

**Title:** Nature Recovery  
**Portfolio:** Home of the Green Energy Revolution  
**Responsible Director:** Phil Witcherley, Director of Economic Growth and Regeneration  
**Report Author:** Karen Daglish, Programme Manager (Environment, Coast, Rural)

## Report Summary

This report seeks approval to implement successfully appraised small business case which will advance delivery of the Environment and Nature investment priority in the Environment, Coast, and Rural Investment Plan which was approved by Cabinet in November 2024. It specifically relates to delivery of the North of Tyne Local Nature Recovery Strategy (LNRS) and the North East Carbon and Nature Marketplace (the Marketplace).

It will:

- Permit spend of a funding package to kick-start phase 2 of the Marketplace, including much needed resource for engagement with investors and market development. This will raise the profile of the Marketplace with a targeted audience, securing investment in regional nature and decarbonisation projects.
- Dedicate the funding needed to start delivering the North of Tyne LNRS, for which the North East Combined Authority (North East CA) is statutorily responsible. This includes transferring £100,000 to Northumberland County Council as lead Delivery Partner.

In June 2025, the North East CA launched the Marketplace, which connects private buyers to high integrity nature recovery and decarbonisation projects in the region. It is the first marketplace of its kind to be a regional platform, with it being the first to be led by a Combined Authority. The Marketplace's inception was funded by the Department of Environment, Food, and Rural Affairs' (Defra) Local Investment in Natural Capital (LINC) programme. Further LINC programme funding, and other sources of funding from Defra, are now available to the North East CA to develop the second phase of the Marketplace.

Upon the release of the North of Tyne LNRS, and the region's other two LNRSs (i.e. the Durham LNRS and the South of Tyne and Wear LNRS, for which the North East CA is not responsible), the Marketplace will become the platform used to support regional nature recovery and economic growth, via delivery of LNRS priorities measures.

## Recommendations

The Chief Executive is recommended to authorise the:

- Acceptance of £135,500 from Defra for North of Tyne LNRS transition funding
- Award of £100,000 of the £135,500 Defra funding to Northumberland County Council (NCC) as lead Delivery Partner under a grant funding agreement. This will cover the staffing resource needed within the Council to transition the LNRS from public consultation to final production and into delivery.
- Utilisation of the funding received from Defra via its LINC programme and Biodiversity Net Gain funding, along with match funding from NCC through its Borderlands LINC allocation, to deliver Phase 2 of the Carbon and Nature Marketplace. The funding will pay for external resource for buyer engagement, market development, contribute to North East CA staff resource, and ongoing website costs.
- Utilisation of £21,858 from the North East CA Environment, Coast & Rural Enabling fund as match funding.

## Executive Summary

Cabinet approved (in November 2024) the North East CA's Environmental Stewardship, Coast, and Rural Investment Plan which identifies investment in North East carbon and nature and establishing a Local Nature Recovery Programme as being immediate priorities for nature. The Nature Recovery small business case brings together these two work packages into an integrated proposal, based on successful funding bids and allocation of external grants.

Funding is secured from Defra's LINC programme to facilitate delivery of Phase 2 of the Marketplace, following the successful launch of the platform in June 2025. The second phase of the Marketplace will enable the promotion and expansion of the Marketplace, including the addition of a regional Biodiversity Net Gain (BNG) market. This will allow planning-based developments to rapidly source their BNG needs, keeping biodiversity offsets within the region.

BNG projects can be strategically aligned with LNRS priorities, either spatially or in line with the LNRS' wider opportunities. The Marketplace will host projects which focus on this – keeping nature recovery as local to a development as possible, whilst also expediting and facilitating planning-based developments.

## **A. Context**

### **1. LNRS**

The North East CA is the Responsible Authority (RA) for the North of Tyne LNRS (which covers the areas of Newcastle, North Tyneside and Northumberland), and a Supporting Authority for the Durham LNRS, and South of Tyne and Wear LNRS (which covers the areas of Gateshead, South Tyneside and Sunderland). On 13 June 2025, Minister Mary Creagh MP, Minister for Nature, wrote to the North East CA to offer grant funding of £135,500 for the financial year 2025/26 to be used to “drive publication of the LNRS and to begin the transition to delivery”.

The Marketplace will serve as the LNRS delivery showcase. It will explore the strategic use of nature recovery projects and BNG opportunity to deliver against all three of the region's LNRS priorities.

All three of the region's LNRSs will eventually feed into North East CA's Spatial Development Strategy, and the data from LNRSs will show spatially where nature recovery can thrive and should be supported by public and private sectors.

### **2. North East Carbon and Nature Marketplace**

The aim of the Marketplace is to develop a pipeline of investment-ready natural capital projects and associated finance mechanisms that will generate revenue and returns for investors, while also directing investment to local priorities for protecting and enhancing the domestic natural environment.

The North East CA received £65,000 in May 2025 from Defra's LINC programme, via NCC's Borderlands programme which established a limited marketplace with limited resource and functionality. The North East CA is now in receipt of further LINC funding (directly from Defra) to develop the second phase of the Marketplace; this will be matched with additional funding available from NCC, other Defra programmes, and the North East CA Investment Fund via the Cabinet approved Environment, Coast and Rural Enabling Fund.

Phase 2 of the Marketplace will incorporate the following essential workstreams:

- Pre-market development: unlocking barriers to develop a pipeline of investable propositions
- Bespoke market creation: increasing visibility of investors and products
- Develop main Marketplace: expanding the range of market-ready products, including BNG as identified in the LNRS
- Market promotion: including with strategic partners such as Nature North, regional businesses
- Evaluation: reporting on impacts and sharing policy learning via the Rural Taskforce

## **B. Impact on North East Combined Authority Objectives**

The Marketplace is a Mayoral manifesto pledge, and features as a core item within the Local Growth Plan.

Both the Marketplace and the North of Tyne LNRS (and other LNRSs in the region) will drive nature recovery and influence decision-making for planning and development in the region and are therefore integral to several North East CA objectives. Well drafted and properly functioning LNRSs and BNG markets are key to supporting economic development in the region. It is recognised that BNG issues are constraining development, and this programme of work is designed to tackle these barriers.

Nature recovery, and specifically the LNRS and the Marketplace, are recognised as an Investment Priority in the North East CA Environment, Coast, and Rural Investment Plan, set out in the Devolution Deals and approved by Cabinet in November 2024.

## C. Key risks

A summary of key risks relating to the investment proposal is included below. A detailed risk register is available in the full business case document.

Risk	Mitigating activity
LNRS: Inability to deliver in timely manner, as expected by Defra	A series of technical stakeholder consultations and steering groups have shaped the delivery, with several technical chapters near completion. Mapping exercises for spatial display of LNRS objectives have begun. NCC have a high degree of confidence in their ability to complete a final draft for consultation by November 2025, with publication by March 2026.
LNRS: Significant responses through public consultation leading to delay in transitioning final draft to final document version	Several rounds of stakeholder technical consultation means that those with an interest in the LNRS objectives have already been engaged. There is full support of all stakeholder authorities (NCC; Newcastle City Council; North Tyneside Council; Northumberland National Park Authority). Time has been allowed between the end of public consultation, and delivery of the final published version, to allow for any changes to be made.
Marketplace: Lack of seller and/or buyer engagement	Regular contact with the Project Stakeholder Group. Regular social media and comms pieces maintaining momentum of traffic using Marketplace. In-person events to be held promoting the Marketplace regionally and locally.
Marketplace: High integrity brought into question by controversial project	All projects must undergo a due diligence process prior to listing on the Marketplace, to determine any legal, financial, environmental, social, governance risks and mitigation. Projects not complying will not be listed.
Marketplace: Local Authority does not support project listed	All seven Local Authorities are represented on the Project Advisory Board which approves all projects prior to listing on the Marketplace.

## D. Corporate Implications

### D1. Financial and other resources implications

#### Funding Sources

The following funding sources will be used to support the delivery of Phase 2 of the Marketplace:

Funding source	2025/26	2026/27	Total
Defra – North of Tyne LNRS publication and delivery	£135,500		£135,500
Defra – LINC Programme Phase 2	£90,000		£90,000
Defra – Biodiversity Net Gain grant	£27,142		£27,142

Match funding: NCC – LINC Programme Phase 1 underspend	£74,689		£74,689
<b>Sub Total (£)</b>	£327,331		£327,331
Internal Match funding North East CA – Environment, Coast and Rural Enabling Fund (salaries)		£21,858	
<b>Total</b>	£327,331	£21,858	<b>£349,189</b>

Funding from all external sources relating to the Carbon and Nature Marketplace will cover spend from September 2025.

### **LINC Funding Memorandum of Understanding (MoU)**

Defra has issued a MoU to the North East CA in relation to its offer of £90,000 LINC programme funding. This Delegated Decision is needed to enable completion of this.

### **Grant Funding Agreement (GFA) with Northumberland County Council**

The GFA under which the North East CA provides £100,000 of funding will be subject to conditions relating to compliance with subsidy control requirements, the provision by NCC of a delivery plan for approval and the provision of the match funding referred to in this report.

#### **D2. Legal implications**

The comments of the Monitoring Officer have been included in this report.

#### **D3. Equalities implications**

The North East CA complies with the public sector equality duty under the Equality Act 2010 and it is considered that there are no equalities implications in relation to the investment proposal.

#### **D4. Consultation and engagement**

The proposal has been developed with key stakeholders including the Marketplace Project Advisory Board, LINC, and NCC.

### **E. Appendices**

None.

### **F. Background papers**

[Cabinet Decision Notice – November 2024](#) – Sets out the strategic priorities for the Environment and Nature investment programme within the *North East Environmental Stewardship, Coast, and Rural Growth Investment Plan*

[Delegated Decision Report – North East Carbon and Nature Marketplace – April 2025](#) – Sets out the original decision made to accept LINC funding for Phase 1 of the Marketplace

### **G. Contact officers**

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## **H. Glossary**

BNG – Biodiversity Net Gain

Defra – Department for Environment, Food, and Rural Affairs

LINC – Local Investment in Natural Capital

LNRS – Local Nature Recovery Strategy

MoU - Memorandum of Understanding

NCC – Northumberland County Council

North East CA – North East Combined Authority

RA – Responsible Authority