Delegated Decision Report
24 July 2026

Title:	Local Nature Recovery Programme
Portfolio:	Home of the Green Energy Revolution
Responsible Director:	Phil Witcherley, Director of Economic Growth and Regeneration
Report Author:	Karen Daglish, Programme Manager

Purpose of the report

This report recommends that the Chief Executive approves the allocation of £4.75m North East Mayoral Strategic Authority (North East MSA) Investment Fund for the Local Nature Recovery Programme including procurement of an external Fund Manager and an independent programme evaluation.

Recommendations

The Chief Executive is recommended to approve:

1. Allocation of £4.75m Investment Fund for the Local Nature Recovery Programme

2. Appointment of a local authority to act as lead Delivery Partner for the programme including
   - management of grants made through the Local Nature Catalyst Fund
   - management of the Biodiversity Net Gain Accelerator Fund including regional market research

3. Procurement of an independent evaluation across the programme (£40,000, allocated from the £4.75m programme budget)

Executive Summary

The Local Nature Recovery Programme will invest in nature recovery schemes and accelerate Biodiversity Net Gain opportunities across urban, rural and coastal areas of the North East. The programme aims to drive regional development alongside ecosystem recovery, fostering stronger connections between people, places and nature, and leading to a healthier and more resilient economy, as well as sustained improvements in physical and mental wellbeing.

This Delegated Decision seeks approval to allocate £4.75m from the North East MSA Investment Fund to deliver the **Local Nature Recovery** priority within the Cabinet-approved Environment, Coast and Rural Investment Plan. This programme forms part of a wider strategic approach to environment and nature recovery (see Appendix A). The programme supports the North East Local Growth Plan commitment to protect and restore nature and the Mayor's Manifesto pledge *“People should have more access to local green space to support their health and wellbeing.”*

Two strategic funding packages totalling £4.75m will drive forward nature recovery and unlock development needs for regional economic growth.

- **Local Nature Catalyst Fund - £4m including contribution to the programme evaluation**
  The fund will develop and support projects to deliver against the region’s Local Nature Recovery Strategies. This will bring more and better benefits from nature to the region’s economy and environment due to a coordinated approach to nature recovery. Activity will take place from October 2026 to March 2029, with the first grants anticipated to be made by December 2026.

- **Biodiversity Net Gain Accelerator - £0.75m including contribution to the programme evaluation**

This is an innovative, whole region approach to Biodiversity Net Gain, which will create high-quality spaces for nature and a profitable income stream for public and charitable organisations that manage these interventions. Market research will be commissioned to fully understand demand and supply issues across the region, from which a series of recommendations will be invested in.

A. Context

1. Background

The UK is a nature-depleted country, ranking in the bottom 10% of nations for remaining biodiversity resource. Yet so many vital environmental services rely on healthy ecosystems, including provision of pollinators for food production, water filtration for drinking water, water retention for flood prevention, and shading and cooling through tree canopies.

This Delegated Decision is for the allocation of £4.75m North East MSA Investment Fund for the 'Local Nature Recovery' priority of the November 2024 Cabinet approved £17m Environment, Coast, and Rural Investment Plan. Cabinet has also committed to protecting and restoring the unique North East nature and landscapes through Mission 2 'Home of the Green Energy Revolution' in the North East Local Growth Plan. Additionally, the Mayor's Manifesto includes the pledge *"People should have more access to local green space to support their health and wellbeing."*

The Local Nature Recovery Project will invest in nature recovery schemes and accelerate Biodiversity Net Gain opportunities across urban, rural and coastal areas of the North East. The project aims to drive regional development alongside ecosystem recovery, fostering stronger connections between people, places and nature, and leading to a healthier and more resilient economy, as well as sustained improvements in physical and mental wellbeing.

2. Investment Proposal

The Local Nature Recovery programme will deliver two funding packages that drive forward nature recovery and unlock development needs for regional economic growth.:

- **Local Nature Catalyst Fund**

The Local Nature Catalyst Fund will support projects and partnerships that deliver Local Nature Recovery Strategy priorities from October 2026 to March 2029, with the first grants expected by December 2026. Funding will support habitat restoration and connectivity, protection of irreplaceable habitats, and regionally significant nature recovery initiatives. Projects will deliver wider benefits such as flood resilience, carbon sequestration, water quality improvements and climate adaptation, while attracting match investment and demonstrating scalable, innovative nature-based solutions.

- **Biodiversity Net Gain Accelerator**

The aim of this fund is to:

- Accelerate development by speeding up planning and unlocking growth opportunities.
- Retain Biodiversity Net Gain investment regionally
- Create opportunities to export Biodiversity Net Gain units, positioning the North East as a national leader in nature recovery.
- Make Biodiversity Net Gain delivery easier, giving the region a competitive advantage for investment.

Subject to recommendations from an initial Market Research commission, the Biodiversity Net Gain Accelerator will develop a pipeline of commercially investible Biodiversity Net Gain units from an increased number of habitat banks across the region.

3. Delivery Arrangements

Discussion of potential delivery models with local authority stakeholders has identified that appointing a local authority within the region as lead Delivery Partner would be the most efficient use of resource. Three local authorities have provisionally expressed an interest in acting as lead Delivery Partner, with formal Expressions of Interest to be requested. The process of identifying the lead Delivery Partner will be designed with the relevant North East MSA functions.

Subsidy control position has been considered. With respect to LNCF grant funding will deliver schemes that are not ‘commercial’ activity or operating in a market environment and therefore should not constitute a subsidy. Subsidy position of all awards will be made and if a grant award is deemed to involve a subsidy, minimal financial assistance (MFA) will be used.

On the Biodiversity Net Gain Accelerator as there is potential to generate an income through the sale of BNG units each project will include assessment of the subsidy control position and ensure if identified an appropriate compliant route is secured whether via MFA or principles assessment.

Funded projects will be responsible for securing their own legal permissions or approvals for any activities undertaken.

4. Evaluation

An independent evaluator will be procured to undertake a longitudinal evaluation of the project. Grant monitoring will be undertaken by the appointed Delivery Partner and will be proportionate to the grant size.

5. North East Carbon and Nature Marketplace

All funded projects will be added to the North East Nature and Carbon Marketplace, subject to following the standard due diligence process. This will showcase ongoing investment needs to a new audience.

6. Timescales

Milestone	Forecast Date
Launch of the Local Nature Catalyst Fund	October 2026
Commission the Biodiversity Net Gain Market Research	October 2026
Decision re Biodiversity Net Gain Accelerator Fund next steps	March 2027
Programme evaluation and succession in place	March 2029

B. Impact on North East Mayoral Strategic Authority Objectives

North East Environmental Stewardship, Coast, and Rural Growth Investment Plan
Delivery of Strategic Priority 3: Local Nature Recovery”. It also contributes towards Priority 2: “Building Climate Resilience” and Priority 4: “Boosting health, wellbeing & community action on net zero”.

Local Growth Plan Mission: Home of the Green Energy Revolution
“We’ll provide a compelling net zero vision that provides many more jobs and opportunities for our communities, creating better places for people to live, work and play, and which protects and restores our unique North East nature and landscapes”

Mayor’s Manifesto pledge: ‘Local spaces matter’
“People should have more access to local green space to support their health and wellbeing.”

Integrated Settlement: Environment and Climate Change outcome
Requirement for the North East MSA to deliver “Improved natural environment through stronger regional collaboration to deliver our Local Nature Recovery Strategies.”

Spatial Development Strategy
Integration of Local Nature Recovery Strategies into the Spatial Development Strategy from the start, ensuring nature recovery is central to economic development and improving people’s lives.

C. Key risks

- Delivery partner procurement – Low risk due to expressed interest from local authorities
- Subsidy Control – Suitable routes to ensure compliance have been identified as set out in the body of the report.
- Low grant uptake – Stakeholders are already developing strong project pipelines aligned to Local Nature Recovery Strategy priorities.
- Misuse of funds – Managed through robust project monitoring, financial evidence requirements and reporting to the North East MSA.
- Insufficient match funding – Applicants must evidence match funding, with ongoing monitoring and positive engagement from potential funders.
- Long-term sustainability – Projects must demonstrate management and maintenance arrangements, while programme evaluation will inform future investment and funding opportunities.

D. Corporate Implications

D1. Financial and other resources implications

Funding source	26/27	27/28	28/29	Total
North East MSA Investment Fund (£)	195,000	1,449,070	3,105,930	4,750,000
Private & Public Sector Leverage (£)	0	654,030	1,472,220	2,126,520
Total (£)	195,000	2,103,100	4,578,150	6,876,520

Status of match funding:
Applicants will be responsible for securing the match funding needed for their projects, which will be assessed and verified by the lead Delivery Partner.

Funding availability: Funding is available from the £17m November 2024 Cabinet approved North East Environmental Stewardship, Coast, and Rural Investment Plan

D2. Legal implications

Comments of the representative of the Monitoring Officer have been incorporated into the body of the report.

D3. Equalities implications

The project has been discussed with the Equalities Team at the North East MSA. As no impact on equalities from the project has been identified, the team have advised that an EIA is not required.

D4. Consultation and engagement

Key external regional stakeholders were invited to participate in the design of the Nature Recovery programme in two face-to-face workshops (January 2026 and March 2026) including local authority ecologists, Natural England, Environment Agency, the region's Protected Landscapes, and Northumberland and Durham Wildlife Trusts. These stakeholders remain engaged and updated with progress of the programme.

E. Appendices

None

F. Background papers

Cabinet Minutes 26 November 2024

G. Contact officers

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H. Glossary

North East MSA – North East Mayoral Strategic Authority

Appendix A. Investment in Environment & Nature