

An Introduction to Biodiversity Net Gain



The concept of Biodiversity Net Gain (BNG)

BNG has been defined as

‘Development that leaves biodiversity in a better state than before, and an approach whereby developers work with stakeholders to support their priorities for nature conservation’ (Chartered Institute of Ecology and Environmental Management 2016)

Within England, mandatory BNG has been proposed as a principle that requires a 10% increase in biodiversity after development, compared to the level of biodiversity prior to the development taking place.

BNG within the National Policy Landscape

The UK has a number of international and legislative commitments to take urgent and effective action to halt the loss of biodiversity. Environmental policy is a devolved issue and therefore BNG is dealt with differently between the devolved nations.

The 25 Year Environment Plan (2018) set the ambition towards embedding a broad ‘environmental net gain’ principle within the planning system. In July 2018, the revised National Planning Policy Framework strengthened planning policy on biodiversity net gain by making it clearer that all development in England within the specified scope¹ should deliver biodiversity net gains. In response to strong support at consultation, the government committed to mandating biodiversity net gain in the Environment Bill. The government also committed in its manifesto to increasing biodiversity whilst continuing progress towards a target of 300,000 new homes a year by the mid-2020s.

The principle of BNG is mandated as a condition of planning permission within the Environment Bill. Once the Environment Bill gains Royal Assent (expected to be summer 2021), every future development within England will have to provide a 10% uplift in biodiversity in order to achieve planning consent. The government’s Planning For The Future white paper (2020) also endorses the concept of net gain for biodiversity in England. Defra is conducting ongoing consultation into the demand and supply of mandatory BNG.

BNG is not mandated in Scotland in the way that it soon will be in England. It is unlikely that Scotland will follow England in rolling out the same mechanism, as it was not specifically announced in Scotland’s Fourth National Planning Framework Position Statement (released in November 2020). However, that does not mean BNG is not relevant to Scotland, simply that it will look different, the Scottish government says it is committed to delivering positive outcomes for biodiversity from development. Within Wales and Northern Ireland, the likelihood of future BNG policy is not yet known, however both devolved nations have commitments to preserving and enhancing biodiversity.

How mandatory BNG will work in England

Developers use Defra’s biodiversity metric (metric 3.0 is due to be released in Spring 2021), and a habitat survey of the proposed planning site, to calculate the pre-development biodiversity score in biodiversity units, and a projected post-development value, allowing the difference in biodiversity to be measured. If the development results in a biodiversity loss (taking into account the mandatory 10% uplift in biodiversity value) developers will have to source the missing biodiversity units.

Developers can gain these missing biodiversity units through habitat enhancement and creation onsite, offsite, or through the purchase of statutory biodiversity credits. For offsite habitat enhancement, policy favours habitat creation that is local to the development site. Proposed Local Nature Recovery Strategies will also prioritise the areas in which BNG uplift should be targeted.

¹ **Development exempt from BNG** : development for which planning permission is granted— (i) by a development order, or (ii) under section 293A (urgent Crown development), or (b) development of such other description as the Secretary of State may by regulations specify

Developers may choose to implement BNG onsite, or partially offsite, however in many situations delivering BNG within the original development will have too great an effect on build density and cost, meaning local offsite habitat creation may be more viable for developers. This can involve a direct agreement between landowners and planners/developers. We predict that the BNG habitat creation market will follow the most cost efficient route, and the potential for direct agreements between landowners and developers or planning authorities as a solution is substantial.

The proposed legislation requires offset sites to be managed for 30 years, however existing environmental legislation may make it difficult to return land back to primary agriculture after this point. In the case where conservation covenants are used to enforce the management plan, land will be bound in agreement for a period of indefinite duration.

Market development

The mandatory market for BNG is in its infancy, slowed due to the stalled process of the Environment Bill through parliament. However, certain local authorities have already adopted the policy, either as part of a pilot scheme or as a local policy, applied in specific contexts. BNG is expected to become a legal requirement for all developments in 2023. Some developers and local authorities have already adopted net gain policies independent of mandatory legislation.

There is currently no central dataset of potential BNG sites. In theory, all agricultural land could be converted to a biodiversity habitat bank causing a significant oversupply in the market. However several factors are likely to inhibit this. There is a risk that capital tax reliefs on agricultural land could be lost as a result of conversion to environmental service delivery. Equally, the long-term management requirements of biodiversity offsetting mean that a site converted to a BNG offset site is unlikely to be able to be returned to primary agriculture at the end of the agreement, due to Environmental Impact Assessment legislation. Owners with a longer-term horizon may take an alternative view and be willing to commit a percentage of their land to BNG sites in perpetuity, particularly where it is synergistic with strategic land objectives. We are aware that Councils and wildlife charities are actively progressing BNG as a way of meeting their environmental objectives whilst also generating an income stream. In addition, we are aware that some national house builders are securing or retaining land with no direct development potential to act as BNG offset sites.

BNG as a policy mechanism will have a significant effect on the planning and development sector as well as through the opportunities it can provide to rural land managers. The principle has a lot of potential, which should lead to a win-win for both biodiversity restoration and greener planning. The key to unlocking this potential lies in the engaging with the concept early on, and understanding the relevance of its opportunities and requirements to your own business. Savills rural consultants have experience in preparing and delivering offsite biodiversity units, as well as providing advice on strategic thinking around BNG.

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