

LEEP Policy Note:

Delivering Biodiversity Net Gain in practice

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Key Recommendations to Improve Delivery of Biodiversity Net Gain



The UK's Biodiversity Net Gain (BNG) policy is a major step forward in addressing biodiversity loss.



However, its potential is constrained by its complexity and implementation. The following simple changes could drastically improve its performance:

- 1 Strengthen and better implement BNG as a tool for tackling the biodiversity crisis.
- 2 Simplify and refine the Biodiversity Metric to focus on wildlife at greatest risk.
- 3 Biodiversity improvement, public access to greenspace and wider environmental improvements are all important but need separate provision.
- 4 The right place (and right funds) for biodiversity improvement.
- 5 The right place for people (where this objective remains).



Biodiversity & Development

Biodiversity decline could cost the global economy US\$10 trillion by 2050¹. In the UK, biodiversity has declined by almost 50% since the start of the century², making it one of the most nature-depleted countries in the world³.

Biodiversity is the diversity of life. It enables nature to be productive, resilient and adaptable. Our economies, livelihoods and well-being depend on nature⁴.

Development and new housing construction, in particular, is a major driver of biodiversity loss in the UK⁵. While England's Environment Improvement Plan aims to halt species decline in the UK by 2030⁶, the government has also pledged to build 1.5 million new homes within the same timeframe to address the UK housing crisis⁷. Policies such as 'Biodiversity Net Gain' (BNG) have been mandated to mitigate this conflict⁸.



'Biodiversity Net Gain'

BNG is an environmental policy which requires that developers leave biodiversity in a measurably better state than before new housing construction⁹. A 'net gain' of at least 10%, as measured through the statutory Biodiversity Metric, must be achieved and maintained for 30 years⁸.

The UK's introduction of BNG policy is a world-leading step forward in addressing the unprecedented loss of wild species generally, and in the UK specifically⁹. However, the potential benefits from BNG are constrained by its complexity and the way in which the policy is implemented⁸. Simple changes could drastically improve its performance.



The 'Biodiversity Metric'

The UK government developed the statutory 'Biodiversity Metric' to measure and evaluate changes in biodiversity¹⁰. The Metric uses habitat features as a proxy for biodiversity, focusing on habitat type, size, condition and location¹¹.

The Metric follows the Mitigation Hierarchy^{8,12} which sequentially prioritises: (1) avoiding negative impacts on biodiversity; (2) minimising unavoidable negative impacts; (3) restoring damaged habitats; and finally, (4) offset residual damage, i.e. compensate or mitigate for damage.

The Metric incorporates spatial and temporal risk multipliers and a 'trade-up' rule, which particularly affect the implementation of offsets^{8,12,13,14}.

- The spatial multiplier reduces the value of offsets as their distance from the development site increases, so favouring localised delivery⁸.
- The temporal multiplier lowers the value of offsets over time, so devaluing the benefits of those offsets taking the longest to reach their target outcomes¹³.
- The 'trade-up' rule requires that damaged habitat be replaced with habitat of 'higher distinctiveness', imposing a constraint on the ecological benefits which can be delivered¹⁴.



BNG for Nature

- ❖ Through the nature of its implementation, BNG's original objective of protecting habitat for wildlife, has been conflated with other objectives such as the provision of different public goods, e.g. public access to green space or wider environmental improvements¹⁵. This conflation of objectives fundamentally undermines BNG's original focus as a tool for protecting wild species⁸.
- ❖ The involvement of developers in the design of the Biodiversity Metric raises concerns about regulatory capture¹⁶ and of its objective shifting away from biodiversity protection, and towards the protection of developer interests.
- ❖ The use of BNG to enhance green space or wider environmental improvements *within* developments can result in new homeowners (often first-time buyers) paying a premium^{8,17}.
- ❖ Recent analysis shows that 95% of net gain offset projects delivered by early adopters of BNG were either located *in* or *near* the development site⁹. This spatial bias towards localised delivery limits the ecological benefits that can be achieved, relative to those where delivery is offsite, i.e. delivered at sites which are further afield from the development⁸.
- ❖ The spatial distribution of biodiversity determines its value and ability to withstand disturbances, such as climate change¹⁸. The Metric's spatial multiplier hinders the ability to target net gain delivery in the most effective locations for biodiversity by increasingly devaluing offsets as their distance from the development site increases⁸.
- ❖ Furthermore, the high discount rate applied by the temporal multiplier, disproportionately devalues those types of offsets taking the longest to reach their target outcomes¹³.
- ❖ To ensure the greatest improvement for wildlife from available funds, effective market mechanisms must be in place to facilitate delivery of offsets^{8,19}. The cost of monitoring and regulating offsets should be incorporated into market prices⁹.



BNG for People

- ❖ Broader government investment is needed to support the provision of other public goods beyond habitat for wildlife, e.g. for public access to green space or wider environmental improvements⁸.
- ❖ However, compensation for local communities affected by new development should still be considered²⁰. Section 106 of the Town and Country Planning Act 1990 requires developers to provide or fund infrastructure, local services, and affordable housing to mitigate the adverse impacts of their development²¹. BNG policy and Section 106 should be more clearly separated to ensure each addresses their specific objectives⁸.
- ❖ The current bias in BNG implementation towards localised offset delivery tends to reward owners of new homes with accessible new green space. However, pre-existing local communities may not be fully compensated for their losses, for example, due to diminished quality of their previous recreational experience because of the new development^{17,20,21,22}.
- ❖ Where decision makers choose to use BNG to benefit people, then consideration of whom should be in receipt of benefits is required^{8,20}.
- ❖ It is unlikely that locations adjacent to new housing developments will improve access to green space for those with the poorest environmental access and quality of life^{20,21}. Deprived communities suffering from the poorest access to nature typically receive little new development in their locality. This ultimately limits the opportunity to enhance the most degraded neighbourhoods through localised offset delivery¹³.
- ❖ The value of access to green space declines as its distance from households increases²³. This issue is particularly relevant to the most deprived communities, who tend to have the least resource to access green space in general²¹.
- ❖ The public are more willing to pay for environmental policies that are implemented equitably²⁰. Flexible offsetting approaches to BNG implementation could therefore receive public support to deliver the widest societal benefit²¹.

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Policy Recommendations

1

Strengthen and better implement BNG as a tool for tackling the biodiversity crisis^{8,9}

The introduction of BNG is a positive step forward in addressing the unprecedented scale of nature loss in the UK. It gives a clear direction for how other countries can tackle the biodiversity crisis. However, it needs strengthening in terms of improved monitoring, enforcement, mitigation against regulatory capture and, above all, a new approach to its implementation.

2

Simplify and refine the Biodiversity Metric to focus on wildlife at greatest risk⁸

Areas close to new housing developments are unlikely to be the best locations for offsets aimed at helping the UK's most 'at-risk' species and may be relatively expensive. Refining the Biodiversity Metric would help to target the most effective offset locations to ensure the greatest improvement for wildlife from available funds. These simple changes could drastically improve its performance:

a

Clarify what the Biodiversity Metric is measuring¹⁰. The Metric measures habitat as a proxy for biodiversity. This definition, along with the multiplier constraints and 'trade up' rule, risk incorrectly conflating habitat-focused scores with broader biodiversity.

b

Remove the spatial multiplier to boost flexibility⁸. The tying of BNG offsets within local planning areas greatly reduces potential improvements for wild species.

c

Reduce the temporal multiplier to ensure it does not underweight the future¹³. The annual discount rate of 3.5% is high and should be lowered to 1.5%.

d

Remove the 'trade-up' rule¹⁴. Whilst some adjustment to the quality multiplier might be needed, removing this constraint would improve delivery of biodiversity benefits.

3

Biodiversity improvement, public access to greenspace and wider environmental improvements are all important, but need separate provision^{20,21}

The best places for wildlife restoration are typically not best for improving public access to greenspace and may not be best for delivering other environmental enhancements. Each of these policy objectives need separate consideration and legislation.

4

The right place (and right funds) for biodiversity improvement^{8,20}

The consideration of different offset locations could hugely increase the effectiveness of net gain delivery in respect of benefits to biodiversity, and also make available budgets go further. The effectiveness of public and private financing could be further improved by the development of well-designed environmental markets.

5

The right place for people (where this objective remains)^{8,20}

Where a policy objective of improving public access to green space remains, consideration of different offset locations could improve access to nature for those in the most deprived and greenspace-deprived areas and radically improve quality of life²⁰. Flexible offsetting approaches to BNG implementation could receive public support to deliver the widest societal benefit^{20,21}.

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