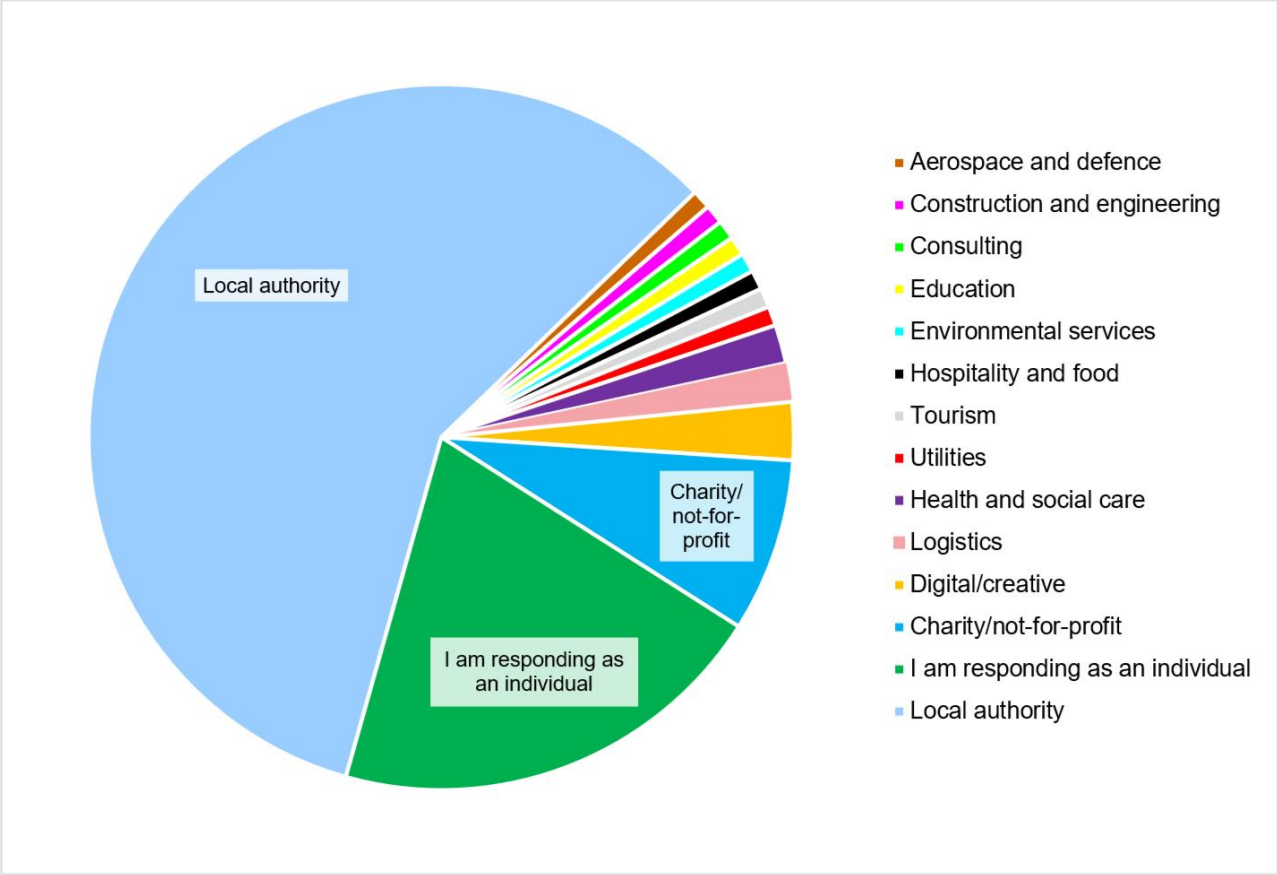


Figure 4: The sectors survey participants represented. Sectors are listed in order of respondents (fewest to most).

The questionnaire was split into four topics: (1) awareness and understanding, (2) perceived barriers and risks, (3) incentives, and (4) willingness to engage and collaborate.

7.1 Awareness and understanding

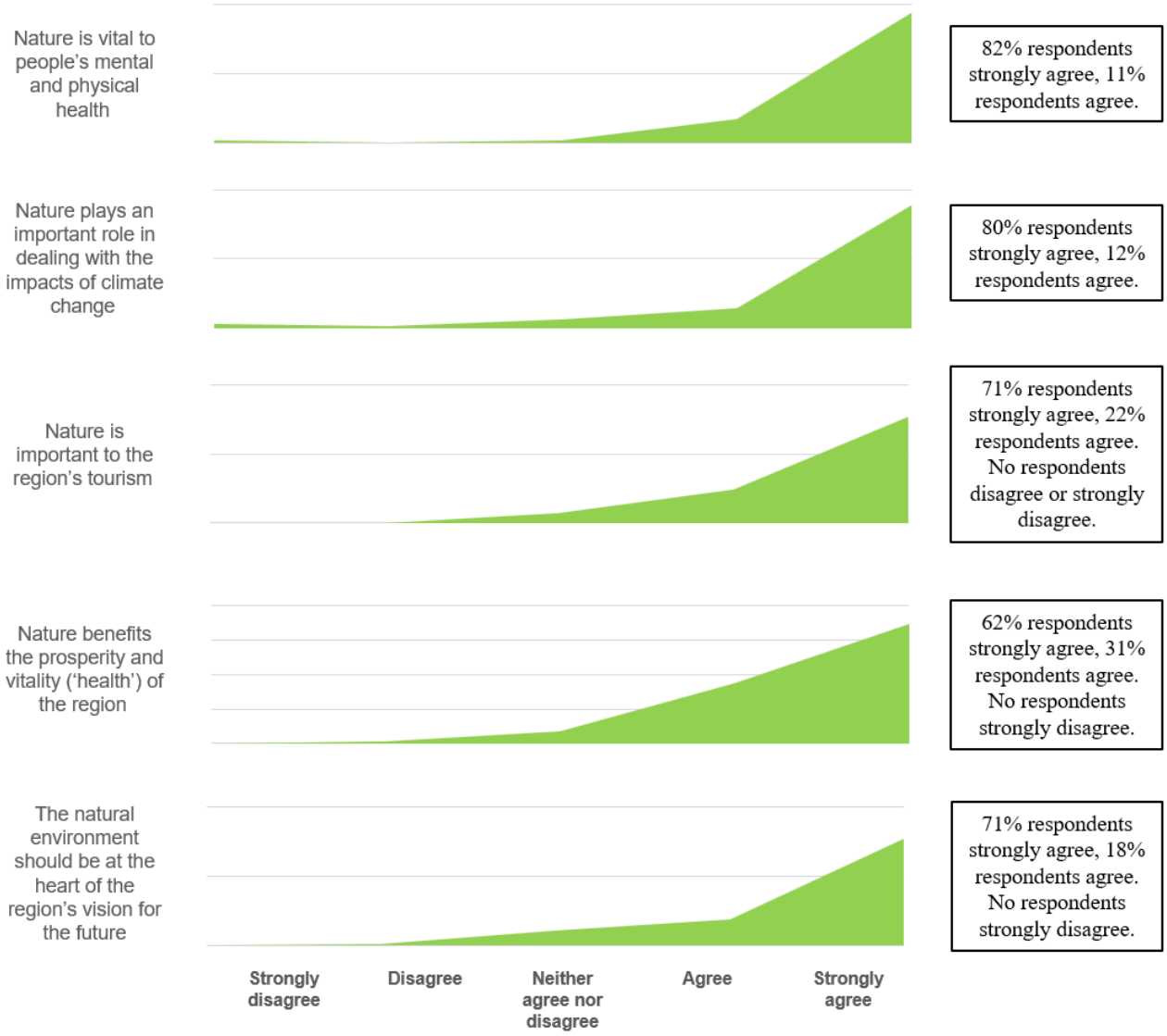
These questions aimed to obtain insights into the awareness and understanding of stakeholders about devolution, nature-positive economic strategies, benefits of nature recovery to sectors and of any existing initiatives in the region.

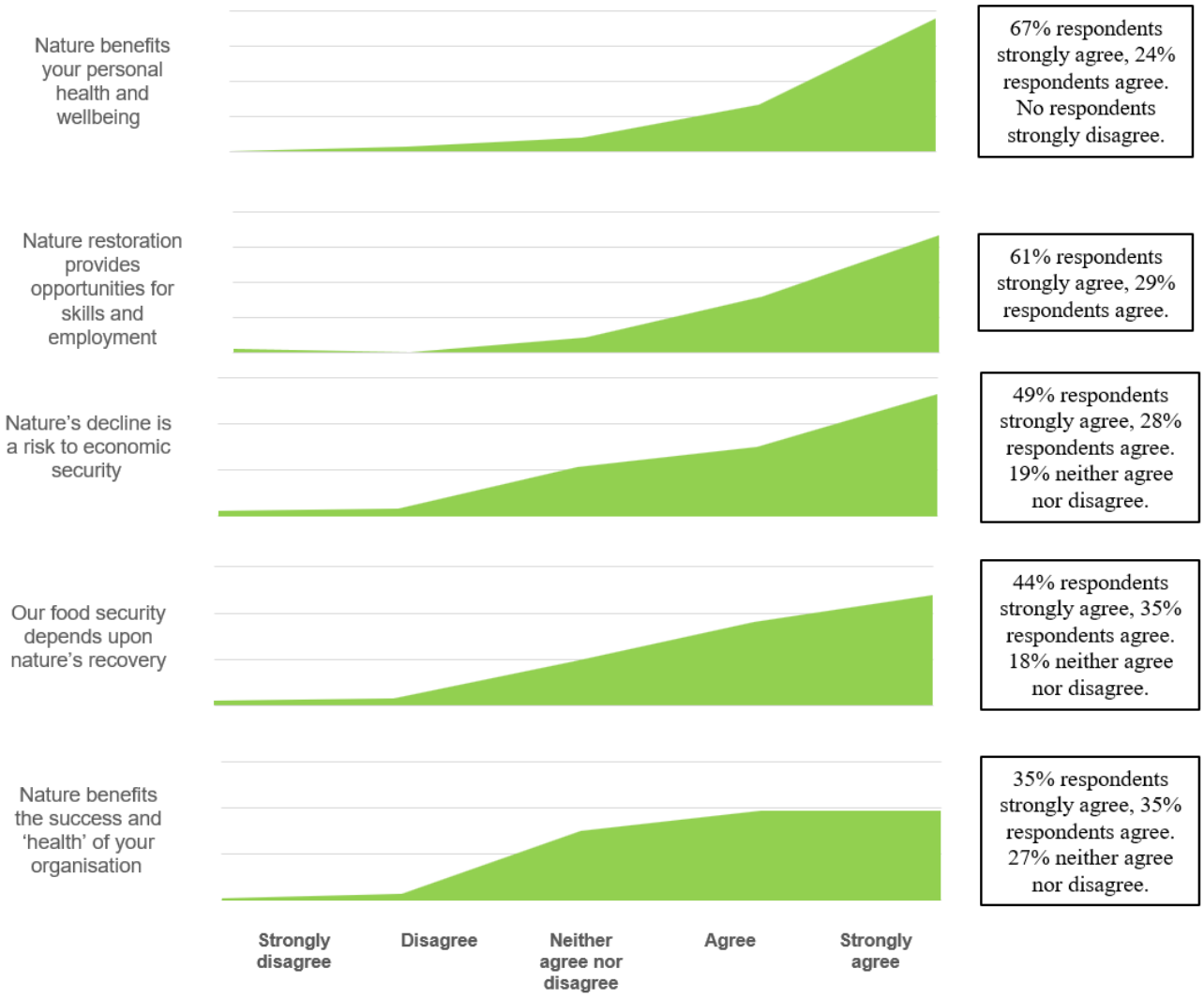
Stakeholders consider nature as very important for the long-term economic success of the region. 83% of stakeholder's stated nature as very important, 11% as somewhat important and only 1 stakeholder thought nature was not very important.

Stakeholders were less aligned on the impact devolution might have for the region. Whilst 43% of stakeholders thought the creation of a new combined authority with an elected mayor is a positive development for the region, 30% thought it did not with the remaining 27% being uncertain.

Stakeholders agreed that nature provided many benefits to society and the economy and strongly agreed on most of these benefits (see Figure 5). Of note is the strong agreement on the importance of nature for tourism, a key economic sector for the region.

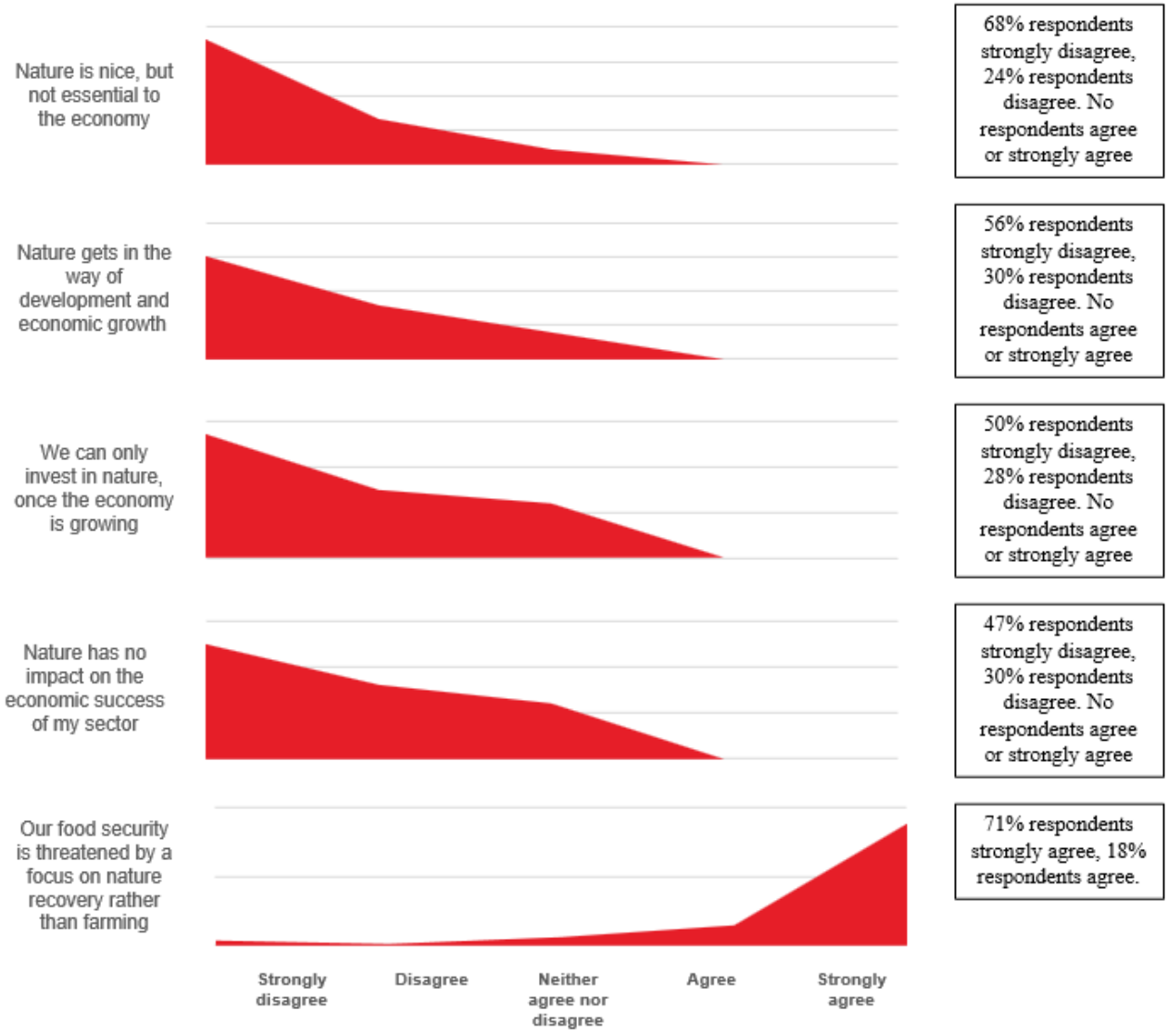
Figure 5: Stakeholder ratings of benefits from nature (in order of agreement with the statement)




Nature benefits your personal health and wellbeing
67% respondents strongly agree, 24% respondents agree. No respondents strongly disagree.
Nature restoration provides opportunities for skills and employment
61% respondents strongly agree, 29% respondents agree.
Nature's decline is a risk to economic security
49% respondents strongly agree, 28% respondents agree. 19% neither agree nor disagree.
Our food security depends upon nature's recovery
44% respondents strongly agree, 35% respondents agree. 18% neither agree nor disagree.
Nature benefits the success and 'health' of your organisation
35% respondents strongly agree, 35% respondents agree. 27% neither agree nor disagree.
Strongly disagree
Disagree
Neither agree nor disagree
Agree
Strongly agree

Stakeholders disagreed on statements that negatively framed nature (see Figure 6). The only statement most stakeholders strongly agreed on was that 'food security is threatened by a focus on nature recovery rather than farming'. This suggest further work is required identify and communicate the win-wins for nature, food production and wider natural capital benefits.

Figure 6: Stakeholder agreement on statements negatively framing nature (in order of strongest disagreement)

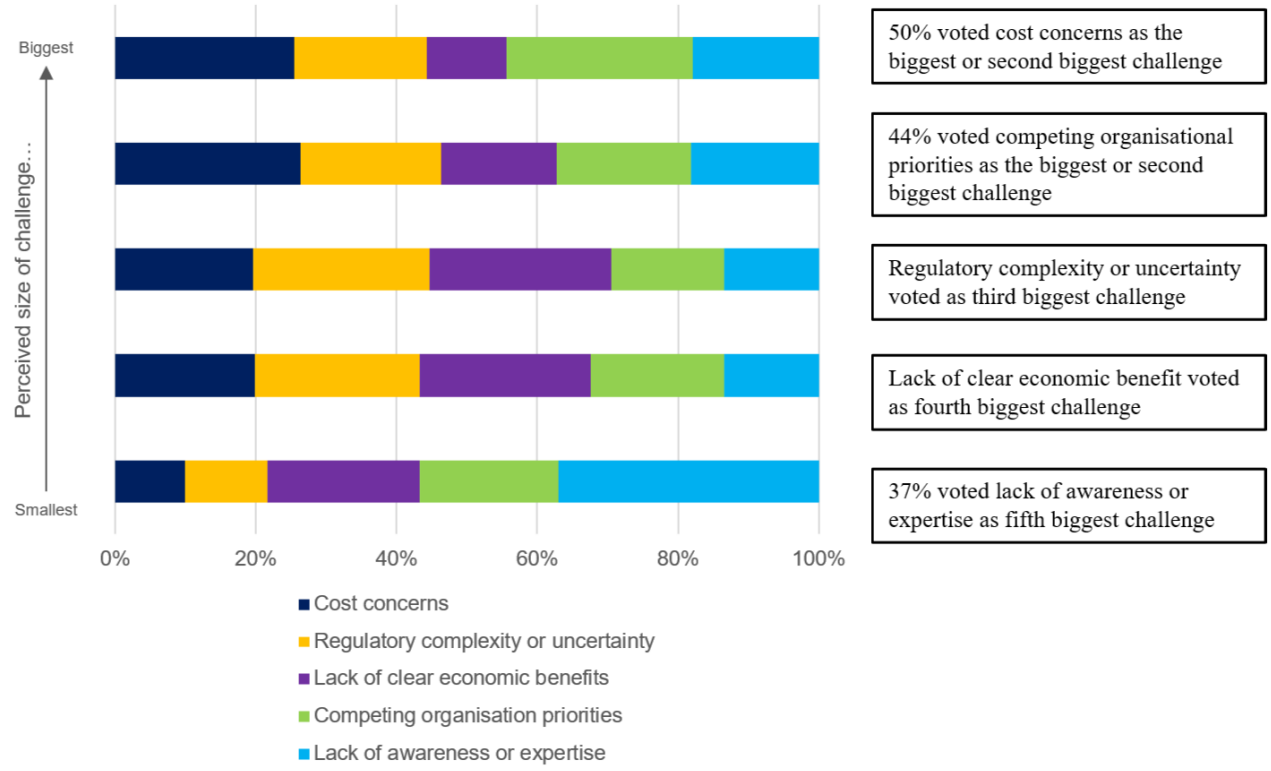


7.2 Perceived challenges and risks

These questions aimed to obtain insights into the perceived barriers and risks of adopting and integrating nature-positive strategies into business.

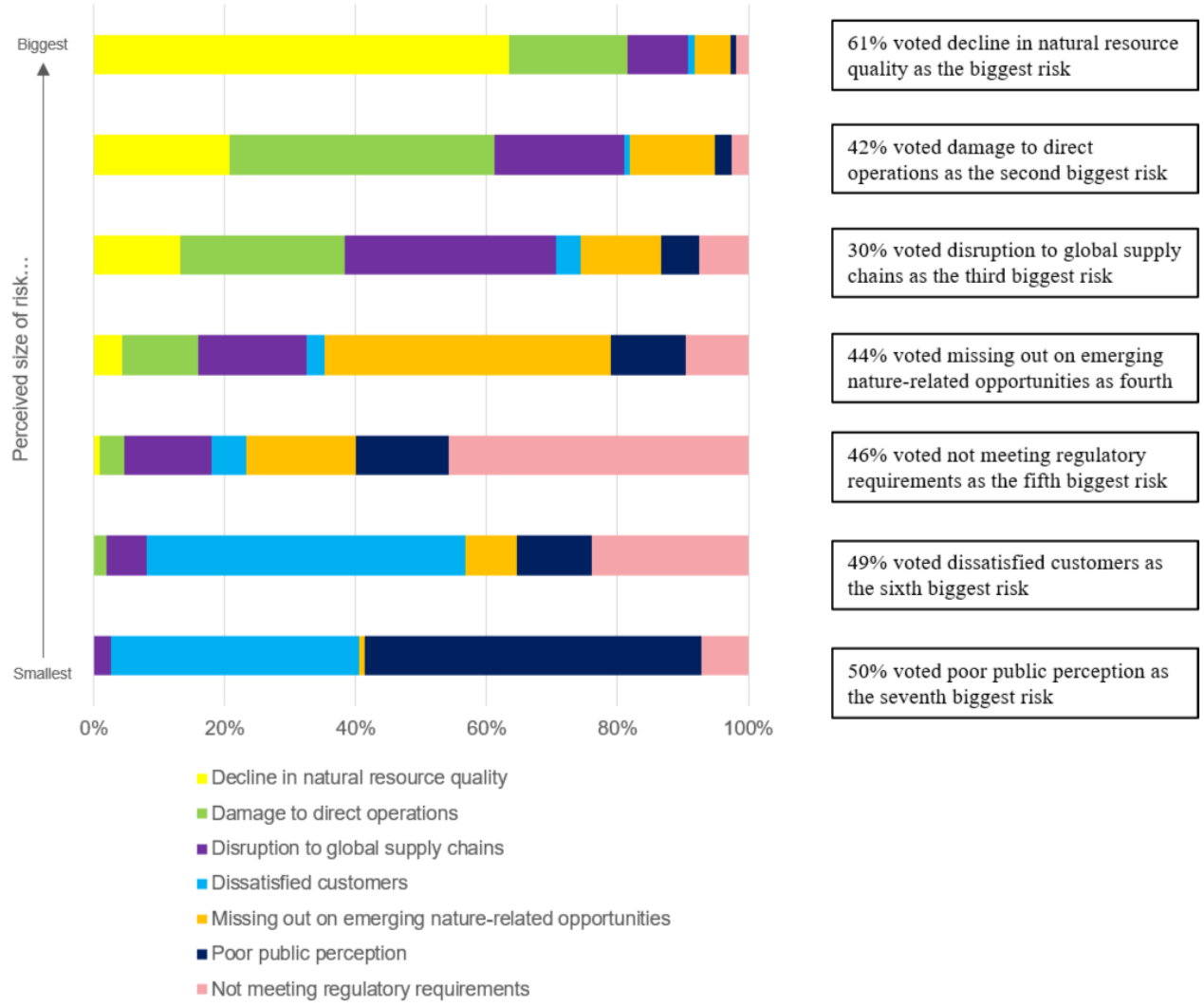
Cost concerns were considered the biggest challenge to prioritising nature-positive strategies, with 50% of stakeholders ranking it as their highest or second highest perceived challenge. Competing organisational priorities was considered the second biggest challenge. Both regulatory complexity or uncertainty and lack of clear economic benefits were frequently ranked as 3rd and 4th most perceived challenges. Relative to the other challenges, stakeholders considered lack of awareness or expertise as the least significant. A summary of results is shown in Figure 7.

Figure 7: Challenges perceived by stakeholders to prioritising nature-positive strategies ordered by relative size.



Decline in natural resource quality (e.g., river pollution impacting fishing or poor soil health impacting food production) was considered the biggest risk to stakeholders from not adopting a nature-positive strategy, with 82% of stakeholders ranking it as their highest or second highest perceived risk. Damage to direct operations (e.g., facilities flooding) was considered the second biggest risk, and disruption to global supply chains (e.g., drought decreasing cotton crop growth needed for fabrics) the third. Stakeholders perceived the 4th biggest risk to be missing out on emerging nature-related opportunities and the 5th biggest risk to be not meeting regulatory requirements. There was also alignment on what stakeholders considered to be the relatively smallest risks; dissatisfied customers and poor public perception. A summary of results is shown in Figure 8.

Figure 8: Risks perceived by stakeholders from not adopting a nature-positive strategy (ranked by stakeholders 1 to 7, where 1 is the "biggest risk")

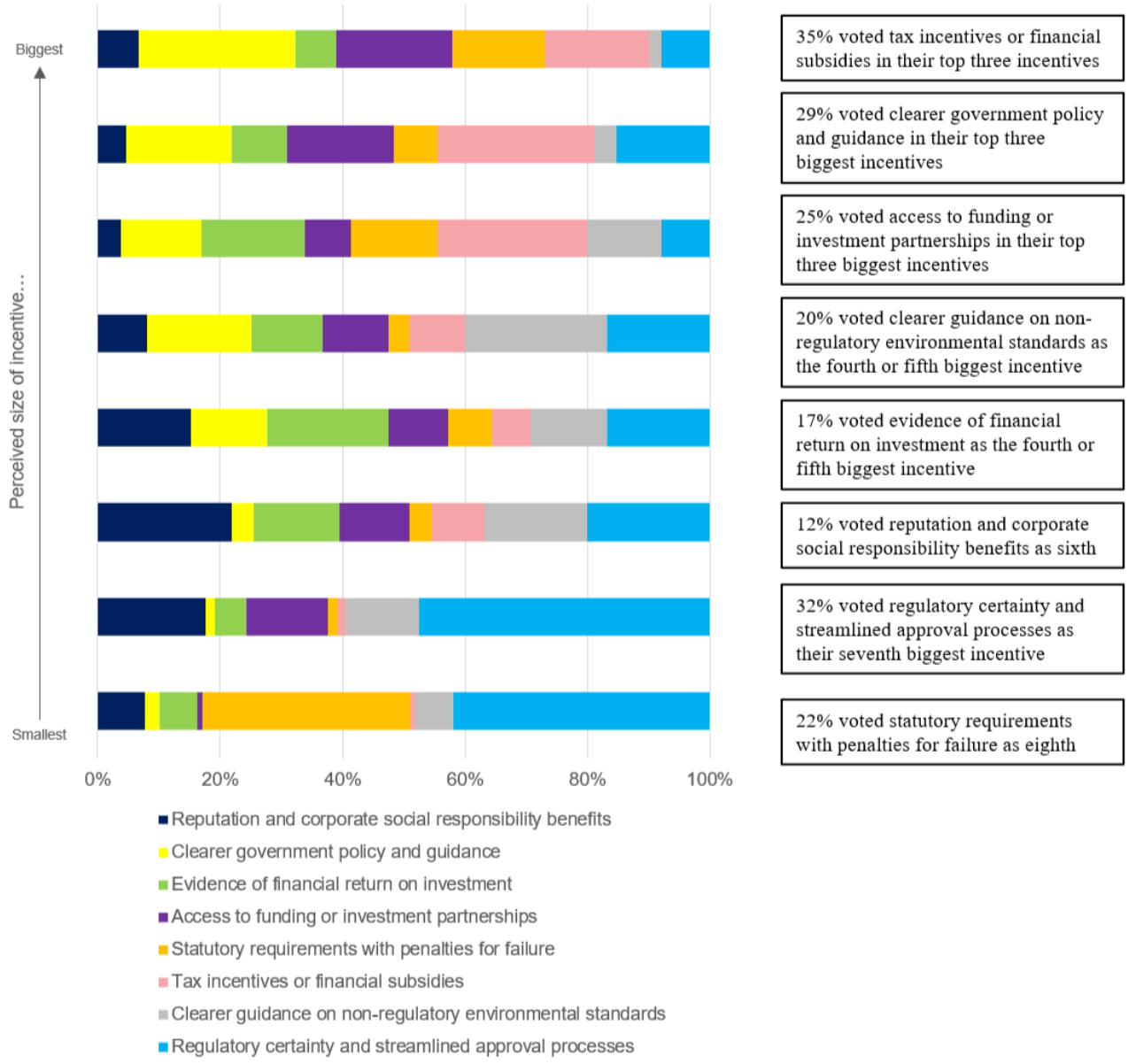


7.3 Incentives for support

These questions aimed to obtain insights into the incentives (e.g., economic and policy) to encourage support of nature-positive growth.

Stakeholders were less aligned on what they considered the most important incentives for support than on what they were for perceived challenges and risks. Clearer government policy and guidance, access to funding or investment partnerships and tax incentives or financial subsidies were all more frequently ranked as most important. Evidence of financial return on investment and clearer guidance on non-regulatory environmental standards were both more frequently ranked as mid important. Reputation and corporate social responsibility benefits was ranked as relatively less important and regulatory certainty and streamlined approval processes was ranked as relatively the least important. A summary of results is shown in Figure 9.

Figure 9: Incentives for stakeholders to support a nature-positive strategy (ranked by stakeholders 1 to 8, where 1 is the "biggest incentive")



7.4 Willingness to engage and collaborate

These questions aimed to understand stakeholder's willingness to engage and collaborate on shaping a nature-positive strategy for the region.

Stakeholders are keen on the idea of adopting or investing in a nature-positive approach, with 47% of respondents stating they'd be keen to invest and 38% stating they'd like to be able to invest. Only 4% of respondents said they'd be unlikely to invest. Stakeholders are interested in collaborating on a nature-positive strategy for the region, with 59% saying they'd actively participate and only 4% saying they wouldn't (the remain 37% were unsure). The preferred method of collaboration was mixed, being relatively evenly split between attending roundtables or workshops, receiving reports and recommendations and being part of a regional steering group. One-to-one consultations was less popular, with only 11% of respondents giving this as their preference.

8. Conclusion

Nature provides vital support for the local economy of the Hampshire, Isle of Wight and the Solent region. The region's key economic sectors (marine and maritime, aerospace and defence, farming and rural economy, and tourism) are all underpinned by natural capital. For example, the marine sector relies on clean water and healthy coastal habitats for fisheries and port operations; farming depends on fertile soils, pollinators, and water from chalk streams like the Test and Itchen; and tourism is driven by the region's natural attractions such as the New Forest and Isle of Wight Biosphere Reserve. Stakeholder engagement confirmed this dependency, with 94% stating nature is important for the region's long-term success.

Loss of nature threatens to undermine wider ambitions for economic growth. Degradation of natural capital poses physical risks such as flooding, erosion, and pollution, which directly impact infrastructure, supply chains, and productivity. Transitional risks (such as tightening regulations, shifting market expectations, and reputational damage) also threaten sectors that fail to adapt. For example, the collapse of oyster reefs in the Solent disrupted fisheries and supply chains, and poor water quality in Southsea led to reduced tourism. Stakeholders identified decline in natural resource quality and damage to operations as the top risks from not adopting a nature-positive strategy.

Enhancing nature can support economic growth. Investing in natural capital offers cost-effective solutions to mitigate risks and unlock new opportunities. Nature-based solutions like habitat restoration can reduce flood risk, improve water quality, and sequester carbon. Case studies such as Medmerry and Newhouse Farm demonstrate how nature-positive interventions can enhance resilience, productivity, and profitability. Stakeholders recognise this potential; 90% believe nature restoration provides opportunities for skills and employment, and 89% agree nature impacts the economic success of their sector.

Actions to enhance nature that directly support key aspects of the local economy could include policy interventions, investment, education and communication. Stakeholders identified clear policy, regulatory certainty, funding access, and financial incentives as the most important enablers. Devolution presents a unique opportunity to embed nature into regional governance and planning frameworks, especially if there is a clear legal framework that builds on local authorities' duties to deliver for nature and climate. Through devolution, the region will gain the power and funds to implement actions locally at scale independently from central government. Suggested actions include tax incentives, investment partnerships, and clearer environmental standards alongside the key enablers above. These interventions can be tailored to support sector-specific needs, such as sustainable port infrastructure, regenerative agriculture, and eco-tourism.

These actions are supported by the stakeholder views we gathered. Engagement with 118 stakeholders revealed strong support for a nature-positive strategy. Nearly half (47%) are keen to invest, 38% would like to be able to invest and 59% are willing to actively collaborate. Stakeholders expressed a desire for co-development of the strategy to ensure it reflects local priorities and delivers value across communities. There is clear appetite for education and communication to address perceived challenges, such as cost concerns and regulatory complexity.

Further detailed assessments are needed to identify opportunities to maximise ecosystem services delivered and support growth of the local economy. While this report provides a foundational case, further detailed analysis is required. For example, a natural capital assessment

would quantify ecosystem service flows and identify specific priority areas for investment that yields specific benefits for the local economy. A TNFD-aligned assessment could help businesses understand their nature-related risks and dependencies, and how value chains can be adapted to minimise any nature-related financial risks and maximise emerging opportunities.

Further detailed assessments could then inform economic strategies and investment cases to ensure the natural capital is in place to support local economic growth. Integrating natural capital into regional economic planning would align with Hampshire's Six Capitals Framework and sustainability goals. It would enable the development of a regional natural capital market, attracting private investment and green finance into natural capital, which reduces the pressures on local government to finance nature recovery using only public funds. Co-developing a nature-positive plan with stakeholders from different sectors would ensure findings are locally grounded and add value to all communities. This approach ensures that nature is not only protected but actively leveraged to deliver long-term prosperity, resilience, and wellbeing for the region.

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Appendix A: Stakeholder engagement questionnaire

Hampshire & Isle of Wight Wildlife Trust

What should be the nature of the devolution deal for Hampshire Solent and the Isle of Wight region?

Hampshire and the Isle of Wight are part of the Government's Devolution Priority Programme, which will consider proposals to establish a new Mayoral Combined Authority for 'Hampshire and the Solent' and could see election of a new Mayor for the region in May 2026. You can find out more about the plans here.

The creation of this new Mayoral Combined Authority will see the passing of powers and funds from central government to our local region, including in areas such as transport, adult skills, housing, economic growth, environment and climate change.

This creates a significant opportunity to make sure we get a great deal that can deliver long-term prosperity and allow our region to thrive.

We want to understand your thoughts on the importance of nature and the environment in this picture. This will help us in our work to shape the development of these devolution plans.
If any questions do not apply to you, please feel free to skip them.

1→ What sector best describes you?

Type or select an option

2→ Do you think that the creation of a new combined authority with an elected mayor is a positive development for the region?

- A Yes
- B No
- C Don't know

3 → How important do you think nature is for the long-term economic success of the region?

We are using the word "nature" to include all natural habitats (for example, woodlands, rivers, meadows), all wild species (for example, birds, mammals, insects) and the ecosystem functions that they perform (for example, providing clean water, clean air, flood control, food production, pollination services, aesthetic beauty and natural resources).

- (A) Very important
- (B) Somewhat important
- (C) Neutral
- (D) Not very important
- (E) Not important at all

4 → Please tell us to what extent you agree with the following statements:

5 → Nature is vital to people's mental and physical health

1	2	3	4	5
Strongly disagree		Neutral		Strongly agree

6 → Nature plays an important role in dealing with the impacts of climate change

1	2	3	4	5
Strongly disagree		Neutral		Strongly agree

7 → Nature restoration provides opportunities for skills and employment

1	2	3	4	5
Strongly disagree		Neutral		Strongly agree

8 → We can only invest in nature, once the economy is growing

1	2	3	4	5
Strongly disagree		Neutral		Strongly agree

9 → Nature's decline is a risk to economic security

10 → Nature is nice, but not essential to the economy

11 → Nature is important to the region's tourism

12 → Our food security is threatened by a focus on nature recovery rather than farming

13 → Our food security depends upon nature's recovery

14 → Nature gets in the way of development and economic growth

15 → Nature has no impact on the economic success of my sector

16 → The natural environment should be at the heart of the region's vision for the future

1	2	3	4	5
Strongly disagree		Neutral		Strongly agree

17 → Your personal health and wellbeing

1	2	3	4	5
No impact		Small impact		Significant impact

18 → If nature continues to decline to what extent will this impact:

19 → The success and 'health' of your organisation

1	2	3	4	5
No impact		Small impact		Significant impact

20 → The prosperity and vitality ('health') of the region

1	2	3	4	5
No impact		Small impact		Significant impact

21 → What do you see as the biggest challenges to prioritising nature-positive strategies

(Rank in order of importance)

Drag and drop to rank options

- Cost concerns
- Regulatory complexity or uncertainty
- Lack of clear economic benefits
- Competing organisation priorities
- Lack of awareness or expertise
- Other

23 → What do you see as the biggest risks from **not** adopting nature-positive strategies (please rank)

(Rank in order of importance)

Drag and drop to rank options

- Damage to direct operations e.g., facilities flooding
- Disruption to global supply chains, e.g., drought decreasing cotton crop growth needed for fabrics
- Decline in natural resource quality, e.g. river pollution impacting fishing, poor soil health impacting food production.
- Missing out on emerging nature-related opportunities
- Not meeting regulatory requirements
- Dissatisfied customers
- Poor public perception
- Other (space to specify below)

25 → What level of appetite is there in your organisation to adopt/invest in nature-positive approaches?

A. High – we are keen to invest
B. Medium – we would like to be able to invest
C. Low – we would invest if barriers were removed
D. None – we are unlikely to invest in this area

26 → What would encourage your organisation to support nature-positive economic strategies?

(Rank in order of importance)

Drag and drop to rank options

- Tax incentives or financial subsidies
- Clearer government policy and guidance
- Clearer guidance on non-regulatory environmental standards – e.g., on B-Corp accreditation requirements
- Evidence of financial return on investment
- Reputation and corporate social responsibility benefits
- Access to funding or investment partnerships
- Regulatory certainty and streamlined approval processes
- Statutory requirements with penalties for failure
- Other

28 → Would your organisation be interested in collaborating on a nature-positive strategy for the Hampshire, Solent and Isle of Wight region?

A Yes, we would actively participate

B Maybe

C No, this is not a priority for us

D N/A

29 → How would you prefer to engage with discussions on a nature-positive strategy for the region?

Choose as many as you like

- (A) Attending roundtables or workshops
- (B) Receiving reports and recommendations
- (C) One-to-one consultations
- (D) Being part of a regional steering group
- (E) Other

30 → Thank you for expressing your organisation's interest in collaborating on a nature-positive strategy for the Hampshire, Solent, and Isle of Wight region. Please share your contact details below so we can follow up with you.

First name

Jane

Last name

Smith

Phone number

07400 123456

Email

name@example.com

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