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Biodiversity net gain - what is it?

Planned legislation to increase wildlife habitats could create an income stream for landowners

You may not have heard of biodiversity net gain, but if the Government's plans go ahead you are likely to hear a lot more about it in the future. Following a consultation, the Chancellor confirmed in his Budget speech in March that biodiversity net gain will be legislated for in the forthcoming Environment Bill.

So, what is net gain? In essence it is a commitment that any development will result in a net increase in wildlife habitats.

Developers will need to assess the value to wildlife of a development site (using a standard metric developed by Defra) and ensure that this value is higher once the development has been completed.

This will be done following what is known as the Mitigation Hierarchy:

- First, aiming to avoid and minimise any environmental harm in the first place
- If wildlife habitat is lost this should be remediated on the development site
- Finally, as a last resort, lost habitat

can be compensated for by the creation of new habitat elsewhere, as an offset

These biodiversity offsets could be delivered by farmers, landowners or conservation organisations paid for by the developer. This could involve creating new habitats such as hay meadows or woodlands, or restoring existing habitats to improve their quality for wildlife.

Several local planning authorities and some of the larger house builders have already voluntarily committed to net gain but by making it mandatory the Government hopes to level the playing field and create a market for biodiversity offsets.

CLA members could be involved at both ends of the process: putting land forward for development and offering land for use as an offset site, thereby deriving an income stream from delivering wildlife habitat. Overleaf David Hill, who brought the idea of biodiversity net gain and offsetting to the UK, discusses how it could work and how the Environment Bank, which he chairs, operates as a broker between



INTERVIEW
**DAVID HILL, CHAIRMAN,
 THE ENVIRONMENT BANK**

Environment Bank brokers funding from developments to create new, and enhance existing, wildlife habitats at a large scale. David will be speaking at the CLA's Rural Business Conference 2019 (see page 46 for more details and how to book tickets).

Harry Greenfield: What is driving the momentum behind net gain, and why is it the best policy mechanism to use?

David Hill: The dramatic loss of biodiversity over the past 50 years is an existential threat to us, similar to climate change and development pressure has significant impacts on biodiversity. I introduced the concept of biodiversity offsetting and hence biodiversity net gain to the UK back in 2008, and have lobbied for significant change in how biodiversity is treated within the planning and development control process.

What will be the impact of mandatory net gain?

Making biodiversity net gain mandatory will mean that all planning authorities will have to adopt a system to ensure all development delivers net gain, through both on-site provision (within the development site boundary) and/or off-site provision through offsetting. We have been working up the creation of large, strategically placed habitat banks to facilitate off-site delivery.

Who will look after these?

These sites will be under the control of farmers, landowners and conservation bodies, providing them with a significant income stream if they create good quality and long-term wildlife habitat on their land. We believe that the market for offset sites could generate an investment into the natural environment of c.£1.2bn per annum under a mandatory regime. This will make a transformational change to wildlife habitat in the UK and therefore

what the countryside looks like.

What opportunities does the introduction of mandatory net gain offer landowners?

At the Environment Bank, we convert biodiversity loss from developments into conservation credits. We sell the credits to the developers who the planning authorities require to demonstrate biodiversity net gain. With a mandatory system there is clarity and certainty, so we are confident that third party investors will come forward to put funding upfront so that landowners can create the habitat early, and the credits sold to developers as they require them. We pay the landowners a) capital costs for habitat establishment, b) annual management costs, and the total amount paid has an allowance for RPI and some income foregone. I believe that landowners will engage where the funding is not seen as a traditional grant but is a contractual payment. The system provides a long-term income stream.

How can landowners prepare themselves or get involved in net gain at the moment?

We have set up an initial registry of landowners and farmers who want to register land with us on which they would be interested in created wildlife habitat. Habitat banks of 40ha and greater are probably the best opportunities because they are big enough to provide good quality habitat for a range of wildlife.

Find out more: environmentbank.com

developers and landowners.

There are still a number of uncertainties about how the system will work in practice, many of which the CLA identified in its consultation response earlier this year.

These include whether there are any exemptions, such as small rural development sites, how long the habitat offset will be delivered for and what happens to the land in the long term, and the mechanism by which net gain is delivered and enforced through the planning system.

Net gain offers the twin promise to encourage more development, by demonstrating a positive environmental impact, while also creating a new biodiversity market and attracting much-needed investment into nature and the countryside. The CLA will continue to lobby to make sure that this new policy lives up to these aims, while also being introduced in a pragmatic and workable way for landowners. ■

WHAT HAPPENS NEXT?

We will keep you updated as this policy progresses and, in the meantime, if you have any questions please contact your local CLA office.



the
Environment Bank

WE'RE LOOKING FOR LANDOWNERS

Receive secure long-term income by creating and managing wildlife habitat

The Environment Bank can provide capital and long-term payments for habitat creation and management (e.g. meadows, woodlands and wetlands) using funds from development.

If you are looking to diversify your income, use less productive land on the farm, or want to do more to encourage wildlife on your land our funding scheme could benefit you.

Provide value for wildlife on your land and restore biodiversity

- A flexible range of options to suit your landholding, whatever the scale
- Compatible with existing land management and other sources of funding such as agri-environment
- You retain control over management
- Guaranteed long-term income for meeting objectives of the management plan
- Support from our advisors



For more information and to register your interest visit: www.environmentbank.com/register

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