

Habitat Banking

Information sheet 6

Implementing a system of biodiversity accounting where any off-site compensation is arranged via 'habitat banks' is a streamlined, cost-effective solution. Such bank sites are already being set up across the country so that conservation credits can be quickly and easily sold from large wildlife schemes. Habitat banks give planners and developers access to a simple compensation solution, regardless of the size of the development, so that *all* development can be sustainable.



Quantifying allows banking

Better accounting, using a tested national metric that assesses the loss of biodiversity is now being implemented by a number of local authorities. It is a system that should now be applied consistently across all planning applications so that all biodiversity loss can be robustly quantified and compensated for, where appropriate.

Large vs small impacts

When residual losses are quantified, compensation for schemes that have large impacts should be specifically designed to match that impact and should be delivered locally. Where significant losses are felt locally they should be compensated for locally. Such schemes are complex and may be time-consuming and expensive to establish, often with uncertain costs because many landowners need to be approached and the costs of habitat creation and restoration will vary according to the specific circumstances. The majority of developments, however, have a low residual environmental impact. Each one has a minor effect but there are lots of them – this is 'death by a thousand cuts' and has been difficult to reverse, so that development has given rise to the attrition of biodiversity at a large spatial

scale. Successful compensation for the vast majority of these development impacts is more effectively delivered through 'habitat banking'. Habitat banks are large areas (c100 acres) of land where grassland, woodland or wetland is actively created or restored with a network of hedgerows, by sympathetic landowners.

How the banks work

Habitat banks require up-front funding to get the scheme started but, once in place, are the best way of delivering effective habitat compensation. They give planners and developers a quick, reliable, cost-effective and certain solution to the problem – whatever number of 'conservation credits' are needed can be bought 'off the shelf' by the developer at the point of planning permission. His payment then goes to funding the long-term conservation management of the habitat bank, the location and management of each being approved by the local planning authority using it. Recent legal opinion confirms that 'habitat banks' are fully compliant with planning legislation and function effectively via either s106 obligations or conditions. Habitat banks combine economy of scale with the power of aggregation to leverage significant private investment into large-scale habitat conservation schemes.

Funding habitat banks

Obviously, habitat banks are good for planning authorities and developers because they offer an instant, predictable, and cost-effective supply of conservation credits. They are good for landowners because they provide an income stream for those that want to create wild flower meadows, wetlands or woodlands. Most importantly, they are good for wildlife, because large wildlife sites are 'bigger, better and joined up'. However, planning authorities who want to introduce a system of biodiversity accounting and habitat banking want to know what planning mechanism by which funding will be required of developers – CIL, s106 or 'Grampian' conditions.

Community Infrastructure Levy (CIL) is not appropriate

Legal opinion concludes that habitat banks do not meet the definition of 'open spaces' and are not 'infrastructure' because habitat banks do not '(unlike Suitable Alternative Natural Greenspace SANGs) have a purpose for human recreation – they are for wildlife. Furthermore, the CIL regulations set out charges per unit area, whilst biodiversity impact is not determined by the area of development. CIL is therefore not an appropriate mechanism for financing habitat banks and an alternative is needed.

Section 106 obligations are appropriate, and can be pooled

The use of s106 obligations is restricted by the CIL regulations but, because CIL is inappropriate, regulation 123 restricting the number of obligations that can be pooled to 5 or less schemes, does not apply to habitat banks. Furthermore, legal opinion concludes that habitat banks, when properly constituted meet all the tests of regulation 122 (necessary, directly and reasonably related). S106 obligations have previously been used to deliver several habitat compensation schemes.

Grampian conditions can also work

National guidance suggests conditions are preferable to obligations and 'Grampian' style negative conditions – prohibiting commencement within a permission authorising development – are a well understood mechanism for securing the provision of off-site matters. They are less ideal than s106 obligations because of the restrictions on specifying financial undertakings and commitments but they

have been used to specifically deliver biodiversity compensation schemes, with wording agreed by the Secretary of state and through the Planning Inspector.

Find out more;

- about how the biodiversity accounting system works – see Information sheet 1
- about implementing the accounting system into your planning system if you are a local authority – see Information sheet 2
- about how a model of habitat banking would work for your planning authority - request our detailed note 'Creating habitat banks – A zero-cost model for Local Planning Authorities'.

All information sheets are downloadable from our online library

www.environmentbank.com/library.php

Contact us

To find out more about biodiversity accounting or habitat banking, please contact us on 07710 192295 (Louise Martland) or at admin@environmentbank.com, or see our website

www.environmentbank.com for more information.