

Simple Guide to Biodiversity Net Gain (BNG)



When and What?

New BNG regulations will come into effect for most new applications **submitted after the 12th February 2024**, representing a material change to the planning system. It applies in England only.

BNG stems from the global movement to improve the state of the natural environment. It aims to harness the planning system to ensure that biodiversity is left in a better state after a project compared to before the development. The primary legislation for this is the [Environment Act 2021](#), which stipulates that a minimum 10 per cent uplift must be achieved.

In many cases, BNG will require a combination of onsite and offsite habitat management to meet the BNG objective. Importantly, BNG projects need to be managed and monitored for a minimum of 30 years.

For the purposes of the regulation, BNG is measured by the '[biodiversity metric](#)', an Excel calculator that has been developed by Defra to quantify biodiversity. Net gain is measured as biodiversity value in post-intervention habitats, minus biodiversity value in baseline habitats. The minimum 10 per cent gain must be achieved separately for area habitats, hedgerows and watercourses, if these different categories of habitat occur within the planning boundary.

BNG will be mandatory for residential applications comprising 10 or more dwellings or 0.5 hectares, and commercial developments where floor space is greater than 1,000 square metres or more than 1 hectare.

BNG will then become mandatory for smaller developments from April 2024, with an exception [for some developments below 25 metres squared of habitat](#). The delay to implementing BNG for non-major development is to lessen initial burdens and allow a longer period for developers and local planning authorities to adapt and prepare for the high volume for minor applications. Implementation for Nationally Significant Infrastructure Projects is planned for 2025.

How?

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 lower distinctiveness habitat types regarding what habitat can be delivered if they are lost.

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.

Any off-site option should be within the same Local Planning Authority or National Character Area.

Implications for Developers and LPAs

The new BNG obligations will incur extra cost and time. Developers will be able to take into account the extra cost in their viability appraisals, but it remains to be seen whether the extra costs will render some sites undevelopable, or whether LPAs will come under more pressure to lessen affordable housing requirements for example. In that case, is there a decision to be made between the environment and those of people desperately in need of more affordable housing?



BNG needs to be considered by planners at all stages of the planning process, as follows:

Validation: Although most BNG measures can be enshrined at Reserved matters Stage, LPAs must ensure that all essential ecological information (including a complete Defra metric in Excel format) is submitted at the very start of the process and an application will remain invalid until this is received.

Assessment: For each application, the LPA will need to assess the accuracy, completeness and appropriateness of the submitted ecology baseline and net gain plans. Additionally, it will be essential to ensure that large amounts of technical and process-level information is stored in a way that enables monitoring and reporting for 30 years. The consistent under resourcing of LPAs already cause significant delays and knowledge gaps in-house are often out-sourced, with the bill picked up by the developer. It is still unclear whether that measure will be taken by a majority of LPAs to deal with the added pressures of responding to the new BNG regulations.

Discharge of conditions: BNG will be subject to its own planning condition, which must be discharged before the development can proceed. Discharging the condition requires sign-off of a range of documents, including the final metric, which again is likely to be more time consuming and expensive for developers, as LPAs simply cannot absorb the extra workload.

Monitoring: Even small LPAs may need to monitor thousands of sites within a couple of years. Research suggests that LPAs will take a pragmatic approach and likely focus on sites with relatively high ecological risk, such as those with high value habitats.

Reporting: BNG creates additional [statutory reporting requirements for LPAs](#). It's likely that LPAs will also need to report on progress to internal stakeholders, politicians, and the public, and similar information will also support internal decision making.



Are there any exemptions to implementing BNG?

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

- habitats below a 'de minimis' threshold of 25 metres squared
- or five metres for linear habitats like hedgerows
- householder applications
- biodiversity gain sites
- and small-scale self-build and custom housebuilding of 9 or fewer dwellings occupying 0.5 ha or less.

For the latter exemption, Defra state that they 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?

Natural England (NE) has a tool and guidance that must be used to assess habitats and calculate the value of biodiversity. The NE Biodiversity Metric tool is a habitat-based approach used to evaluate an area's value to wildlife.

It should be noted that the metric tool does not consider the indirect impacts of a development and so an Environmental Impact Assessment may still be required.



How will BNG sites be monitored and enforced?

Monitoring of off-site gains will be done via the Biodiversity Gain Site Register. Every off-site gain site will be required to be listed on the register before they can 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.

Significant on-site gains must still be secured legally for at least 30 years after the development is completed.

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.

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

What are the prices of biodiversity statutory credits?

The credits for the replacement of 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 mitigate the loss 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.



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 will need to set it out in policy in 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 considering offering their land as a biodiversity gain site will need to register it with Natural England.

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 on your motivation – is it going to be a way to diversify your farm or estate, and what impact it may have on inheritance tax, 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, though 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 a 30-year period, while also understanding the impact on any potential future plans to develop the site itself.

For BNG purposes, the 10% net gain requirement is not applied to irreplaceable habitats, as they are so valuable, they cannot be easily recreated.

The BNG irreplaceable habitats list

The below irreplaceable habitats are an initial list, to support the launch of mandatory BNG, ahead of a public consultation on a broader definition of irreplaceable habitat in 2024.

For now, in mandatory BNG, the list of habitats will be:

- Ancient woodland
- Ancient and veteran trees
- Blanket bog
- Limestone pavements
- Coastal sand dunes
- Spartina saltmarsh swards
- Mediterranean saltmarsh scrub
- Lowland fens

Where impact to irreplaceable habitat cannot be avoided, developers will be required to deliver bespoke compensation agreed with local planning authorities on a case-by-case basis. The planning authority must be satisfied that as a minimum, the compensation plan meets requirements in relevant policy and guidance and delivers appropriate compensation which should aim to reflect the same type of habitat that was lost.

Useful Guidance

For more in depth information, have a look at the following:

[Draft biodiversity net gain planning practice guidance](#) (draft BNG PPG).

[Biodiversity Net Gain FAQs - Frequently Asked Questions | Local Government Association](#)

[bng-regulations-guide-eb.pdf \(environmentbank.com\)](#)

[Biodiversity Net Gain Guide \(knightfrank.com\)](#)