

Biodiversity Net Gain Guide

April 2024

Biodiversity Net Gain (BNG) is a requirement for most new building developments in England to have a measurable increase in biodiversity compared to the pre-development baseline (before the development took place). BNG aims to ensure new developments contribute to conserving and enhancing the natural environment, whether at the original site or elsewhere.

Whether you're a developer, landowner or natural capital investor, this guide provides an overview of what you need to know regarding Biodiversity Net Gain.



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What is mandatory Biodiversity Net Gain?

BNG is a development or land management approach that seeks to enhance the natural environment and leave it in a better state than before development. BNG aims to protect and enhance biodiversity, which has been declining in the UK due to habitat loss, pollution, and other factors.

Mandatory BNG applies to all new planning applications made post 12 February 2024 for large developments and post 2 April 2024 for small developments. For exemptions, see the question below. It will apply in England under the Town and Country Planning Act, as set out in the Environment Act 2021. The Act states that BNG policy requires developers to achieve a minimum of 10% net gain in biodiversity after development, though this amount will vary across local planning authorities (LPAs).

Developers are expected to prioritise on-site solutions to achieve BNG, such as creating new habitats or enhancing existing ones within the development site. However, off-site solutions are an option, and developers may also be able to purchase statutory credits as a last resort to achieve their net gain target.

"To ensure the long-term sustainability of the biodiversity enhancements, a BNG site must be secured and managed for at least 30 years via planning obligations or conservation covenants. This means that where they are provided on-site, developers must consider the long-term management of biodiversity enhancements as part of their planning and implementation processes," says Mark Topliff of Knight Frank's Agri-Consultancy team.

Why is BNG being implemented?

The often-quoted statistic is that since the 1970s, [41 per cent of all UK species surveyed](#) have declined. BNG is one of the government approaches to reverse that decline.

However, the general public is also becoming increasingly concerned and demanding change. As a proxy of this sentiment, of the [top seven organisations](#) that are linked to habitat conservation - (National Trust, RSPB, Wildlife Trusts, National Trust for Scotland, Woodland Trust, Greenpeace and Wildfowl and Wetlands Trust) – UK membership increased by 403,000 or five per cent between 2021 and 2022.

Through BNG, developers can also positively impact local communities and the economy by contributing to more visually appealing landscapes, preserving cultural and historical sites, and creating new opportunities for education and recreation. These biodiverse ecosystems can also help reduce greenhouse gas emissions by storing carbon, working towards mitigating climate change.

What type of sites will need to implement BNG?

The mandate is effective for all large domestic, industrial, commercial and mixed-use sites from 12 February 2024 and from 2 April 2024 for small developments in England.

Small sites are nine houses or fewer or less than 0.5 ha, commercial sites with floor space below 1,000 square metres or site areas below one hectare.

National Significant Infrastructure Projects (NSIPs) remain in scope for BNG, but their implementation is scheduled for 2025.

Are there any exemptions to implementing BNG?

Some exemptions apply to the BNG requirements, including development affecting:

- ◆ planning applications made before the mandatory BNG implementation dates
- ◆ habitats below a 'de minimis' threshold of 25 metres squared

- ◆ or five metres for linear habitats like hedgerows
- ◆ householder applications
- ◆ biodiversity gain sites
- ◆ small-scale self-build and custom housebuilding as long as nine or fewer dwellings occupying 0.5 ha or less.

For the latter exemption, Defra states that it will be aiming "to define this exemption in a way that addresses the risks of exempting large sites made up of many custom plots and will keep this under review."

What is the difference between biodiversity units and credits?

Biodiversity units are the output of the Biodiversity Metric. The term also refers to the sale of off-site biodiversity units.

Credits refer to the statutory credits that are the last resort option for developers if they can't deliver the BNG they need on-site or via purchasing off-site biodiversity units.

How do you calculate the biodiversity on a site?

Defra has [tools and guidance](#) that must be used to assess habitats and calculate the value of biodiversity. The current tool for large developments is the statutory Biodiversity Metric. Small Sites Metric (SSM) is a simpler version for eligible small developments.

The metrics use habitat features such as the presence of particular plant species, the quality of vegetation, the diversity of vegetation structure, and the presence of water bodies to calculate a biodiversity value or BNG units. The assessed number of units then provides a baseline to calculate the required minimum uplift (net gain). The metric tools can then be used to assess which type of habitats will achieve the new total number of BNG units that must be provided as part of the development.

It should be noted that the metric tools do not consider the indirect impacts of a development, so an Environmental Impact Assessment may still be required.

Do the BNG regulations impact irreplaceable habitats?

The regulations outline irreplaceable habitats as comprising ancient trees and woodland, salt marshes, blanket bog, lowland fens, limestone pavements, and coastal sand dunes.

They state irreplaceable habitats are not subject to a minimum 10% biodiversity increase. Instead, developers must establish alternative measures to mitigate the impact on these important habitat types.

Where do local nature recovery strategies fit with BNG?

Local nature recovery strategies (LNRS) are plans developed locally to enhance and protect biodiversity and natural ecosystems. These strategies aim to promote nature recovery and contribute to the overall goal of restoring and improving the health of local environments. This prioritisation helps focus conservation efforts where they are most needed.

If habitats seen as strategically important in the LNRS are created on development and BNG sites, they will generate 15% more units. However, many LPAs have yet to publish their final LNRS versions; however, the draft versions can be used to identify these important habitats.

What if a site's biodiversity has recently been degraded?

Where habitats on a site have been degraded since 30 January 2020, the pre-degradation habitat should be taken as the baseline. If the baseline date can't be agreed upon, the default is 30 January 2020. This is to prevent sites that have been deliberately or accidentally manipulated from benefiting more from BNG.

How will BNG sites be monitored and enforced?

Off-site gains will be monitored via the Biodiversity Gain Site Register. Every off-site gain site must be listed on the register if they enter into agreements that offer any BNG units to developments. The register of land is also to ensure that there is no double counting. The cost of [registering a site on the BNG Register](#) will be £639, and each subsequent allocation of part or all of that land to a development will be £45.

On-site BNG provision supplied by developers will not need to be registered on the BNG Register nor allocated. But, significant on-site gains must still be secured legally for at least 30 years after the development is completed. The government has said it is exploring how on-site information can be extracted from planning permission and published on the BNG Register so that all BNG information, on-site or off-site, can be accessible in one place.

The enforcement of off-site and on-site BNG will be done through the current planning enforcement regime, which means the onus will be on the LPAs.



Land developers

What does BNG mean for you?

What does a developer need to produce?

Roland Brass of Knight Frank's Planning team says, "BNG should be considered from the outset for any proposals, and environmental improvements could be used to strengthen the case for development."

Planning applications should be supported by a baseline Biodiversity metric and basic information on how the development will meet the BNG requirement. If planning consent is granted, a biodiversity gain plan needs to be completed, and details of the habitat management and monitoring plan must be given. These plans outline how net gain in biodiversity will be achieved and managed for at least 30 years after development."

If you are planning a phased development, you will require a biodiversity gain plan for each phase of the project, subject to approval prior to commencement.

Where the development impacts habitats within the project boundary, developers must replace them with habitats of equal or better biodiversity or greater size. This means they must ensure that the new habitats are comparable or higher quality to those lost during the development and that the habitat area is not reduced due to the development.

All high distinctiveness habitats require re-creation on a like-for-like basis should they be lost. In contrast, there is more flexibility for habitat types with lower distinctiveness regarding what habitat can be delivered if they are lost.

Roland explains that "we are also seeing more councils ask for details of potential BNG sites/sites for environmental improvements as part of Call for Sites consultations. Previously they generally asked about land for housing or employment only, but they are now considering a much broader range of options in some authorities."

It should also be noted that there is no change to existing legal protections for habitats, so these will still need to be adhered to where necessary. You should not count habitat creation or enhancements towards your BNG if you're already required to do this, for example, to comply with restocking conditions relating to a tree felling license or a restocking notice, marine licensing or remediation under the environmental damage regulations.

You can count River Basin Management Plan (RBMP) mitigation towards your total BNG. If you're already providing RBMP mitigation to prevent deterioration as part of your development, you should do at least 10% of your BNG through separate activities. If you're providing RBMP enhancement as part of your development, you will not need to do separate activities to reach your total BNG.

Who can assess a site's biodiversity?

The Biodiversity Gain Plan will require a competency statement for a named person who has completed the assessment and metric calculation. So, developers must employ a 'competent person' to conduct the habitat survey and assessments and use the approved metric. This is important because baseline surveys and management proposals detailing the delivery of the gain are carefully scrutinised during the planning process. Isabel Swift, who works with clients on BNG, says: "Where these assessments and plans are seen as deficient, it can cause significant additional delays and costs at planning. Landowners who are trying to create units to sell may find that poor assessments and reports are not approved and must be re-done."

A 'competent person' is defined as being able to confidently identify the positive and negative indicator species for the range of habitats likely to occur in a given geographic location at the time of year the survey is undertaken. For a full metric application, the competent person should be an ecologist.

However, in circumstances where the development fits with the criteria to use the Small Sites Metric, the metric doesn't need to be completed by an ecologist but by someone competent to use it.

What if the development needs to offset off-site?

If you are planning to offset BNG units off-site, only land registered on the [Biodiversity Gain Site Register](#) can be used to satisfy the Local Planning Authority.

It is preferred that the off-site option be within the same Local Planning Authority or National Character Area.

When there are no options to provide the necessary BNG on-site or off-site, the developer can purchase statutory credits. However, the developer will need to prove that other options have been explored. Charlie Dugdale of Knight Frank's Development Partnerships explains, "Natural England has set up a BNG credit scheme of last resort for developers, but the pricing is intentionally uncompetitive. It will be interesting to see whether the credit price provides a ceiling for the private market."

What are the prices of biodiversity statutory credits?

The credits are broken down into low, medium and high distinctiveness categories, with different habitats further broken down within each category - the credits' costs increase with the habitat's higher distinctiveness.

The credits for replacing habitats with the lowest distinctiveness will cost £42,000 each, ranging up to the most distinct habitats, e.g., peat lakes, costing £650,000.

To take the place of one biodiversity unit, you will need two statutory credits, therefore a minimum cost of £84,000. VAT will apply to the purchase of statutory credits at the prevailing rate.

The latest prices are on [Defra's statutory biodiversity credits prices webpage](#).

What about excess BNG units generated above the mandated amount?

Developers can sell any BNG units above the LPA's minimum requirement generated on-site. Still, there will be no centralised trading facility for units, and the private market will determine prices. These excess units can be used as off-site gains for another development.

However, these surplus units need to be proposed during the planning process so that they can be secured through a planning condition, planning obligation or conservation covenant.

Can a local planning authority set a BNG target higher than 10%?

Yes, the Environment Act allows local authorities to set a BNG higher than the minimum. Some local authorities have already mentioned that they are considering a higher requirement, and it will be interesting to see how many will pursue this. But they must set it out in the policy of the authority's Local Plan. The Local Plan should be based on evidence, i.e., viability has been tested, and the BNG target checked against other policies in the plan.

Landowners

What does BNG mean for you?

Landowners can sell biodiversity units to developers looking for off-site solutions. If you are considering offering your land as part of BNG, the key steps to think about are:

1. Find out what habitats your local area needs.
2. Consider how you can combine biodiversity net gain with other environmental payments.
3. You will need to calculate how many biodiversity units you will have on your site.
4. Price of your units. Factor in any potential risks and long-term management costs.

Any land manager or owner offering their land as a biodiversity gain site must register it on the [Biodiversity Gain Site Register](#). It costs £639 to register a biodiversity gain site, and you must pay within 28 days of submitting your application.

Taking advice on the process early on will be important, as it will mean you are best placed to choose the right areas on which to target your BNG. The right advisors will also mean you can give a brief that meets your objectives and generates an appropriate and achievable plan, thereby minimising risk.

Can I 'stack' payments or units from other schemes on the same land?

Land managers can sell biodiversity units and nutrient credits from the same nature-based intervention, subject to meeting eligibility criteria and not selling credits for other ecosystem services.

However, as Harry Howard-Jones explains, "the recent announcements from Defra have confirmed a landowner can "stack" BNG payments with other payments for ecosystem services including on the same parcel of land. This will be the subject of further guidance, which will initially run until 2025."

"Defra has been clear that stacking will only be permitted where BNG and nutrient mitigation is delivered by a given nature-based intervention, not other ecosystem services such as carbon offsetting."

So, you cannot stack carbon and BNG on the same land for the same activity (i.e. planting a woodland). You can only stack on top of carbon if you can further enhance the habitat, and it does not affect the carbon value.

What level of income can I expect from selling BNG units?

Offering your land to provide BNG offsetting off-site needs careful consideration. Be clear about your motivation. Will it be a way to diversify your farm or estate, and what impact will it have on land values, for example?

The gross income level will depend on the model you follow. However, [The Land Trust](#) has previously mentioned that BNG units have fetched around £10-£25,000 per unit, although James Shepherd, in our Rural Consultancy team, expects local demand and supply will be what ultimately sets unit prices.

Every BNG unit will not be the same; some will deliver gain in high-priority habitats or for specific habitat types and must be replaced by the same types or better. As such, it is reasonable to expect that those units sold for higher priority habitats will fetch more than those in moderate priority habitats, for example. "We anticipate between one and nine units per hectare of agricultural land being typically deliverable in the right locations, with prices potentially reaching more than £40,000 per unit, especially in high demand and short supply areas."

Shepherd also advocates that whatever price is settled on, it should be sufficient to ensure landowners and land managers receive an equitable share of any off-site commercial gains. Further, the true costs of that offsetting need to be fully accounted for to provide sufficient funds for managing and monitoring gain sites for at least 30 years."

But Simon Britton, Head of Agri-Consultancy, cautions landowners and farmers looking to the BNG market as another source of income that "it won't necessarily be a silver bullet. If you are in the right place at the right time, then great, but don't rely on it."



Will BNG be just another 'greenwashing' scheme?

Developers will need to prove that they have delivered a gain in biodiversity at a site. The public and investors will need to be assured that beneficial changes have been achieved and that it is not just another attempt to greenwash the actions of developers. Simon Britton says "that the experts doing the habitat assessments, such as the ecologists, are key to this process. These specialists must have the utmost integrity and suitable accreditation as the assessments can be subjective."

"It will also be important that developers show what actions they have taken to enhance nature as part of their developments to portray a positive image regarding their approach to the environment."

How can Knight Frank help businesses with BNG?

Knight Frank advises commercial and residential property developers, local authorities, investors and rural landowners of all types. We have a broad range of specialists who can advise and support clients with BNG projects. Specific teams include:

- ◆ Rural Consultancy
- ◆ Development Consultancy
- ◆ Planning

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