



Principles for Urban Biodiversity Offsetting



Introduction

What is Biodiversity Net Gain (BNG)?

Biodiversity Net Gain - BNG for short - is part of the planning process and makes sure that habitats for wildlife are left in a measurably better state than they were before development took place.

Biodiversity on a site is measured in units before and after development, using Defra's Biodiversity Net Gain Metric.

Developers have a legal duty to avoid biodiversity loss and achieve at least 10% BNG in accordance with the following mitigation hierarchy:

- On the site itself
- Or, offsite, that is by purchasing biodiversity units from an authorised supplier. Referred to as offsetting.

Who are these BNG offsetting principles for, and how were they developed?

These BNG offsetting principles are primarily for local authorities, but other landowners and environmental organisations can benefit from them too. They supplement (but don't replace) government guidance and build on existing UK and global thinking.

Early adopters and sector specialists developed and tested these principles on offsite BNG and habitat banking projects.

Environment, finance and planning professionals were also engaged as part of the development of these principles.

Why do we need principles?

Making biodiversity units available through a range of suppliers ensures a healthy and competitive market. But units also need to be high quality and not too far from where the development is taking place or there is a risk that instead of a net gain there is a net loss.

These BNG offsetting principles are designed to help owners of publicly accessible land in towns and cities create high quality, competitively priced BNG units that developers will want to buy. By creating high quality BNG Units they will also likely:

- Cover maintenance costs beyond the 30 years required by law.
- Improve the accessibility of green space.
- Create jobs and boost the green economy
- Fund community nature projects.
- Help close the U.K. nature recovery funding gap¹

How can local authorities use BNG offsetting principles?

These BNG offsetting principles can help local authorities to:

- Raise the standard of BNG units locally and in the wider market when creating habitat banks
- Identify the potential benefits and risks when leasing land to third parties for BNG unit-creation
- Enable planners to define the type and quality of BNG units they're prepared to accept

While, ideally, these principles should be universally adopted, this may be challenging on some projects. In such cases, it's important to have an open and honest conversation so you can identify priority principles.

1. Finance Gap for UK Nature Report, 2021; £56 billion is the central estimate required for the UK to meet its nature-related outcomes over the next ten years.

Environmental Principles

When done well, BNG offsetting can help conserve wildlife and protect fragile natural habitats. The following principles aim to maximise these benefits.

1. Strictly follow the mitigation hierarchy

- a. Developers should explore offsite BNG or offsetting only if they have exhausted onsite BNG options.
- b. BNG should be thought through at the planning stage. Developers are required to submit the following when they apply for approval:
 - Robust feasibility assessments
 - Ecological and social surveys
 - BNG calculations
 - Funding proposals for long-term maintenance

2. Put quality habitat creation over convenience

- a. BNG offsetting should create or enhance thriving, distinctive habitats and further protect vulnerable or irreplaceable ones.
- b. When creating units consider the local strategic objectives as set out in policies and plans, and wider environmental benefits such as natural flood management, not profit optimisation or ease of creation.

3. Adopt a long-term mindset

- a. Protect new sites in perpetuity (or as long as possible) thereby providing a genuine net gain in biodiversity.

Aim to ensure that biodiversity gains are not reversed by recognising risks and having appropriate mitigations in place, for example for the risk of fire or disease.

Make sure you have thought about how the new or enhanced habitats will be cared for over the long-term. A long-term conservation management plan which clearly sets out costs of providing the ongoing maintenance on the new or enhanced habitat will help.

Ensure that the price you secure for units is sufficient to cover the costs over the project life (capital, operational and maintenance costs).

Be financially prudent and actively manage the endowment to make sure there is sufficient cash to cover the cost of maintaining the biodiversity and other benefits for the whole 30 years, and even beyond.



Social Principles

These principles help to ensure everyone in the community has equal access to new or enhanced habitats, so they can enjoy improved health and well-being, better quality of life, and other social benefits.

4. Improve public access to nature for all

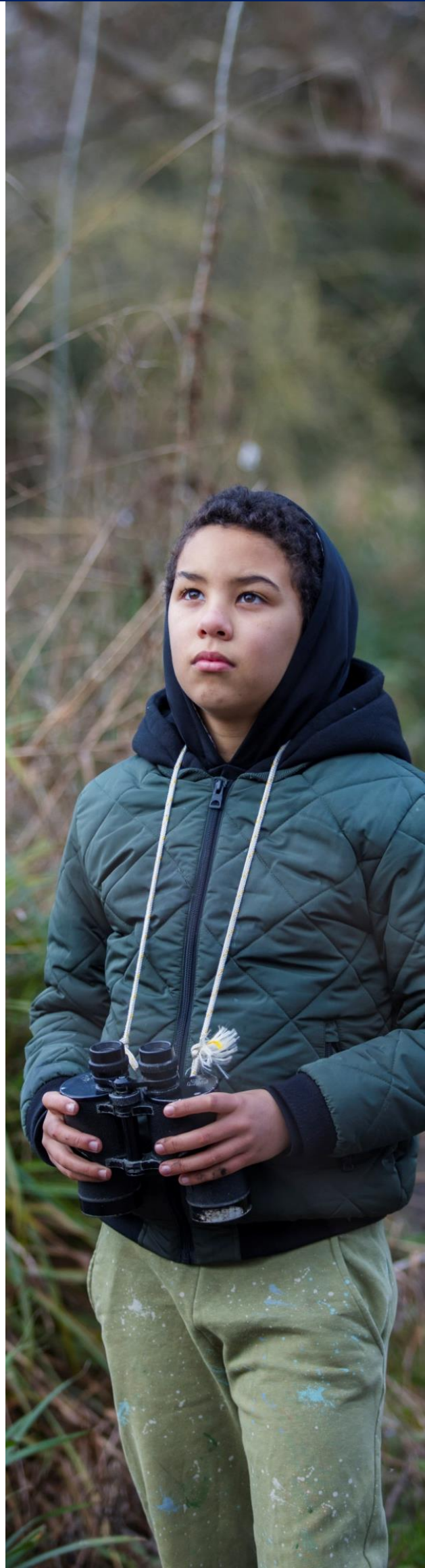
- a. When selecting potential BNG offsetting sites, prioritise those communities impacted by the development and those with less access to green space. For example, using [environmental justice](#) or [tree equity mapping](#).
- b. Consult widely at planning stage to make sure local communities benefit as much as possible and avoid or mitigate socio-economic distortions.
- c. Where possible use BNG offsets to help deliver the [Natural England Green Infrastructure Standards and Framework](#)
- d. Create Biodiversity Units on land accessible to the public but manage footfall in harmony with nature.

5. Build in the cost of public engagement and access.

- a. Include reasonable costs for community engagement and participation in your unit price, and include them in your sales strategy and plan. These could include co-stewardship and co-management models as well as community biodiversity projects that could attract further investment and create employment, volunteering, training, and other long-term opportunities.
- b. Include reasonable costs associated with public access in the habitat's long-term maintenance budget, e.g. fences, paths, gates to help protect the habitat long term.

6. Establish a participatory approach to allocating and spending any surplus.

- a. If a surplus is created by a Habitat Bank or local authority through an alternative way of engaging with the BNG market, it can be used to extend the maintenance period beyond 30 years or to fund other greenspace interventions and projects in the local area.



Economic Principles

The aim of these principles is to make sure both investors and the community benefit economically from BNG offsetting. Investors should get a fair return. But income from new habitats should also flow into the local community.

7. Set a fair price for buyers

- a. Biodiversity units should be priced competitively, taking developers' priorities and circumstances into account so as not to negatively impact viability of developments or deter developers altogether.
- b. When pricing units, focus on enhancing biodiversity and delivering wider social benefit at the same time. Avoid the temptation to extract as much money as possible out of the development industry.

8. Generate fair returns for investors

- a. Investors' returns should be proportionate to the level of risk they take on, such as the risk of habitat failure or poor unit sales in situations where they've paid for restoration up front.

9. Develop the local green economy

- a. Habitat creation and enhancement projects along with the ongoing maintenance should seek to grow the local green economy. Local businesses will create new, local jobs which will in turn have a multiplier effect in the local economy. Investing in the green economy more generally will also boost skills and improve productivity.



Crosscutting principles

These principles underpin and should inform every aspect of biodiversity unit-creation and BNG offsetting.

10. Ensure additionality

- a. New sites should improve the local environment beyond what would have happened without a BNG requirement. One way to ensure this is to select sites that are less likely to be eligible for other funding or protections.

11. Plan and deliver holistically

- a. Habitat creation and enhancement decisions should balance social, economic and environmental considerations. These include development impact, strategic significance of habitat, connectivity, climate resilience, planning requirements and access to nature.
- b. Consult with relevant stakeholders to ensure you follow best practice and create the type and number of units likely to be required.

12. Establish clear, regular monitoring

- a. Ongoing monitoring should go beyond minimum obligations. Consider:
 - Additional ecological indicators
 - Other social and economic impacts, such as air quality, flood mitigation temperature; jobs created.

13. Ensure robust governance

- a. Consider appointing community members, local experts, and other specialists as directors or trustees of habitat banks and other special purpose delivery vehicles.
- b. Seek specialist legal and finance input ahead of key decisions.
- c. Legal agreements or contracts should be clear about who is liable if a habitat falls below agreed standards and what the remedies are.

14. Be transparent and accountable

- a. Ensure transparency across governance, delivery and monitoring of BNG offsetting and put conflict-of-interest mitigations in place.
- b. Be clear who, within your LA, is accountable for ensuring BNG is delivered with integrity and that the BNG is being monitored and maintained to optimise its condition. You might involve Local Nature Recovery Network partners.
- c. Ensure that stakeholders can easily access information about BNG strategy, delivery, sales and condition of site.



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