

## Guidance for Landowners

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### Information sheet 3

This information sheet is aimed at landowners who are interested in receiving funding to manage areas of their land as biodiversity sites to compensate for development impacts. 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 conservation land management can create environmental uplift and enhanced value for wildlife. For example, farmland could be converted and restored to rich grassland, or poor quality woodland could be better managed.
- **Control over long-term management.** The main focus of delivering compensation is long-term replacement of biodiversity land lost to development, and compensation sites accepted into the scheme would need to be managed and protected in the long-term, typically 25 years. 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 environmental potential of the land. The total cost of management is also determined at this time, this 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](http://www.environmentbank.com/register-land.php) or contact us on 07710 192295 (Louise Martland) or at [admin@environmentbank.com](mailto:admin@environmentbank.com) to be sent or emailed a form. All personal details are held confidential, and by entering a site on the registry there is no commitment to proceed with a conservation credit sale.
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 development actively requires compensation in your area.
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 will work with you to ensure the conservation scheme strikes the right balance between biodiversity and your business. At this point the number of conservation credits you will generate to sell, and that will be matched to development impacts, will be finalised – we do this by applying the government biodiversity accounting metric.
5. **Sign the legal agreement** that ensures that the land will be managed for conservation and the management plan will be followed.
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, the developer in turn comes to Environment Bank to source and deliver the compensation scheme. Environment Bank's first search is through our sites Registry and the farmer's property appears suitable. Environment Bank makes a visit to gather more information, discuss options for the scheme and survey the land. 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 which is most productive to the farmer is excluded from the scheme. Using the government metric Environment Bank calculates the number of credits available from the two areas, management is discussed with the farmer and a price is developed for the credits that reflects the true cost of the work identified and the potential impacts to farm business. 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's details are kept confidential. 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 delivery agreements signed. Payments are made and money is transferred to the farmer so that management can begin. Environment Bank work closely with the farmer over the course of the scheme, to provide support when needed and to monitor the biodiversity progress on site.

## Agri-environment schemes vs selling conservation credits

Payments made for management and biodiversity uplift through conservation credit sales must be additional to those received through other schemes; it must fund additional management activities that will in turn generate additional biodiversity value. This may mean that the conservation credit scheme cannot be used on some parcels already in Countryside Stewardship (CS), but it is possible to include others areas of the site and may also be possible to double stack scheme to further enhance areas of land already in CS, particularly for prescriptions most similar to previous ELS schemes.

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, Conservation credits do not sell at a flat rate, instead the cost is developed to reflect the funds you need to manage your land. As an example, where Higher-tier CS will fund £267/ha to create a species-rich grassland and £182/ha for management, comparatively, we estimate that conservation credit sales could yield for landowners realistic levels of funding of around £700 per ha, per year for meadow grassland management, plus bespoke capital costs, annual payments will be pre-set to increase at 2% to address inflation.

## Frequently asked questions

### **Q. How is a compensation site chosen?**

During the site search process Environment Bank will typically present 1-3 site options to a developer; we will be looking for the right sort of habitat, in the right place, at the right price. The developer will submit their preferred site option to the local planning authority (LPA), who give final site approval. The LPA may want to see the site fall within their administrative boundary or in a location that will contribute to landscape connectivity.

### **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. During an active search the developer may fund the production of the final management plan for their preferred site option, alternatively, should a landowner wish to promote their site to gold standard on the registry, there by being a more attractive offering with known credits, costs and a quick turnaround, this cost can be recovered in 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](http://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](mailto:admin@environmentbank.com), or see our website [www.environmentbank.com](http://www.environmentbank.com) for more information.