

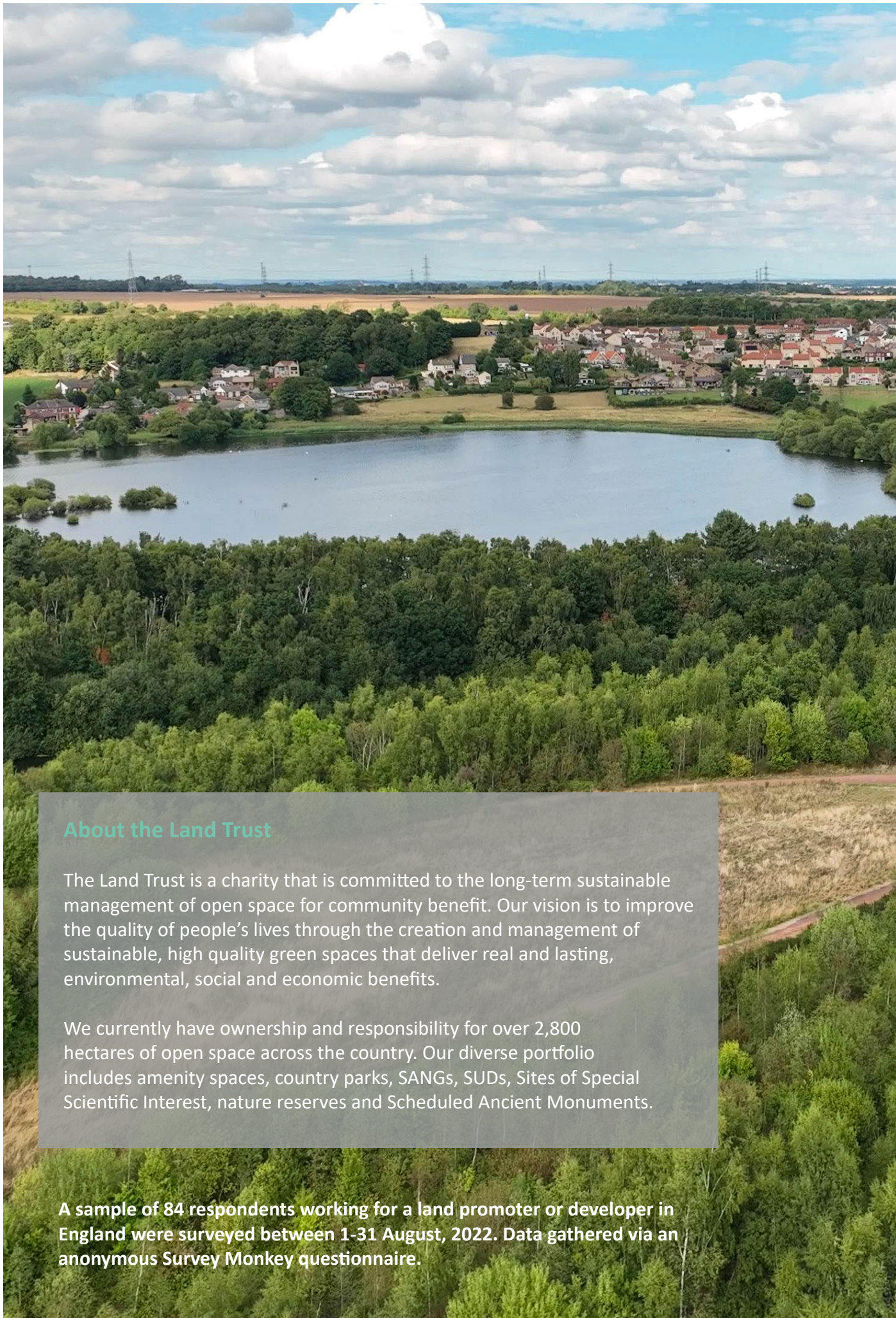


Delivering mandatory Biodiversity Net Gain

Identifying the challenges and its impact on the residential development industry

September 2022





About the Land Trust

The Land Trust is a charity that is committed to the long-term sustainable management of open space for community benefit. Our vision is to improve the quality of people's lives through the creation and management of sustainable, high quality green spaces that deliver real and lasting, environmental, social and economic benefits.

We currently have ownership and responsibility for over 2,800 hectares of open space across the country. Our diverse portfolio includes amenity spaces, country parks, SANGs, SUDs, Sites of Special Scientific Interest, nature reserves and Scheduled Ancient Monuments.

A sample of 84 respondents working for a land promoter or developer in England were surveyed between 1-31 August, 2022. Data gathered via an anonymous Survey Monkey questionnaire.

Delivering mandatory Biodiversity Net Gain. Identifying the challenges and its impact on the residential development industry

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The Land Trust launches new research 14 months ahead of the introduction of mandatory BNG regulations.

New research from national greenspace management charity, the Land Trust, in partnership with the Land Promoters & Developer Federation (LPDF) and the Home Builders Federation (HBF) has found that fewer than one in seven (13%) land promoters and residential developers believe the fulfilment of the proposed mandatory Biodiversity Net Gain (BNG) requirements are comfortably achievable. Around a third (35%) said they feel the regulations are only "somewhat achievable", while half, (50%) said the requirements are "very challenging".

Identifying the challenges

With the new regulations due to come into force in November 2023, following the publication of secondary legislation and regulations later this year, the Land Trust was keen to find out what the development industry consider are the biggest challenges around the implementation of the legislation, along with their wider impact across the industry.

Of the 84 land promoters and residential developers surveyed, the availability of onsite land to deliver BNG requirements was identified as the biggest challenge going forward with 89% saying they foresee a likely shortage. While 48% said they see the availability of offsite land to deliver BNG requirements as a challenge, it was the provision of "appropriate administrative resource and skillset within Local Planning Authorities" which was found to be the second biggest area of concern, highlighted by 73% of respondents.

Other challenges high on the agenda for land promoters and residential developers are: the availability of third party BNG credits (48%), that BNG requirements may impact the overall viability of a site (48%), the 30-year term of delivery of BNG (44%), the availability of appropriate management bodies to deliver BNG (42%), as well as the cost of BNG fulfilment to the developer (42%).

Perceived challenges of BNG:

Availability of land onsite to deliver BNG	89%
Appropriate administration resource and skill set within Local Planning authority	73%
Availability of land to deliver offsite BNG	48%
Availability of third party BNG credits	48%
That BNG requirements may impact the overall viability of a site	48%
The 30 year delivery of BNG	44%
Availability of appropriate management bodies to deliver BNG	42%
The cost to the developer	42%
Appropriate administration resource and skillset within ecology consultancies	40%
Appropriate administration resource and skill set within Natural England	36%

The cost of BNG regulations

Almost three quarters (73%) of land promoters and residential developers believe the introduction of mandatory BNG regulations will impact the profitability of their organisation. 45% said regulations would hit profits by between 1-10%, while 27% said they would impact profits by an even more significant amount of between 10-30%.

27% don't believe BNG regulations will impact the profitability of their organisation.

The impact of mandatory BNG regulations on the profitability of your organisation

Between 1-10%	45%
Between 10-30%	27%
Between 30-50%	1%
I don't believe BNG will hit profitability	27%

The survey asked what respondents expect to happen to the cost per plot their organisation currently pays, or expects to pay, as BNG requirements become mandatory. 48% said they expect the budget to increase, with 25% expecting to see a rise of up to 5%, 11% expecting an increase of 6-10%, 7% are expecting an increase of 11-15% and 5% are braced for an uplift of 16-20%.

What will happen to the cost per plot your organisation currently pays

The budget will increase by 5%	25%
The budget will increase by 6-10%	11%
The budget will increase by 11-10%	7%
The budget will increase by 16-20%	5%
The budget will remain the same	16%
Don't know	36%



When asked if bids for land were likely to be adjusted in accordance with the added cost that BNG requirements will levy, 79% of respondents said Yes. 9% said they don't expect to pass costs on, while 12% were unsure.

Onsite vs offsite

When asked how likely it is their organisation will need to go offsite to fulfil BNG obligations, 79% of respondents said it was either very likely (39%) or likely (40%).

In terms of the expected split between onsite and offsite fulfilment, just 14% felt their organisation would look to deliver 100% of requirements onsite. 28% felt the likely split would be closer to 75% onsite/25% offsite, while 41% said it would be 50%/50% and 16% said 25% onsite/75% offsite.

Likely split of onsite/offsite fulfilment

100% onsite	14%
75% onsite 25% offsite	28%
50% onsite 50% offsite	41%
25% onsite 75% offsite	16%
100% offsite	1%

Setting internal targets and planning ahead

As regards to delivering BNG requirements onsite, 42% of those working for a land promoter or residential developer said their organisation would set internal targets around this, while 18% said their organisation would not and 40% were unsure.

However, when it comes to having a proactive biodiversity policy in place, i.e. a strategy which was already being rolled out on development sites, the survey found a split in responses. 42% of respondents stated their organisation has a policy in place, while 47% said their organisation did not. A further 11% were unsure.

In addition, with mandatory BNG regulations not due to come into force until November 2023, more than one in six (18%) respondents stated their organisation has either already started to, or intends to, deliver its own "habitat bank" for the delivery of offsite BNG.



79% said it was likely or very likely their organisation would need to go offsite to fulfill BNG regulations

70% said their organisation would likely favour an offset provider that delivers social and environmental value

Long-term management

Decisions around the long-term management of BNG delivery will become fundamental as regulations come into place. When asked how their organisation planned to manage and fund onsite BNG long term, the most popular response (43%) was to 'Transfer the land into a third party management company that funds the onsite BNG via a service charge, paid for by residents'.

8% of respondents said their organisation planned to 'Transfer the land to a charitable trust that funds the onsite BNG by capital payments paid by the developer', while 6% plan to 'Transfer the land to the Local Authority/Town Council/Parish Council that funds the onsite BNG by capital payments paid by the developer'. A further 20% said they had 'other' plans and 23% said they didn't know.

While mandatory BNG regulations have a clear environmental purpose, when asked if their organisation is likely to favour an offset provider that delivers social and environmental value through their offset sites, (e.g. educational work parties, school trips and volunteering) 70% of respondents said Yes. Just 3% said No, while 27% were unsure.

30 years and beyond

The legal requirement for BNG will be for habitat enhancement to be maintained for at least 30 years. However, 67% of respondents said their organisation would favour a delivery body which can provide BNG in perpetuity for a comparable price of one that can only commit to delivering for 30 years. 6% said they would favour a body which offers only 30 years, while 26% were unsure.

When asked in more detail about timeframes, more than a third (35%) of respondents said 30 years is the correct length of time to deliver mandatory BNG. However, 29% said 30 years is too long, while another 6% feel it is too short.

The survey asked respondents whether it was likely their organisation would be willing to offer a period longer than 30 years if it positively benefitted a planning application. More than half (56%) agreed this is something their organisation would likely to do to help get approval for a site.

A starter for 10

In a similar vein, respondents were asked whether they thought their organisation would be willing to offer an increase in BNG greater than 10%, if it benefited their planning application. Almost three quarters (73%) of respondents said their organisation would, while just one in seven (13%) said this was unlikely.

A further question found almost three quarters (72%) of respondents believe a 10% increase in BNG is just a starting point with a higher mandatory figure likely to be introduced over time.



73% say their organisation would be willing to offer an increase greater than 10% if it benefitted a planning application

Conclusions

Despite the perceived challenges and assumed cost of mandatory BNG regulations, overall, 98% of respondents said they agree with the principles of the BNG regulations, with only 2% opposing their introduction.

Alan Carter, Chief Executive at the Land Trust said:

“The findings of this survey confirm the Land Trust’s prediction that there will not be a uniform approach to the delivery of BNG across the residential development industry. It is already apparent that developers will be looking for flexibility in the delivery models on offer, and in many instances seeking a partner that can take responsibility for, own and/or manage, both onsite and offsite BNG.

“The Land Trust’s principle aim is to manage our existing and future sites in a way that delivers social value in perpetuity. It was encouraging, therefore, to see 70% of the developers and land promoters surveyed believed their organisation would likely favour an offset provider, like the Land Trust, that delivers wider social and environmental value.

“Similarly, the Land Trust is committed to developing a model that can deliver BNG in perpetuity for a comparable cost to that of one which can only commit to 30 years. Again, it was pleasing to see that 67% of respondents believe their organisation would favour a delivery body which can provide this.

“As the launch date for the new regulations draws closer, the Land Trust is keen to work with the market to overcome the challenges of the regulations and embrace the opportunity to deliver onsite and offsite BNG projects across the country which are both commercially viable, and leave the biodiversity in a better place than before.”



Phill Bamford, Associate Director Research and Policy at LPDF said:

“This research has provided some real positive insights into how BNG provision is being addressed by the development sector. It is encouraging to see that a vast majority of participants in the survey agree with the principle of BNG provision, and that many developers are tackling this issue ahead of schedule.

“Whilst we all need to learn to overcome the inevitable hurdles that will occur as BNG is implemented, additional research on the key concerns highlighted by the survey including the availability of land both onsite and offsite to deliver BNG, and the long-term management and maintenance of the BNG assets, will assist all stakeholders in adapting their approach to future development schemes”.



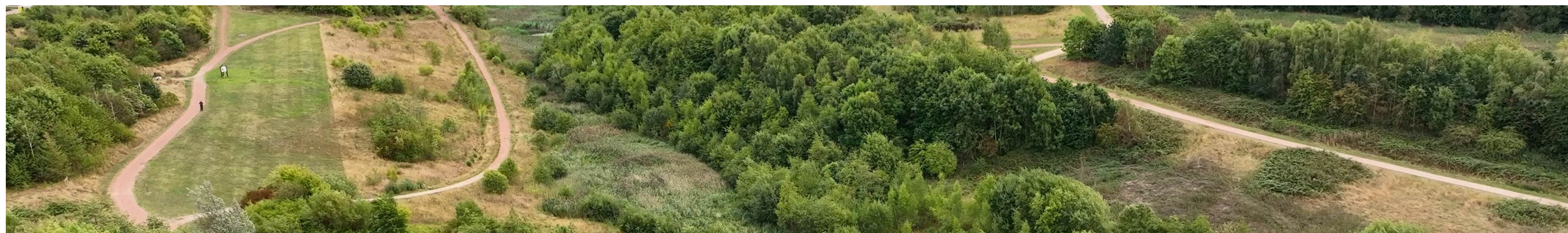
Sam Stafford, Planning Director at the HBF said:

“The industry remains committed to the principles of BNG and the benefits it will bring to both new developments and wider neighbourhoods. We continue to engage on the detail to ensure the proposals are deliverable and that sites remain viable and are not delayed.

“Proposals need to take into account the twin challenges of increasing housing supply and protecting the environment if the scheme’s benefits are to be maximised.”



For further information on our approach to biodiversity net gain, please contact the Land Trust’s Environmental Lead, Joe Heath. JoeHeath@thelandtrust.org.uk





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