



An introduction to biodiversity offsets in the UK

Stewart Thompson

Spatial Ecology & Landuse Unit

Oxford Brookes University

CONTEXT?

Missed 2010 targets to halt biodiversity loss

EU Nature Directives - Favourable status for species
and habitats

Climate change adaptation challenges

What are biodiversity offsets?

Actions that aim to:

Compensate for residual, unavoidable harm to biodiversity

Ensure no net loss of biodiversity

Secure net gain where possible

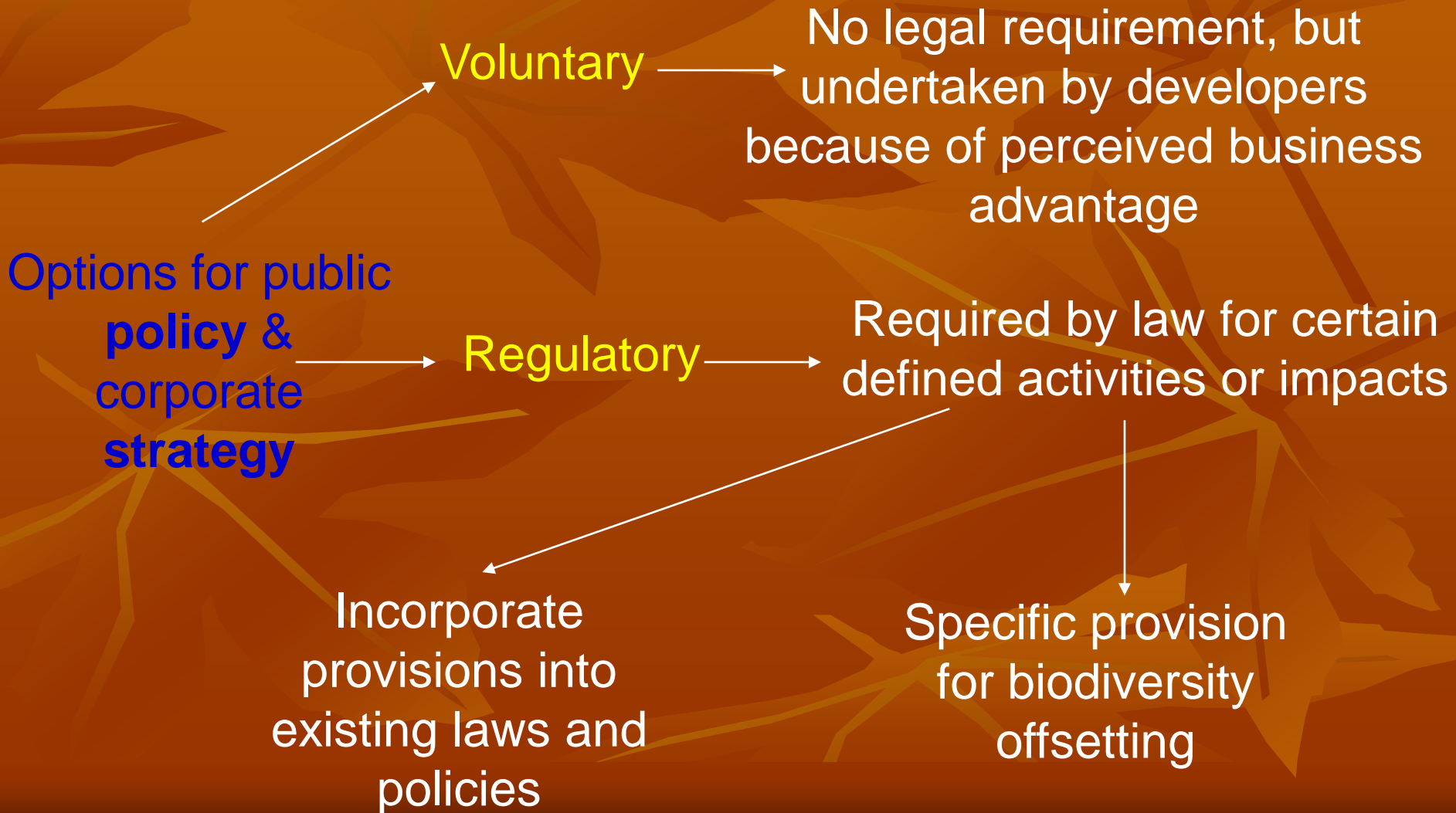


The developer purchases credits from the bank which are used to fund the creation and/or management of an ecological or environmental resource.

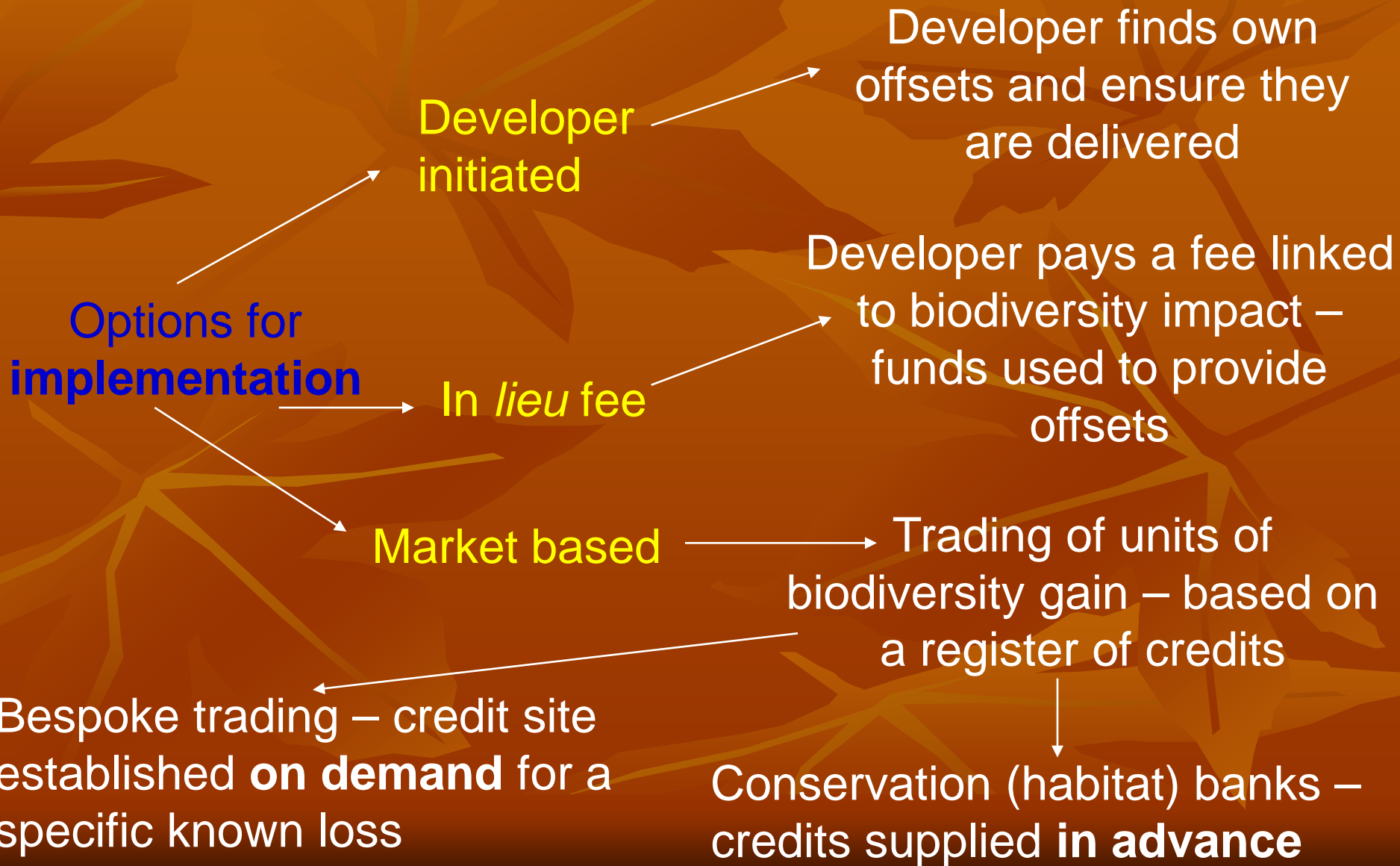
Credits from a range of development schemes could possibly be pooled and large sites created.

The delivery of the resource could be at any level of political organisation – local, regional, national or possibly even pan-European!

OPTIONS FOR BIODIVERSITY OFFSETTING IN THE UK?



OPTIONS FOR BIODIVERSITY OFFSETTING IN THE UK?



Some principles and challenges?

PRINCIPLES?

- n Additional conservation outcomes
- n Sound science
- n Set clear limits
- n Long-term outcomes
- n Stakeholder participation
- n Regulation?

CHALLENGES?

- n What biodiversity?
- n Define no net loss
- n Define net gain
- n What offset type(s)?
- n Spatial location
- n Robust standards
- n Capacity, competence & co-operation
- n **Financing biodiversity enhancement!**

Conservation challenges have large associated costs – where are we going to get the money from?

The Lawton review estimates a further £600 million to £ 1.1 billion would be needed to fund the recommended rebuilding of Britain's biodiversity heritage.

One piece of research suggests a shortfall of £980 million per year exists in relation to meeting our new obligations to the revised BAP list

Conservation credits give an economic value to biodiversity – moves us away from the current “zero-costed” approach to the environment. Would they help us better understand the notion of ecosystem services?



Habitat banking - nature and development mitigation

Plus: Green grids and design codes ■ Meeting the carbon challenge
■ The needs test and retail planning

Biodiversity offsets – Possible Methods for Measuring Biodiversity Losses and gains for Use in the UK. Jo Trewick & Bill Butcher, In Practice, September 2010

Modelling the ecological potential of mitigation banking. Stewart Thompson & Neil Bailey, Leverhulme Trust, 2005



LAND LOCKED: The UK's Derrick Wilkinson, (right) and Prof David Hill are leading banking developments in environmental issues.

BANKING ON IT

Q&A Chief Economist Dr Derrick Wilkinson and Prof David Hill report on an important new income stream for landowners – investing in the natural environment

THE IDEA of habitat banking is attracting a great deal of interest across the UK's land-based industries as a means of off-setting environmental impacts. The true cost of the use of land is not currently being paid and a mechanism to redress this balance is urgently required.

Essentially, it is based on the purchase of credits from the bank, by a land user such as a developer, and the use of these credits to create new habitats and landscapes – either by doing something important new environmental opportunities for landowners.

The approach is applicable to any transfer sector that uses land, though most attention has been focused on development. One of the reasons for this is the failure of measures implemented over the past 20 years to mitigate the impacts of development.

Planning authorities first often spent an inordinate amount of time processing mitigation requirements, only to find in entering their own planning permission is granted. As a result the natural environment has suffered, and consequently the likelihood of greater government regulation and intervention has increased. In light of this The Environment Bank has been established to better new investments into the natural environment. It provides a service to a developer, for example, to offset much of his environmental impact by facilitating the purchase and management of land or entering agreements with landowners to provide land for the purpose.

The CEA is interested in the application of habitat banking as an important example of a market led approach to environmental issues, one that delivers improved environmental outcomes and substantial commercial opportunities for landowners.

Let's take a look at some of the background. The recent launch by Natural England of the Report on the State of the Natural Environment makes good reading. Large scale declines in biodiversity and landscape quality have occurred through a range of land uses. Development pressure, which has been higher in the past 15 years than ever before, has played a significant part. We need to be a little more intelligent in the way we use land – in truth we need to pay the true cost of using it and this applies to development as much as it does to growing food and other crops. But the conventional approach to development planning continues to exacerbate the problem when in fact biodiversity and landscape conservation, together with the other ecosystem services that land provides, could be preserved by a proper engagement with landowners and the development industry.

Habitat banking has been working in the United States for the past 30 years and there is now a large number of banks that facilitate the creation and in perpetuity management of land for biodiversity conservation, landscapes and other ecosystem services. By some estimates, that market is currently worth over three \$1.5 billion a year. Support for habitat banking in the UK, potentially similar to that operating in the US, at the level of environmental policy development has been growing rapidly. It is applied as the mechanism, creation or enhancement of habitats for the purpose of providing compensation for development impacts. The approach needs to be flexible, bringing together landowners, ecologists, consultants, planners and developers.

By linking arrangements between developers, landowners and planning authorities in appropriate locations, The Environment Bank is leading the work in the UK to deliver most solutions that enable developments to yield substantial gains for the natural environment – something we all want – whilst supporting rural economic development, and providing substantial new investment opportunities for landowners.

Landowners can benefit from a habitat banking initiative by providing the land for the bank to use, perhaps working together to provide landscape scale areas integrated with farming and other estate activities.

We believe there are no insurmountable obstacles to achieving the above but there are things that need to happen soon:

- Formal development of interest in the banking sector based on a market mechanism.
- Government policy to create habitat banking to be implemented more quickly, and
- Financial details to be worked up to identify costs associated with buying/leasing and managing land in different locations under different habitat and landscape outcomes.

We are currently working on all three issues.

Professor David Hill is Chairman of The Environment Bank Ltd
dhill@environmentbank.com
The Environment Bank is at www.environmentbank.com

Scoping study for the design and use of biodiversity offsets in an English context. Defra, 2009.

And finally.... The thoughts of our leader.....

Conservation credits are about **placing a value on biodiversity** for the first time, because only if you place a value on something can you **truly compensate for the loss.**

This is potentially an incredibly **exciting idea** to enhance biodiversity, but the practicalities **need careful consideration.**

