

Guidance for Landowners

Information sheet 3

This information sheet is aimed at landowners who are interested in creating and managing compensation sites for developers. For an introduction to the principles of this biodiversity accounting and compensation system please see information sheet 1: 'Biodiversity Accounting – An introduction'.



Opportunities for landowners

- **Income for protecting, improving and creating natural features on your property.** Landowners who wish to manage their land for wildlife can now receive long-term guaranteed funding for doing so. Compensation sites ('receptor sites') can be created on land of any type and size where good land management can create environmental uplift. For example, farmland could be converted to grassland, or poor quality woodland could be restored.
- **Control over long-term management.** The main focus of delivering compensation is long-term replacement of land lost to development, and land accepted into the scheme would need to be managed and protected in the long-term. And although it is for the landowners themselves to set out what land management will be delivered, by whom, over what period and at what cost, they benefit from Environment Bank's experience in developing and costing management plans.
- **Guaranteed long-term funding.** When a compensation receptor site is secured, the management plan will set out the steps that will be taken to improve the land. The total cost of management is also determined at this time, which will be paid to the landowner in pre-agreed installments over the duration of the management period.
- **Access and ownership.** Managing a receptor site does not create any extra obligations for public access nor, apart from the land management contract, does it affect the ownership rights in any way. There are no legal restrictions or designations associated with this system.

How does it work?

1. **Complete an Expression of Interest form** to let Environment Bank know you are interested in becoming a compensation site provider. Registration is completely free of charge and does not commit you to any further actions. **Register online** at www.environmentbank.com/register-land.php or contact us on 07710 192295 (Louise Martland) or at admin@environmentbank.com to be sent or emailed a form.
2. If your site appears suitable, it will be **listed on the Environmental Bank Registry** as a 'Bronze' site. At this point, you may receive a site visit, free of charge and at your convenience to collect further information for 'Silver' registration. Usually an EOI is all that is needed at this stage, until a local developer shows some interest in your site.
3. **Wait for a development that requires your site.**
4. **Draw up a long-term management plan** that shows how your site will be improved, along with your price to deliver it - to achieve 'Gold' status. We can provide assistance with this should you need it. At this point the number of credits you have to sell to developers will be finalised – we do this for you by applying the biodiversity accounting metric.
5. **Sign the legal agreement** that ensures that the land will be used for conservation and the management plan will be followed. This creates the credits for sale to the developer.
6. The total **credit sale amount is paid** by the developer into a ring-fenced fund and payments are subsequently made to you out of this fund.
7. **Implement the management plan** - payments and monitoring begin.

For example...

A farmer has a number of areas on his farm that are not very productive and may be good for wildlife. He fills out an Expression of Interest form and the property is listed on the Environment Bank Registry. A few months later, the local planning authority has asked a housing developer to find a compensation site nearby and the farmer's property appears suitable. Environment Bank makes a visit to gather more information. A small area of woodland which, if managed, would significantly improve in condition, is seen as a good potential site. An area of poor arable land is also suitable and could be converted into flower-rich grassland. Another area of land that is already in HLS and in good condition is unsuitable because management under this funding source could provide no extra benefit. Using the government metric Environment Bank calculates the number of credits available from the two areas and a price is developed for the credits that reflects the true cost of the work identified in the management plan. The developer confirms their compensation requirement and the farmer's credits are put forward as a potential match, along with the credit price. The farmer has included the cost of hiring a contractor to help create the new habitat, so his price is a little higher than the credits available at a local nature reserve that is also on the Registry. However, the location of his property is ideal and the local planning authority advises the developer that this is their preferred site. The developer agrees to purchase credits from one of the farmer's sites, so detailed management plans are drawn up and signed, payments are made and money is transferred to the farmer so that management can begin.

Agri-environment schemes vs selling conservation credits

Comparing the levels of payment received under agri-environment schemes with the potential income from conservation credit sales is not straightforward. The income from credit sales will depend greatly on the type and condition of the habitat that landowners can create on their land. Nevertheless, we do know that payments received under the previous government schemes, Entry Level Stewardship (ELS) and Higher Level Stewardship (HLS), were in the order of £3,500 per hectare to plant a small woodland (with £100-£300 per year for 10 years of maintenance) and £130-£355 per ha per year to create/restore lowland grassland plus £7,000-13,500 for capital costs (if livestock are reintroduced, for example). Comparatively, we estimate that conservation credit sales could yield for landowners realistic levels of funding of around £1,000 per ha, per year for lowland grassland, for example.

Frequently asked questions

Q. How is a compensation site chosen?

Sites are initially chosen by the developer using the Environment Bank's national registry; the developer will be looking for the right sort of habitat, in the right place, at the best price. The final agreement is given by the local authority, who may want to see the site within their administrative boundary. Environment Bank also actively searches for sites on request by a developer or local planning authority.

Q. Is there a minimum size of site for landowners to offer?

No. Large areas of land in wildlife management may well be more cost effective because of economies of scale, but small sites will often be needed to meet small compensation requirements.

Q. Can I get involved and register land if I'm already involved in other schemes?

Yes, if you can deliver a real improvement in biodiversity value on what is already happening on your property.

Q. How much is a conservation credit worth?

The price is set by the landowner and it will depend on the site – although Environment Bank can provide guidance on how to develop a price and example sale prices for sites which have already sold credits. The metric used to calculate the value of a compensation site in conservation credits does not affix a monetary value. This value is set by the individual landowner who considers all his management, and other, costs associated with creating or restoring the habitat proposed.

Q. Who will pay for drawing up the management plan?

The final management plan will need to be detailed and can be expensive to produce but it, along with a number of other costs, can all be incorporated into the price of the credits.



Find out more;

- the Registry – see Information sheet 10.

All information sheets are downloadable from our online library

www.environmentbank.com/library.php

Contact us

To discuss what potential your property has for creating compensation sites for developers please contact us on 07710 192295 (Louise Martland) or at admin@environmentbank.com, or see our website www.environmentbank.com for more information.